Snap Inc.

Investor Presentation

April 2020

Disclaimers

Note Regarding User Metrics and Other Data

We define a Daily Active User, or DAU, as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. We calculate average DAUs for a particular quarter by adding the number of DAUs on each day of that quarter and dividing that sum by the number of days in that quarter. DAUs are broken out by geography because markets have different characteristics. We define average revenue per user, or ARPU, as quarterly revenue divided by the average DAUs. For purposes of calculating ARPU, revenue by user geography is apportioned to each region based on our determination of the geographic location in which advertising impressions are delivered, as this approximates revenue based on user activity. This allocation differs from our components of revenue disclosure in the notes to our consolidated financial statements, where revenue is based on the billing address of the advertising customer. For information concerning these metrics as measured by us, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 filed with the U.S. Securities and Exchange Commission, or the SEC, which is available on the SEC’s website at www.sec.gov. Unless otherwise stated, statistical information regarding our users and their activities is determined by calculating the daily average of the selected activity for the most recently completed quarter included in this presentation. While these metrics are determined based on what we believe to be reasonable estimates of our user base for the applicable period of measurement, there are inherent challenges in measuring how our products are used across large populations globally. For example, there may be individuals who have unauthorized or multiple Snapchat accounts, even though we forbid that in our Terms of Service and implement measures to detect and suppress that behavior. We have not determined the number of such multiple accounts. Changes in our products, infrastructure, mobile operating systems, or metric tracking system, or the introduction of new products, may impact our ability to accurately determine active users or other metrics and we may not determine such inaccuracies promptly. We also believe that we don’t capture all data regarding each of our active users. Technical issues may result in data not being recorded from every user’s application. For example, because some Snapchat features can be used without internet connectivity, we may not count a DAU because we don’t receive timely notice that a user has opened the Snapchat application. This undercounting may grow 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 exclude those users and estimate their ages based on a sample of the self-reported ages 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. 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 thus is 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.

Disclaimers

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

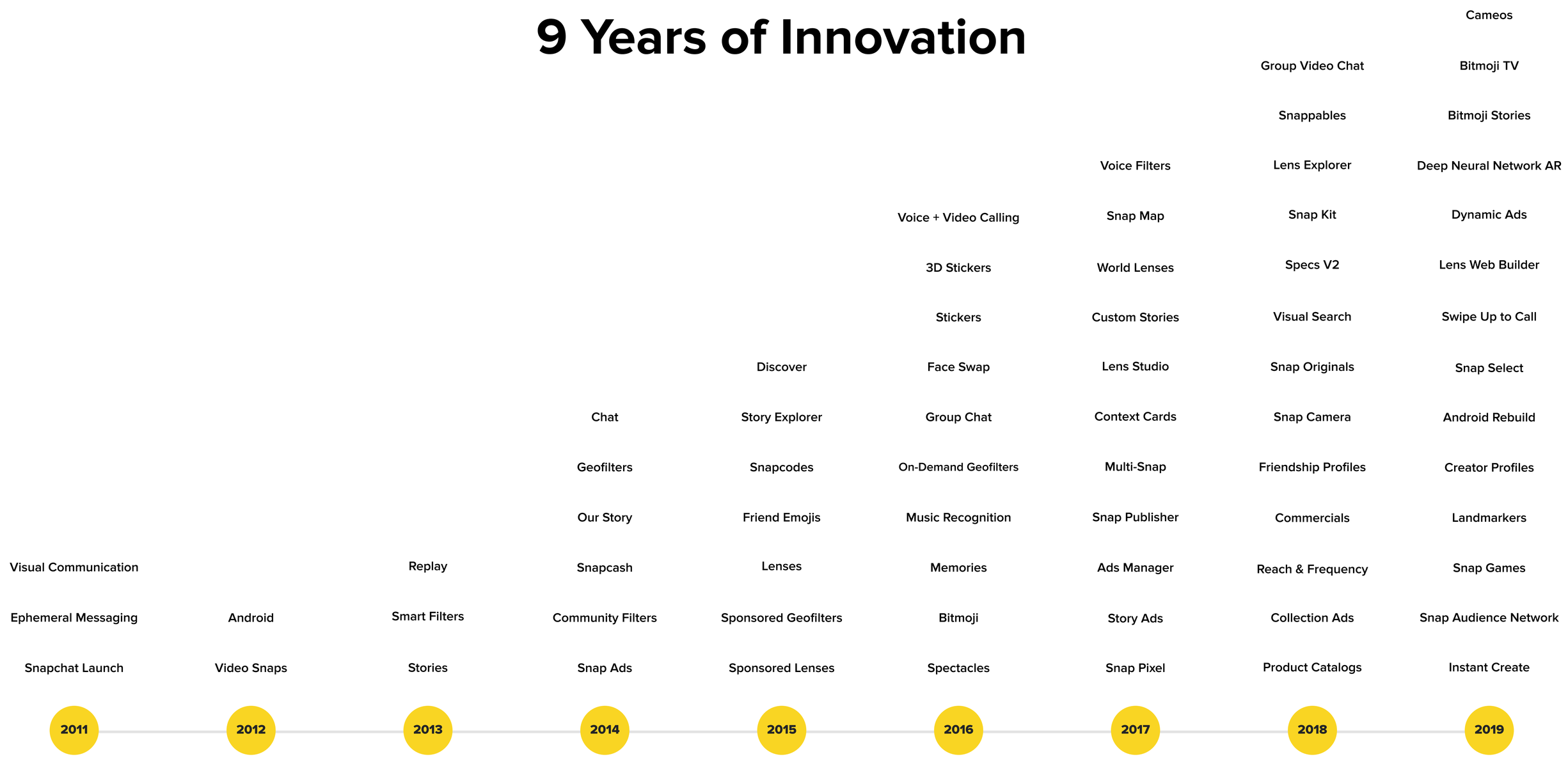
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this presentation, including statements regarding guidance, our future results of operations or financial condition, business strategy and plans, user growth and engagement, product initiatives, 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. We caution you that the foregoing may not include all of the forward-looking statements made in this presentation. You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this presentation primarily on our current expectations and projections about future events and trends 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 described in “Risk Factors” and elsewhere in our Quarterly Report on Form 10-Q, for the quarter ended March 31, 2020 filed with the SEC, which is available on the SEC’s website at www.sec.gov., including among other things: our financial performance, including our revenues, cost of revenues, operating expenses, and our ability to attain and sustain profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users and publishers; our ability to attract and retain advertisers; our ability to compete effectively with existing competitors and new market entrants; our ability to effectively manage our growth and future expenses; our ability to comply with modified or new laws and regulations applying to our business; our ability to maintain, protect, and enhance our intellectual property; our ability to successfully expand in our existing market segments and penetrate new market segments; our ability to attract and retain qualified employees and key personnel; our ability to repay outstanding debt; future acquisitions of or investments in complementary companies, products, services, or technologies; and the potential adverse impact of the COVID-19 pandemic on our business, operations, and the markets and communities in which we and our partners, advertisers, and users operate. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation or in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 filed with the SEC, which is available on the SEC’s website at www.sec.gov. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of our most recent Quarterly Report on Form 10-Q. And while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements. The forward-looking statements made in this presentation or in our most recent Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this presentation to reflect events or circumstances after the date of this presentation or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, dispositions, joint ventures, restructurings, legal settlements, or investments. Investors and others should note that we may announce material business and financial information to our investors using our investor relations website (investor.snap.com), filings with the SEC, webcasts, press releases, and conference calls. We use these mediums, including Snapchat and our website, to communicate with our members and the public about our company, our products, and other issues. It is possible that the information that we make available may be deemed to be material information. We therefore encourage investors and others interested in our company to review the information that we make available on our website. 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.

