
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 26, 2022

SNAP INC.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-38017
(Commission
File Number)

45-5452795
(IRS Employer
Identification No.)

**3000 31st Street
Santa Monica, California**
(Address of Principal Executive Offices)

90405
(Zip Code)

Registrant's Telephone Number, Including Area Code: (310) 399-3339

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.00001 per share	SNAP	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On August 31, 2022, we posted an Investor Update presentation to our Investor Relations website at investor.snap.com disclosing preliminary year-over-year revenue growth for the third quarter of 2022 through August 29, 2022 of approximately 8%. A copy of that Investor Update is attached as Exhibit 99.2. Given uncertainties related to the operating environment, we are not providing our expectations for revenue or adjusted EBITDA for the third quarter of 2022.

The information presented in this Item 2.02 is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information shall not be deemed incorporated by reference into any other filing with the U.S. Securities and Exchange Commission made by Snap Inc., whether made before or after today’s date, regardless of any general incorporation language in such filing.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On August 31, 2022, we announced a plan to reduce our global headcount by approximately 20% of our global full time employees. The headcount reduction is part of a broader strategic reprioritization by the company to focus on our top priorities, improve cost efficiencies, and drive toward profitability and positive free cash flow.

As a result of the strategic reprioritization, we currently estimate that we will incur pre-tax charges in the range of \$110 million to \$175 million, primarily consisting of severance and related costs, contract termination costs, and other impairment charges, of which \$95 million to \$135 million are expected to be future cash expenditures. The majority of these costs are expected to be incurred during the third quarter of 2022. Potential position eliminations in each country are subject to local law and consultation requirements, which may extend this process into the fourth quarter of 2022 or beyond in certain countries. The charges that we expect to incur are subject to a number of assumptions, including local law requirements in various jurisdictions, and actual expenses may differ materially from the estimates disclosed above.

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

As part of the strategic planning process, Evan Spiegel, Chief Executive Officer and Co-Founder, outlined a proposal to our board of directors to create the role of Chief Operating Officer in order to more closely align our engineering, ad product, and sales functions. Following those discussions, Mr. Spiegel made a recommendation to the compensation committee of the board to nominate Jerry Hunter, Senior Vice President of Engineering, age 57, to the newly-created role of Chief Operating Officer. The compensation committee approved Mr. Hunter’s promotion, effective immediately, on August 30, 2022. Mr. Hunter has served as our Senior Vice President of Engineering since November 2017 and previously served as Vice President of Core Engineering since October 2016. In Mr. Hunter’s new role, he will oversee our engineering, sales, partnerships, and revenue organizations. In connection with Mr. Hunter’s promotion, he will be awarded \$19.5 million in new restricted stock units that will vest over the next 39 months in equal quarterly increments.

On August 26, 2022, Jeremi Gorman, our Chief Business Officer, notified us that she will leave Snap to pursue a new opportunity. Ms. Gorman’s last day at Snap will be September 16, 2022. Ms. Gorman has agreed to continue to serve as Chief Business Officer for an interim period to assist with an effective transition of her duties and responsibilities. Accordingly, on August 30, 2022, we entered into a transition agreement with Ms. Gorman. Ms. Gorman has confirmed that this transition is not related to any disagreement with us on any matter relating to our accounting, strategy, management, operations, policies, or practices (financial or otherwise). The foregoing description of Ms. Gorman’s transition agreement is qualified in its entirety by reference to the full text of the agreement, which is attached to this Current Report on Form 8-K as Exhibit 10.1 and is incorporated by reference.

Item 7.01 Regulation FD Disclosure.

On August 31, 2022, we began notifying team members affected by the strategic reprioritization and communicated the changes to the entire company with a letter from Evan Spiegel, our Chief Executive Officer and Co-Founder, which is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated by reference.

On August 31, 2022, we posted an Investor Update presentation to our Investor Relations website at investor.snap.com, which is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated by reference.

The information presented in this Item 7.01 is furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended. The information shall not be deemed incorporated by reference into any other filing with the U.S. Securities and Exchange Commission made by Snap Inc., whether made before or after today’s date, regardless of any general incorporation language in such filing.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or 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 Current Report on Form 8-K, including statements regarding our future results of operations or financial condition, our plans to improve operational efficiencies, timing and charges associated with our strategic reprioritization, our business strategy and plans, 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 Current Report on Form 8-K.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Current Report on Form 8-K primarily on our current expectations and projections about future events and trends, including our financial outlook, geo-political conflicts, and the COVID-19 pandemic, that we believe may continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: our financial performance; our ability to attain and sustain profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users, publishers, and advertisers; competition and new market entrants; managing our international expansion and our growth and future expenses; compliance with new laws, regulations, and executive actions; our ability to maintain, protect, and enhance our intellectual property; our ability to succeed in existing and new market segments; our ability to attract and retain qualified and key personnel; our ability to repay outstanding debt; future acquisitions, divestitures or investments; our ability to achieve cost savings from our strategic reprioritization; disruptions to our business as a result of our strategic reprioritization; and the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, and war or other armed conflict, as well as risks, uncertainties, and other factors described in “Risk Factors” and elsewhere in our most recent periodic report filed with the U.S. Securities and Exchange Commission, or SEC, which is available on the SEC’s website at www.sec.gov. Additional information will be made available in other filings that we make from time to time with the SEC. In addition, any forward-looking statements contained in this Current Report on Form 8-K are based on assumptions that we believe to be reasonable as of this date. We undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of this Current Report on Form 8-K 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	<u>Transition Agreement, by and between Snap Inc. and Jeremi Gorman, dated August 30, 2022.</u>
99.1	<u>Letter to Snap Inc. team members from Evan Spiegel, dated August 31, 2022.</u>
99.2	<u>Investor Update, dated August 31, 2022.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SNAP INC.

Date: August 31, 2022

By: /s/ Derek Andersen
Derek Andersen
Chief Financial Officer

August 29, 2022

Jeremi Gorman
Via Email

Re: Transition Agreement

Jeremi,

The letter below outlines the terms of your separation from Snap Inc. (“Snap”). The effective date of this letter is the date Snap signs below.

1. Your last day at Snap as Snap’s Chief Business Officer will be September 16, 2022 (“Last Day”).
2. Following your execution of our standard release agreement and expiration of any required rescission period, Snap will:
 - Accelerate the vesting of any unvested equity awards already granted to you, that vest pursuant to a monthly schedule, that are scheduled to vest after your Last Day through December 31, 2022; and
 - Pay you the salary that you would have earned after your last day, had you remained our Chief Business Officer from your Last Day through December 31, 2022.
3. You confirm that your separation from Snap is not related to any disagreement with Snap on any matter relating to Snap’s accounting, strategy, management, operations, policies, regulatory matters, or practices (financial or otherwise).

If this agreement is acceptable to you, please sign below.

Sincerely,

Snap Inc.

/s/ Michael O’Sullivan

Michael O’Sullivan
Date: August 30, 2022

Accepted and agreed:

/s/ Jeremi Gorman

Jeremi Gorman
Date: August 29, 2022



August 31, 2022

Restructuring and Refocusing our Business

Dear Team,

Thank you for your patience as we have worked through our 2023 financial planning and reprioritization process. Our forward-looking revenue visibility remains limited, and our current year-over-year QTD revenue growth of 8% is well below what we were expecting earlier this year. While we will continue our work to reaccelerate revenue growth, we must ensure Snap's long term success in any environment. For planning purposes we have modeled a range of outcomes, some of which assume that low revenue growth continues into next year, and we have built our 2023 plan to generate free cash flow even in a low growth scenario.

The investments we have made in our business to-date assumed a higher rate of revenue growth based on our vast opportunity and our proven history of execution, including 2x growth in the size of the Snapchat community and 10x growth in trailing twelve month revenue since our IPO in 2017. Unfortunately, given our current lower rate of revenue growth, it has become clear that we must reduce our cost structure to avoid incurring significant ongoing losses. While we have built substantial capital reserves, and have made extensive efforts to avoid reductions in the size of our team by reducing spend in other areas, we must now face the consequences of our lower revenue growth and adapt to the market environment.