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.

9 Years of Innovation



Our Community

On average

229M Daily Active Users

20% YoY Growth in Q1 2020[1]

Spending 30+ minutes/day on average[2]

1. Snap Inc. internal data Q1 2019 vs. Q1 2020. See Snap Inc. public filings with the SEC.
2. Snap Inc. internal data Q1 2020. See Snap Inc. public filings with the SEC.

High Penetration in Developed Markets

We reach more 13-24 year-olds than Facebook or Instagram in the U.S., U.K., France, Canada, and Australia [1]

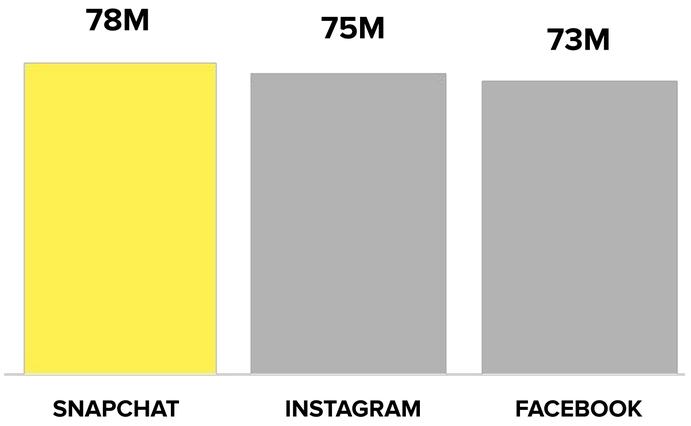
90%

of 13-24 year old U.S. population [2]

That's more than Facebook, Instagram, and Messenger ***combined***. [1]

75%

of 13-34 year old U.S. population [2]



U.S. 13-34 Reach [1]

1. Based on estimated reach data from Snap Ads Manager and Facebook Ads Manager as of April 20, 2020. Snap and Facebook use different definitions and methodologies for estimating advertising reach on their respective platforms. Given the point-in-time data and differing methodologies, this comparison is illustrative and subject to change. Estimated advertising reach, location, and age data are subject to limitations. See https://businesshelp.snapchat.com/en-US/a/audience-size-tool and https://www.facebook.com/business/help/1665333080167380?id=176276233019487 for more details.
2. Data from Snap Ads Manager as of April 20, 2020. Percentages calculated by dividing addressable reach by relevant census figures. Addressable reach, location, and age data are subject to limitations. See https://businesshelp.snapchat.com/en-US/a/audience-size-tool for details.

The Snapchat Generation

Millennials

The largest generation in U.S. history [1]

Expected to drive over half of the increase in expenditure growth over the next decade [2]

Gen Z

$323 billion in direct buying power and $1.2 trillion in indirect purchasing power [3]

Still developing brand loyalty - attractive for advertisers who focus on lifetime value

Together, these generations have over $1 trillion in direct spending power [3]

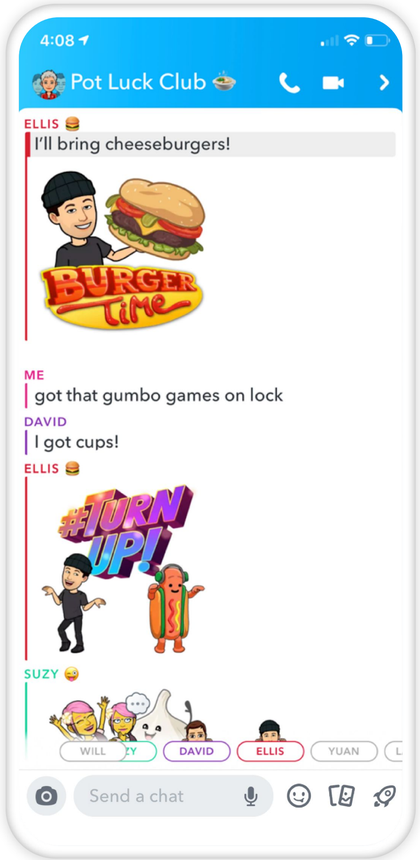
1. Census Bureau.
2. Fundstrat, commissioned by Snap Inc. 2019.
3. Cassandra an Engine Company. Generational Spend Research Q1'19.

Snap Inc.

Snapchat

Three Core Platforms

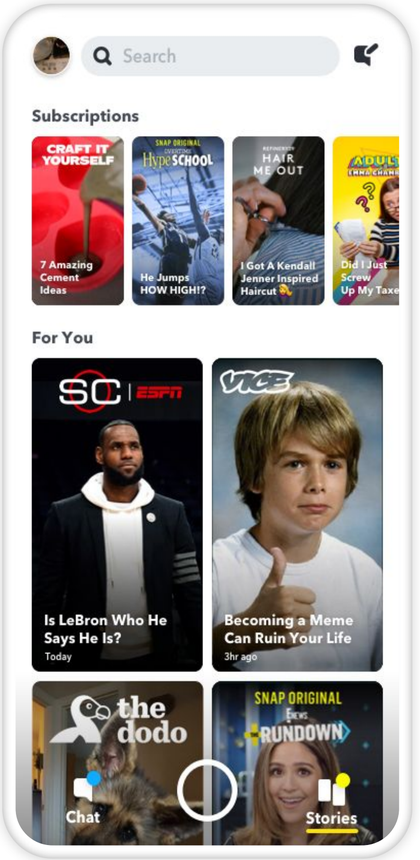
COMMUNICATION



CAMERA



CONTENT



Next-Generation Communication

Having conversations with real friends is a fulfilling and frequent behavior.

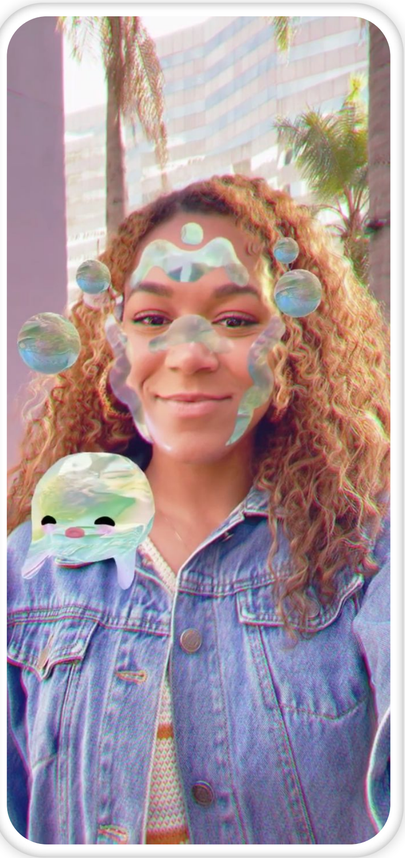
Over 60%

of Snapchat's Daily Active Users create Snaps with our camera every day on average [1]

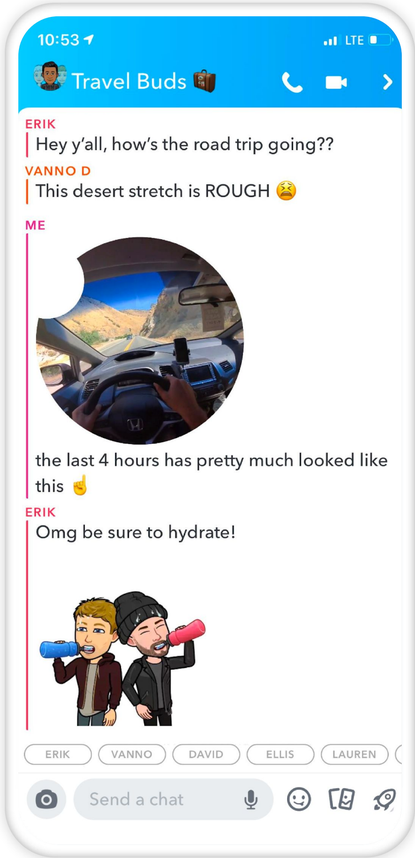
30

app opens/day [1]

SNAP



CHAT



GAMES



1. Snap Inc. internal data. Average for Daily Active Users Q1 2020. See Snap Inc. public filings with the SEC.

One of the Most-Used Cameras in the World

Over

4 BILLION

Snaps created every day on average [1]

1. Snap Inc. internal data Q1 2020. See Snap Inc. public filings with the SEC.

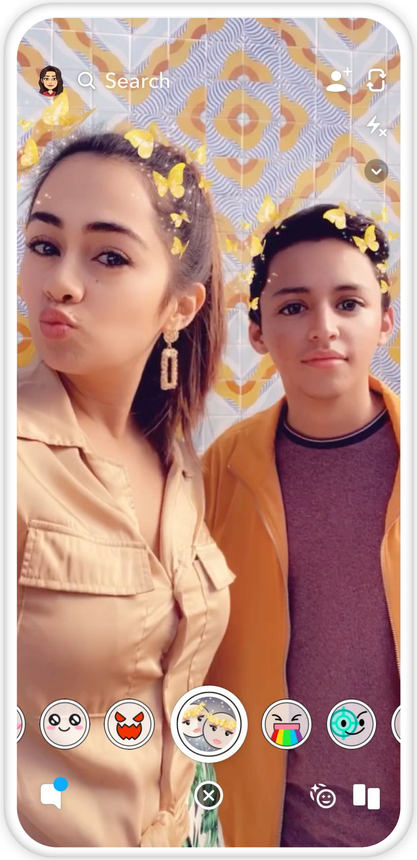
AR at Scale

High-frequency camera usage powers our AR platform.

Over 75%
of DAUs engage with AR every day on average [1]

Over 500 Million
minutes of AR playtime every day on average [1]