We are restructuring our business to increase focus on our three strategic priorities: community growth, revenue growth, and augmented reality. Projects that don't directly contribute to these areas will be discontinued or receive substantially reduced investment. We have worked thoughtfully and deliberately to find the right balance between focusing our investments while continuing to innovate, and we have made the decision to discontinue our investments in Snap Originals, Minis, Games, and Pixy, among other areas. We have also started the process of winding down the standalone applications Zenly and Voisey.

As a result, we have made the difficult decision to reduce the size of our team by approximately 20%. The scale of these changes vary from team to team, depending upon the level of prioritization and investment needed to execute against our strategic priorities. The extent of this reduction should substantially reduce the risk of ever having to do this again, while balancing our desire to invest in our long term future and reaccelerate our revenue growth. Overall, the size of our team will remain larger than it was at this time last year.

We will miss the many kind, smart, and creative team members who have contributed to Snap's growth and I am deeply sorry that these changes are necessary to ensure the long term success of our business. The friendship and camaraderie we all share as a team make these changes particularly painful, and we will make every effort to treat our departing team members with the respect and gratitude that they deserve.

Team leaders will notify their impacted team members as soon as possible and provide them with detailed guidance. In the United States, we will provide at least four months of compensation replacement, as well as financial assistance to enroll in COBRA, so that team members will have until the end of the year to find new opportunities while still receiving compensation and health benefits from Snap. Outside the United States, we will follow local processes required in each country and tailor compensation and benefits to reflect local norms with the intent to provide similar levels of support regardless of geography. We will also provide outplacement service support and launch an opt-in talent directory to help departing team members connect with new opportunities.

We acknowledge that these changes may have a particularly serious impact on team members relying on work authorizations to live outside their home country, and we will provide these impacted team members additional support and flexibility to minimize disruption to their immigration status.

We are also reorganizing our team to better meet the challenges of the current macroeconomic environment and to make as much progress as possible, as quickly as possible, in the areas of our business that we are able to control. In particular, there remains significant opportunity to improve coordination and prioritization across our engineering, sales, and product teams. In an effort to realize this opportunity, we are promoting Jerry Hunter to Chief Operating Officer, effective today. Jerry will lead our monetization efforts across our three operating regions (EMEA, APAC, and Americas), as well as our Growth, Partnerships & Content, AR Enterprise, and SMB teams. He will also continue to lead the Engineering teams that currently report to him.

Jerry has repeatedly demonstrated operational rigor at scale, leading our business through several challenging transitions including the build out of our advertising platform, the rebuild of our Android product, our infrastructure optimizations, and most recently, significant investments in our Platform Integrity team. I believe Jerry's promotion will result in both better short term execution as well as a higher velocity of long term innovation.

We are also realigning our regional operational leadership by creating a new President role in each of the Americas, EMEA and APAC regions. Our three regional Presidents will provide in-market leadership, lead cross-functional efforts across our business, oversee local operational needs, and lead our go-to-market strategy. Ronan Harris, Vice President and Managing Director of UK & Ireland at Google, is joining Snap as President, EMEA, beginning in October. Ronan will join our executive team and report to Jerry. We are currently searching for Presidents for our APAC and Americas regions.

I will give a presentation detailing these changes to our entire team tomorrow morning, and will plan on following up with "Ask Evan" shortly thereafter. My annual letter to the team will be distributed on Tuesday of next week and our Strategic Planning Process for 2023 will follow.

Snap Inc.

Changes of this magnitude are never easy, and we must act decisively to meet this moment as a team. I am proud of the strength and resilience of our team as we have navigated the myriad challenges of growing our business in a highly competitive industry during uncertain and unprecedented times. Thank you for your dedication, hard work, and commitment to our community.

Evan

Snap Inc.

Investor Update

August 2022

Disclaimers

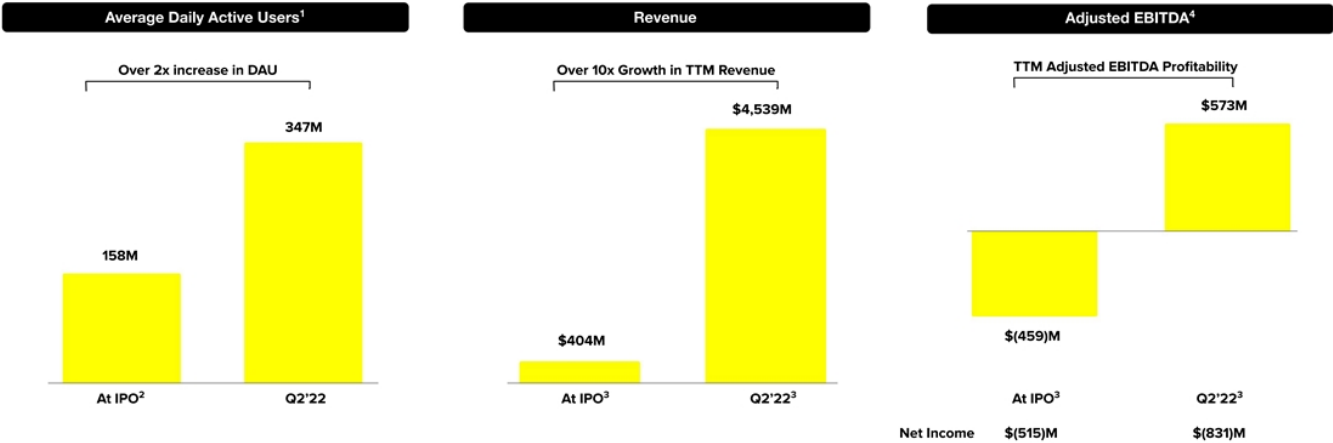
Note Regarding User Metrics and Other Data

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 most recent periodic report filed with the U.S. Securities and Exchange Commission, or 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 our most recently completed period and other filings that we make from time to time with the SEC. 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 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. See <https://businesshelp.snapchat.com/> for details. 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.

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 of 1933 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, 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 primarily 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 continue to affect our business, financial condition, results of operations, and prospects. These forward-looking statements are subject to risks and uncertainties related to: our financial performance; our ability to attain and sustain historical profitability; our ability to generate and sustain positive cash flow; our ability to attract and retain users, publishers, and advertisers; competition and new market entrants; managing our international expansion and our international expansion and our growth and future expenses; compliance with modified and new laws, regulations, and executive actions; our ability to maintain, protect, and enhance our intellectual property; our ability to succeed in existing and new market segments; our ability to attract and retain qualified employees and key personnel; our ability to repay outstanding debt; future acquisitions, divestitures or investments; our ability to achieve cost savings from our strategic reprioritization; disruptions to our business as a result of our strategic reprioritization; and the potential adverse impact of climate change, natural disasters, health epidemics, macroeconomic conditions, war and other armed conflict, as well as risks, uncertainties, and other factors described in "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 our most recently completed period and other filings that we make from time to time with the SEC. 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. 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 this presentation. 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 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, 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. Investors and others should note that we may announce material business and financial information to our investors using our websites (including investor.snap.com), filings with the SEC, webcasts, press releases, and conference calls. We use these mediums, including Snapchat and our websites, 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 websites. 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.

Demonstrated Track Record of Growth Since IPO



¹ 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.

² DAU at IPO is Q4 2016.

³ TTM at IPO is calculated as Q1 2016 through Q4 2016 and TTM Q2'22 is calculated as Q3 2021 through Q2 2022.