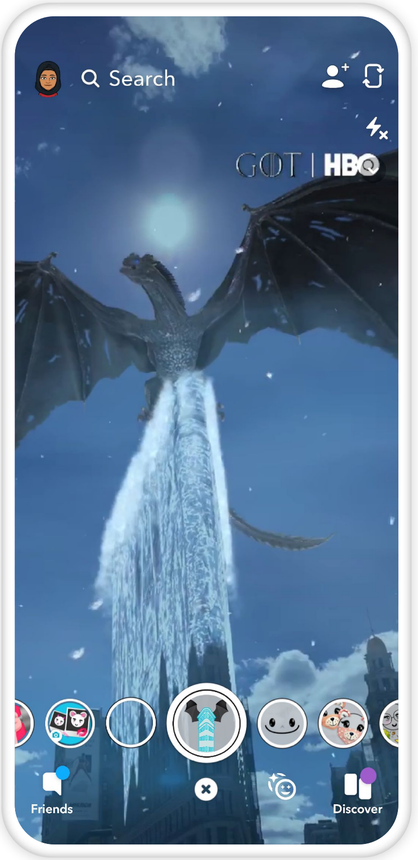
LENSES



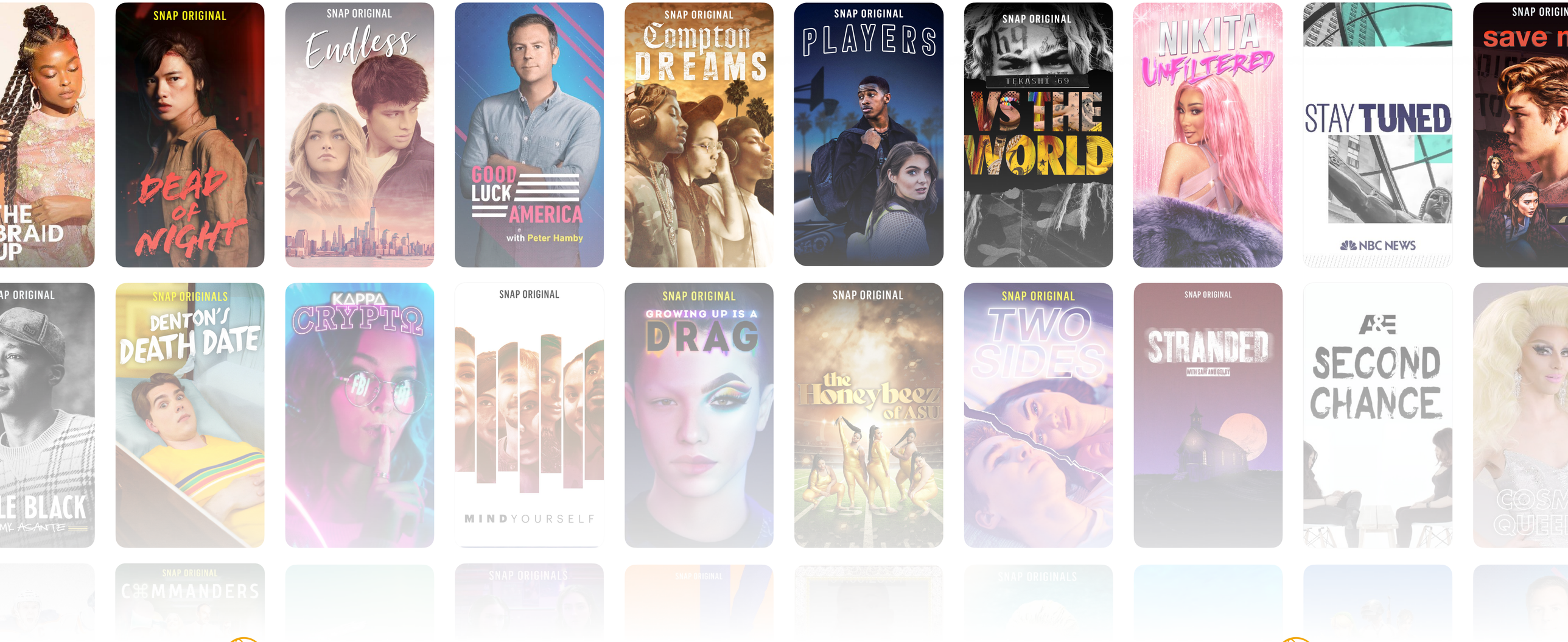
VISUAL SEARCH



LANDMARKERS



1. Snap Inc. internal data Q1 2020. See Snap Inc. public filings with the SEC.



High Quality, Award-Winning Content Made for Mobile

A Large, Engaged, and Growing Content Audience



UNIQUE REACH

More than half

of the United States Gen Z population watches news content on Discover. [1]



DEEP ENGAGEMENT

Over 60

Shows reached a monthly audience of over 10 million viewers.[2]



LOYAL AUDIENCES

Over 20 million

Snapchatters have watched our new Snap Original Nikita Unfiltered, since its launch in March 2020. [3]

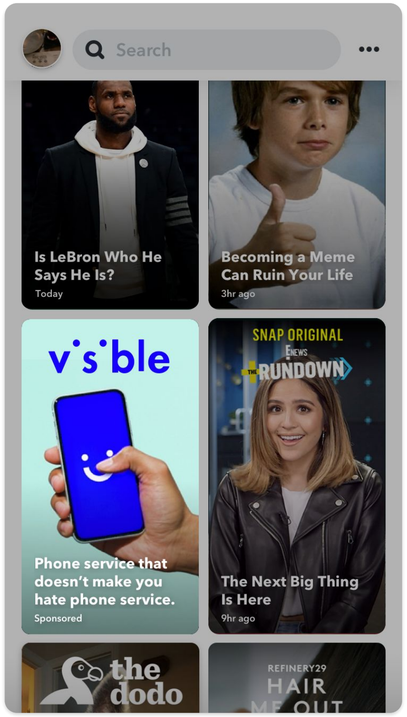
1. Snap Inc. internal data Q1 2020. We define Gen Z as ages 13 - 24. See Snap Inc.public filings with the SEC.
2. Snap Inc. internal data Q1 2020.
3. Snap Inc. internal data March 2020.

Our Business

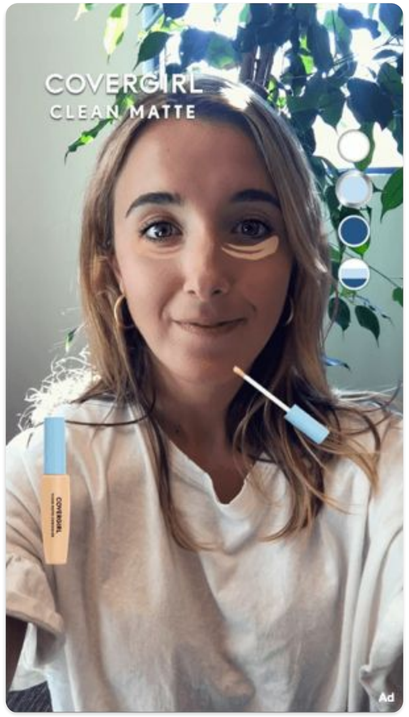
Creative Ad Formats That Deliver Results



SNAP ADS



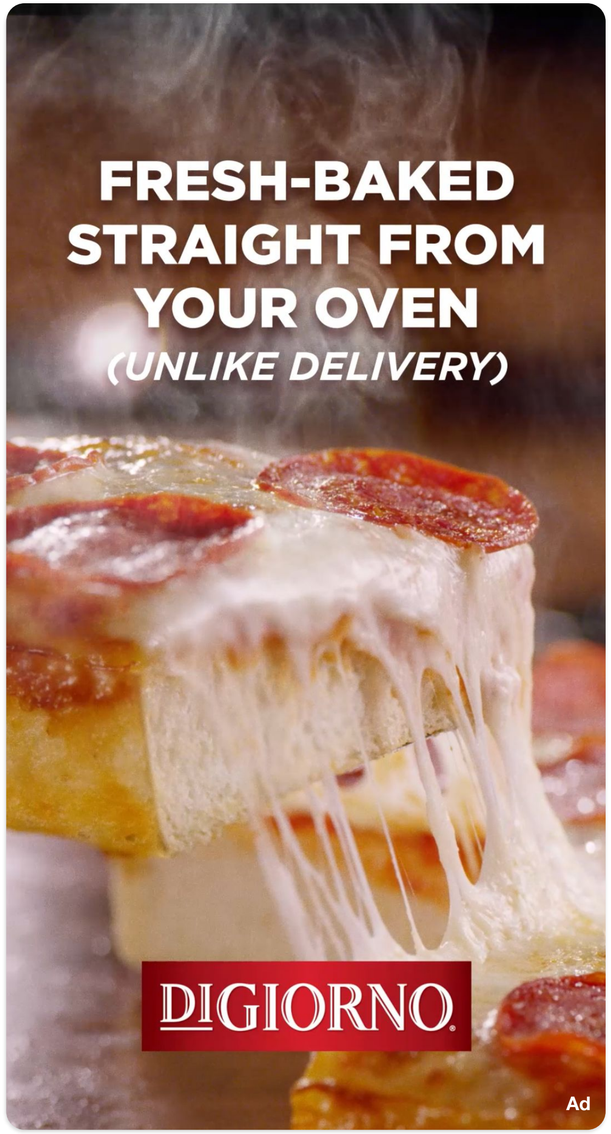
STORY ADS



AR LENSES



FILTERS



NESTLÉ

NEW BUYERS

Nestlé reached a new generation for DiGiorno Pizza through a mix of Snap Ads and Filters.

One-third of incremental sales were driven by new buyers to the DiGiorno portfolio.

3.3%
sales lift driven almost entirely by increased penetration. [1]

3.6x
Return on Ad Spend [2]

1. Measured by NCS Sales Effect 2018.
2. Nestle internal data.



HBO

BRAND BUILDING

In order to capitalize on the excitement of the series finale of Game of Thrones, HBO partnered with Snapchat to give fans a way to experience and share in their enthusiasm with friends. This incredible execution led to new user acquisition for HBO Now and a 10 point lift in both brand favorability and recommendation intent. A concurrent HBO Now campaign implemented our Snap Pixel to help drive high quality conversions, making Snapchat one of HBO's most performant acquisition channels of 2019.

+10pt

Lift in Brand favorability [1]

Extremely high for a well-known brand

+10pt

Lift in recommendation intent [1]

1. Kantar (Millward Brown) Resonance Study April 2019.



Plarium

GAMING

Plarium's work with Snapchat is aimed at growing their penetration within the Gen Z and Millennial audiences, measured on profitability. They integrated with our API and developed a technology for accurately reaching potential players. Plarium heavily invested in the creative customization of their ads, focused on bidding with purchase optimization. Between Q2 2019 and Q1 2020, Plarium has grown its quarterly investment by 310 percent. Players coming from Snapchat are 30 percent better than Plarium's average in terms of 7-day retention rates. Also, these players have significantly higher intent than the average player to convert from the free version of the app to paying users.

30%

Higher Day-7 Retention vs. Plarium's avg. players[1]

310%

Growth in Investment from Q2 2019 to Q1 2020 [1]

1. Plarium internal data.



e.l.f. Cosmetics

ECOMMERCE CONVERSION

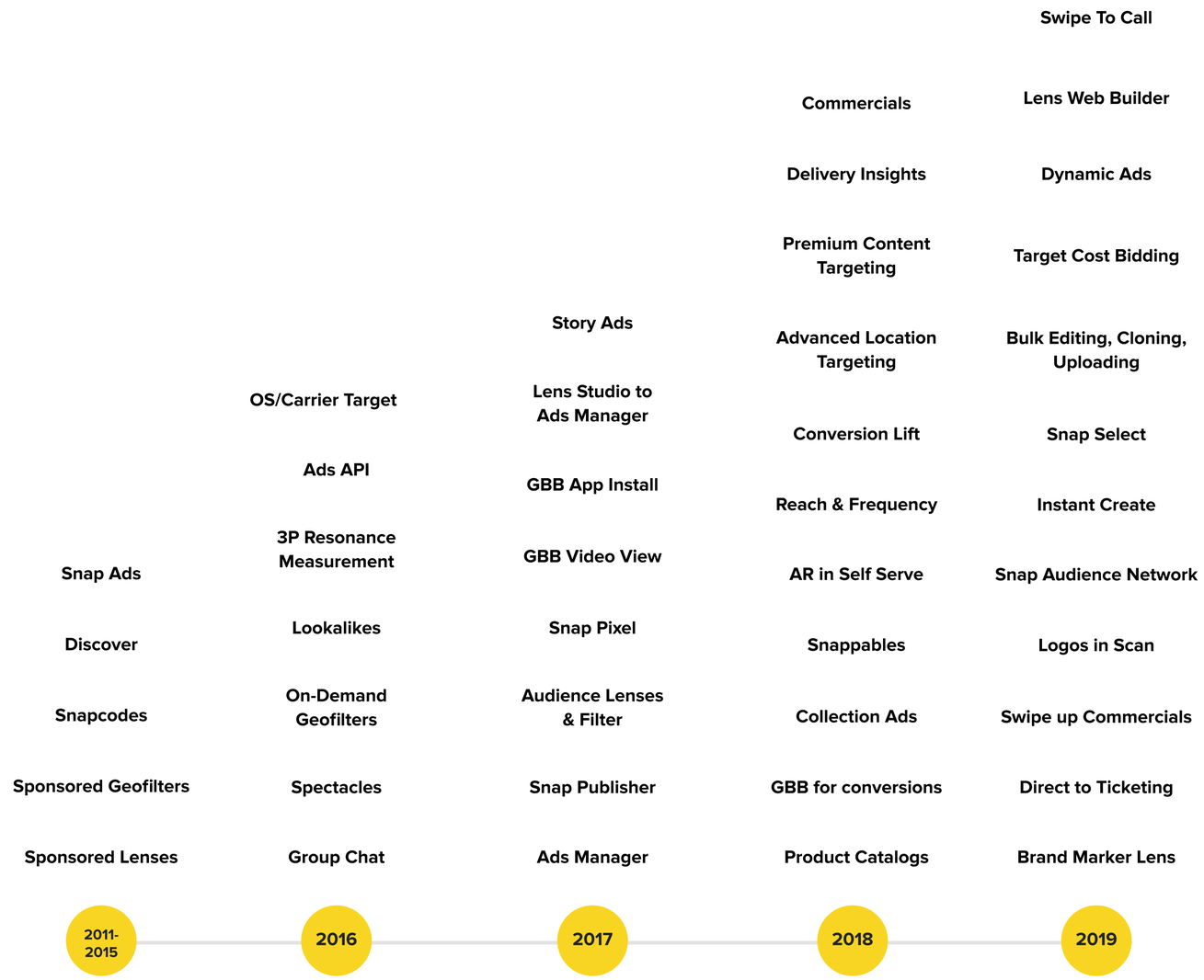
e.l.f Cosmetics "e.l.f.ing Amazing Campaign" tapped into Snap's valuable millennial and Gen Z audience in order to efficiently gain share while working to continuously optimize awareness and brand building.

+20%
Site Visitation
Q1 2020 vs. Q4 2019 [1]

+39%
CPM Efficiency
Q1 2020 vs. Q4 2019 [1]

1. e.l.f. Cosmetics internal data.

A Sophisticated Ad Platform

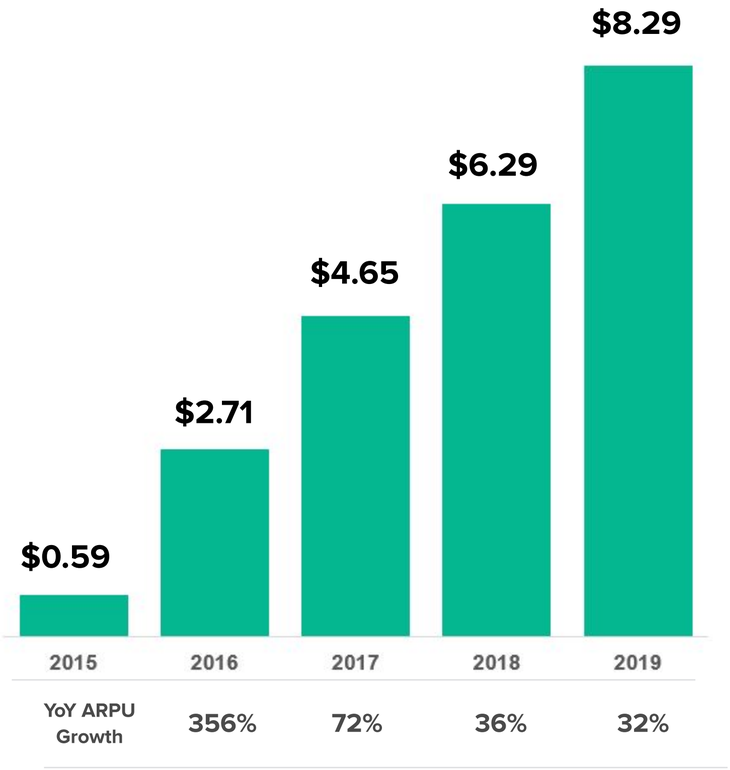


Demographic Targeting	●	●	●	●	●
Psychographic Targeting	●	●	●	●	●
Location Targeting	●	●	●	●	●
Bulk CRUD Tools / Advanced Buy Flow	●	●	●	●	●
Scalable Ads API	●	●	○	●	●
Advanced Content Targeting & Transparency	●	○	●	●	○
Advanced Delivery Options (e.g., GBBs)	●	●	○	●	●
Audience and Delivery Insights	●	●	○	●	◔
Reach and Frequency	●	●	○	○	○

Data from Snap Ads Manager as of April 20, 2020. Data from Facebook Ads Manager and official websites as of April 20, 2020. Data from Google Ads Manager and official websites as of April 20, 2020. Data from Twitter Ads Manager and official websites as of April 20, 2020.

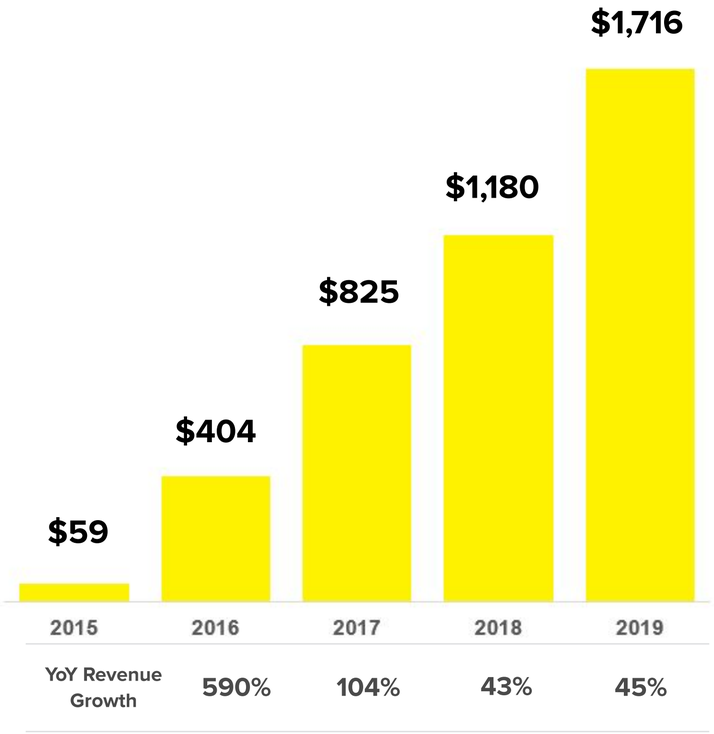
Strong Results Over Five Years

Average Revenue Per User [1]



Total Revenue [2]

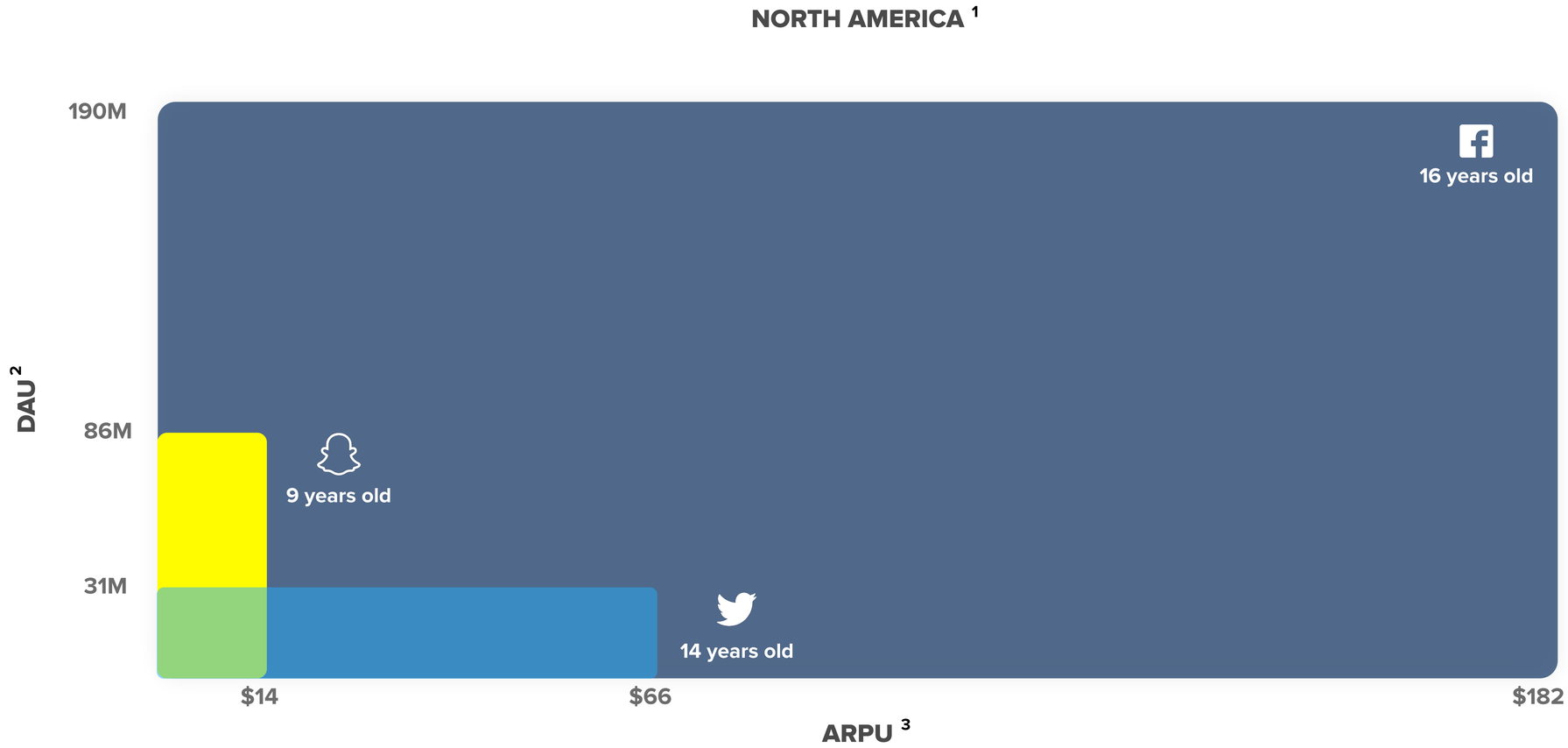
(in millions)



1. See Snap Inc. public filings with the SEC. We define ARPU as quarterly revenue divided by the average Daily Active Users. ARPU is presented as annual ARPU, calculated as the sum of each reported quarterly ARPU.
2. Snap Inc. internal data.

Our Opportunity

Significant DAU and ARPU Opportunity

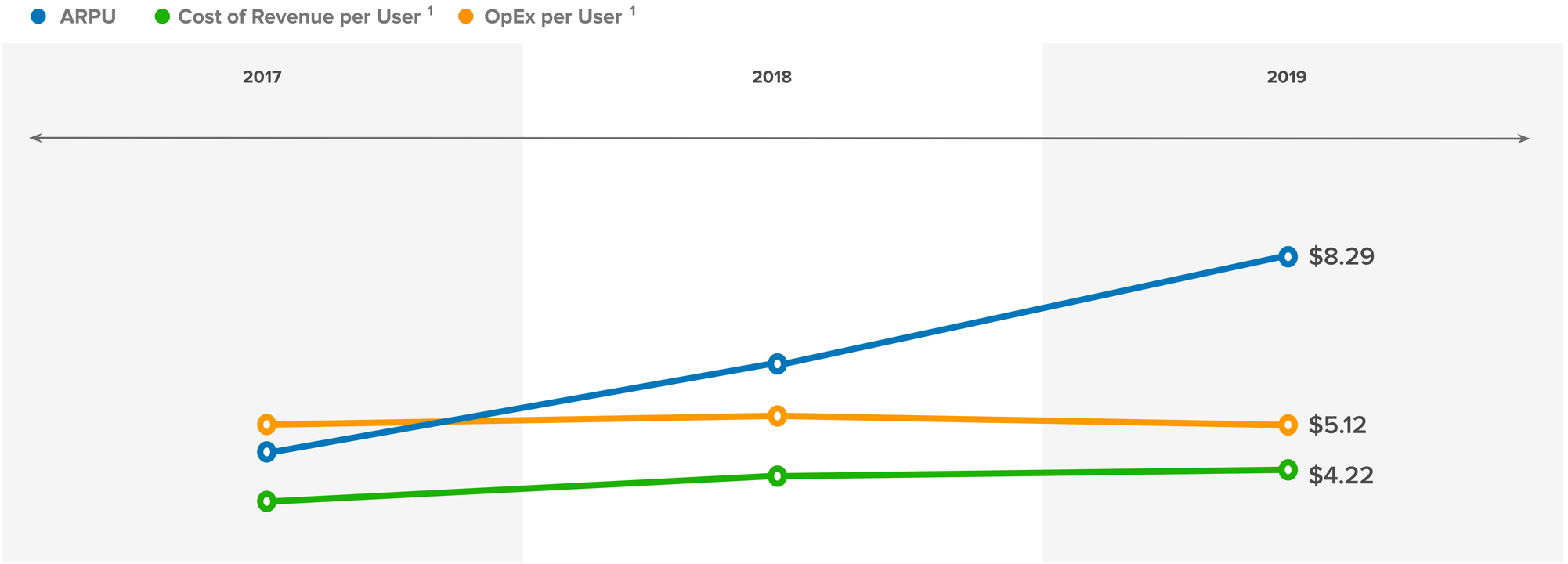


Comparison is illustrative as each Company calculates daily active users differently.

1. Snap Inc. includes the U.S., Canada, Mexico, the Caribbean, and Central America. Facebook includes the U.S. and Canada only. Twitter includes the U.S. only.
2. Snap Inc. internal data for Q4 2019 as compared to publicly reported Facebook and Twitter data for Q4 2019. We define a Daily Active User as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. Twitter's monetizable Daily Active Users are shown and is defined by the Company as people, organizations, or other accounts who logged in or were otherwise authenticated and accessed Twitter on any given day through twitter.com or Twitter applications that are able to show ads. Facebook defines Daily Active Users based on user activity only on Facebook and Messenger and not on the Company's other products.
3. Snap Inc. internal data for Q4 2019 as compared to publicly reported Facebook and Twitter data for Q4 2019. We define ARPU as quarterly revenue divided by the average Daily Active Users. Twitter's ARPU is calculated as quarterly revenue divided by the average monetizable Daily Active Users. Facebook's ARPU is calculated as quarterly revenue divided by the average Daily Active Users. ARPU is presented as annual ARPU, calculated as the sum of each reported quarterly ARPU. See Snap. Inc. public filings with the SEC.

Building a Path to Profitability

Eight straight quarters of YoY improvement in Adjusted EBITDA and TTM average Adjusted EBITDA Leverage per User of 98%.



	2017	2018	2019
Adj. EBITDA Leverage per User [2]	(48)%	64%	101%

We define ARPU as quarterly revenue divided by the average Daily Active Users. Full year ARPU is the sum of the quarterly ARPUs. We 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 related payroll 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.

1. Excludes stock-based compensation expense and related payroll tax expense, depreciation and amortization, and certain other non-cash or non-recurring items impacting net income (loss) from time to time.
2. We define Adjusted EBITDA leverage per user as the year-over-year change in Adjusted EBITDA per user divided by the year-over-year change in ARPU. Adjusted EBITDA per user is calculated as Adjusted EBITDA divided by the average Daily Active Users.

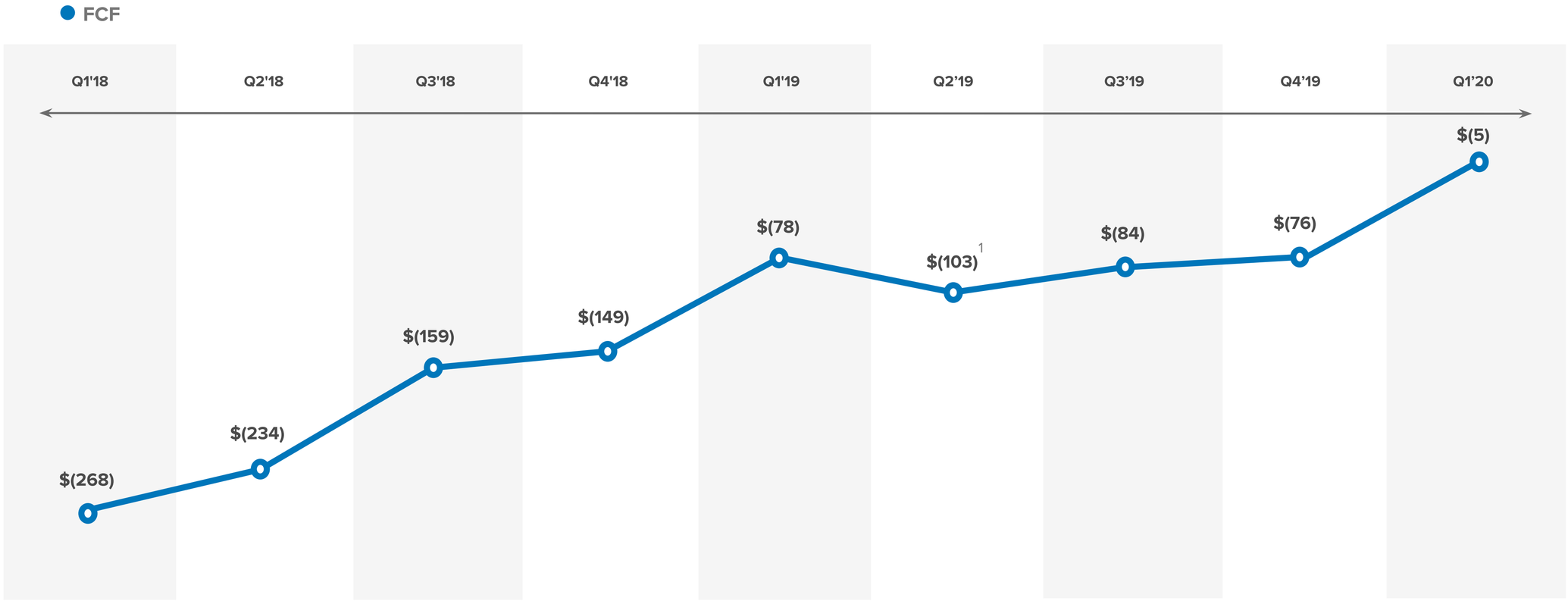
Source: Snap Inc. public filings.

Community x Engagement x Monetization x Capital Efficiency

Free Cash Flow

Free Cash Flow

(in millions, unaudited)



	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20
YoY FCF Growth	(55)%	(2)%	28%	25%	71%	56%	47%	49%	94%

We define Free Cash Flow, or FCF, as net cash provided by (used in) operating activities reduced by purchases of property and equipment. See Appendix for reconciliation of net cash used in operating activities to Free Cash Flow.

1. FCF declined seasonally from Q1'19 to Q2'19 due to seasonally higher collections in Q1 following seasonally higher revenue in Q4'18.

Source: Snap Inc. public filings.

2019:

Laying the Groundwork for Future Scale

Team



Established an experienced leadership team for the next chapter in our growth

Android Rebuild



Rebuilt our Android app to access new markets

Scalable Ad Platform



Transitioned our advertising business to a scalable self-serve model

Operating Efficiency



Balanced big investments with operating cost discipline

2020 and Beyond:

Opportunities for Growth

User Growth



Expanding Demographics and Geographies

Revenue



Increasing ARPU by Scaling Demand and ROI

Investing in Innovation



Augmented Reality, Premium Content, Gaming, Maps, and more

Appendix

Non-GAAP Financial Measures Reconciliation

(in thousands, unaudited)

	Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Free Cash Flow Reconciliation						
Net cash provided by (used in) operating activities	$ (126,054)	$ (66,178)	$ (95,789)	$ (76,149)	$ (66,842)	$ 6,283
Less:						
Purchases of property and equipment	(22,741)	(11,814)	(7,633)	(7,938)	(9,093)	(10,891)
Free Cash Flow[1]	**$ (148,795)**	**$ (77,992)**	**$ (103,422)**	**$ (84,087)**	**$ (75,935)**	**$ (4,608)**

	Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Adjusted EBITDA Reconciliation						
Net loss	$ (191,668)	$ (310,407)	$ (255,174)	$ (227,375)	$ (240,704)	$ (305,936)
Add (deduct):						
Interest income	(7,513)	(7,816)	(7,446)	(10,317)	(10,463)	(8,589)
Interest expense	1,111	756	809	8,654	14,775	15,113
Other (income) expense, net	3,715	1,127	(44,085)	1,481	(17,536)	12,389
Income tax (benefit) expense	(352)	279	1,078	(1,296)	332	659
Depreciation and amortization	22,682	23,319	22,660	20,646	20,620	21,204
Stock-based compensation expense	121,772	162,556	195,574	161,228	166,655	172,049
Payroll tax expense related to stock-based compensation	2,015	6,737	7,871	4,604	8,628	11,874
Securities class actions legal charges	-	-	-	-	100,000	-
Lease exit charges	(2,125)	-	-	-	-	-
Adjusted EBITDA[2]	**$ (50,363)**	**$ (123,449)**	**$ (78,713)**	**$ (42,375)**	**$ 42,307**	**$ (81,237)**

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

[2] We 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 related payroll tax expense; and certain other non-cash or non-recurring items impacting net income (loss) from time to time. 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. Lease exit charges were related to our exit of various operating leases prior to the end of the contractual lease term. The lease exit charges primarily include the present value of our remaining lease obligation on the cease use dates that occurred during the quarter, net of estimated sublease income. These charges are non-recurring and not reflective of underlying trends in our business.

Non-GAAP Financial Measures Reconciliation (Continued)

(in thousands, except per share amounts, unaudited)

	Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Non-GAAP net income (loss) reconciliation						
Net loss	$ (191,668)	$ (310,407)	$ (255,174)	$ (227,375)	$ (240,704)	$ (305,936)
Amortization of intangible assets	10,441	10,369	9,048	6,915	7,067	7,980
Stock-based compensation expense	121,772	162,556	195,574	161,228	166,655	172,049
Payroll tax expense related to stock-based compensation	2,015	6,737	7,871	4,604	8,628	11,874
Securities class actions legal charges	-	-	-	-	100,000	-
Gain on Divestiture	-	-	(39,883)	-	-	-
Lease exit charges	(2,125)	-	-	-	-	-
Income tax adjustments	84	(115)	376	200	289	(59)
Non-GAAP net income (loss)[1]	**$ (59,481)**	**$ (130,860)**	**$ (82,188)**	**$ (54,428)**	**$ 41,935**	**$ (114,092)**
Weighted-average common shares - Diluted	**1,324,858**	**1,340,615**	**1,362,544**	**1,393,358**	**1,409,519**	**1,426,305**

	Three Months Ended					
	December 31, 2018	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020
Non-GAAP diluted net income (loss) per share reconciliation						
GAAP diluted net loss per share	$ (0.14)	$ (0.23)	$ (0.19)	$ (0.16)	$ (0.17)	$ (0.21)
Non-GAAP adjustment to net loss	0.10	0.13	0.13	0.12	0.20	0.13
Non-GAAP diluted net income (loss) per share[1]	**$ (0.04)**	**$ (0.10)**	**$ (0.06)**	**$ (0.04)**	**$ 0.03**	**$ (0.08)**

[1] We define Non-GAAP Net income (loss) as net income (loss); excluding amortization of intangible assets; stock-based compensation expense and related payroll tax expense; certain other non-cash or non-recurring items impacting net income (loss) from time to time; and related income tax adjustments. Non-recurring items include securities class actions legal charges and lease exit charges as described in the preceding slide. Non-GAAP Net Loss and weighted average diluted shares are then used to calculate Non-GAAP diluted net Income (loss) per share.