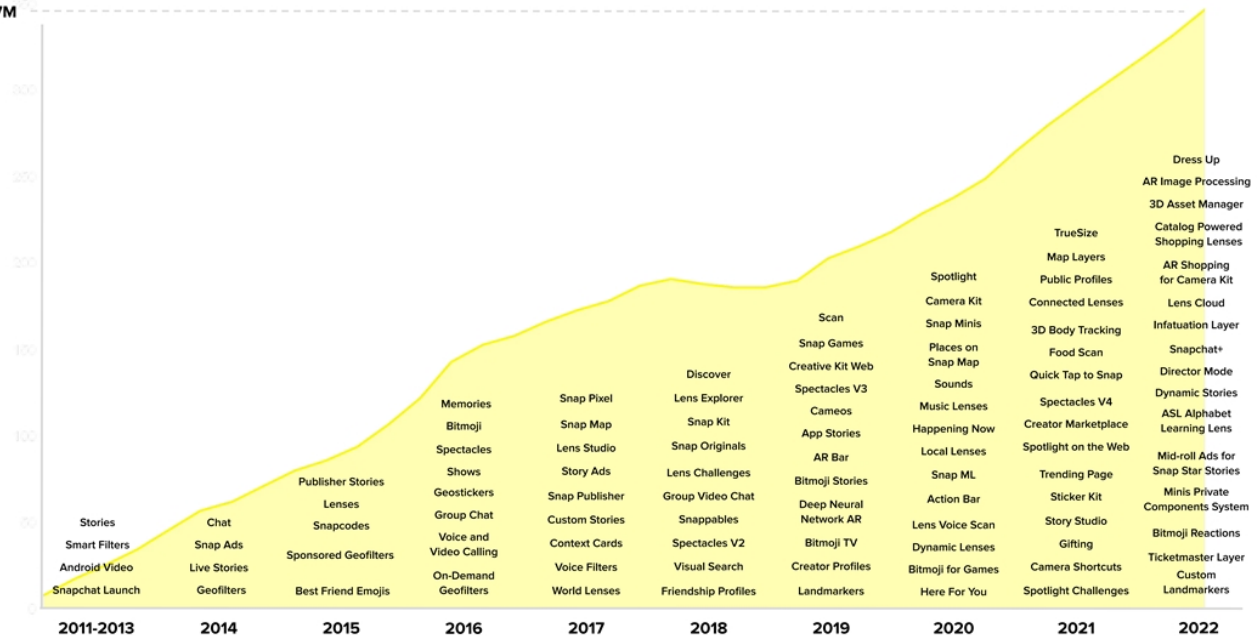
⁴ We define Adjusted EBITDA as net income (loss), excluding interest income; interest expense, other income (expense), net; income tax benefit (expense); depreciation and amortization; stock-based compensation expense and other payroll related tax expense; and certain other non-cash or non-recurring items impacting net income (loss) from time to time. See Appendix for reconciliation of net loss to Adjusted EBITDA.

Daily Active Users



Demonstrated Track Record of Innovation

347M



Snap Inc. internal data Q2 2022. See Snap Inc. public filings with the SEC.

Operating Against a Difficult Macro Backdrop

Platform Policy Changes

Recent policy changes have upended a decade of advertising industry standards

Requires building new models to drive direct response advertising business and tools to measure returns of direct response advertising

Macroeconomic Challenges

Macro headwinds such as high inflation, rising interest rates, and geopolitical risks disrupting many industry segments that are critical to growing advertising demand

Auction-driven direct response advertising is the easiest/fastest for clients to dial back for short term cost savings

Increasing Competition for Ad Dollars

As advertising dollars in aggregate grow more slowly, competition for these dollars intensifies

Focused Investment to Drive Long-Term Growth

Community Growth

Innovative Products
Localization
Application Performance

Revenue Growth

Ad Platform Improvements
New Sources of Revenue
Spotlight
Snapchat+
Snap Map

Augmented Reality

Core Technology Platform
Consumer Facing Experiences

Reprioritizing investments to drive adjusted EBITDA and positive FCF

Reprioritizing Investments

We will substantially reduce or eliminate investments not directly connected to our three strategic priorities:

- Snap Originals – Going forward, we will focus our efforts on content created by our partners and by creators
- Minis and Games – We will shift Minis and Games into maintenance mode with substantially reduced investment
- Hardware – We're narrowing our investment scope in Spectacles to focus on highly differentiated long-term research and development efforts. We will discontinue further development on our flying camera, Pixy
- Zenly, Voisey – We intend to wind down these standalone apps and focus on Snap Map and Sounds within Snapchat

Productive Investment in our Strategic Priorities

Creating a clear path to adjusted EBITDA profitability and positive free cash flow as we invest for growth:

- Efficient Scaling of Infrastructure Cost - Continued focus on driving down unit costs and capturing the benefits of our scale
- Scalable Approach to Content Investment - Focused content investments to drive community engagement
- Team Focused on Strategic Priorities - Approximately 20% reduction in full time headcount by refocusing on strategic priorities
- Efficient Marketing - Substantially lower marketing investment focused on accelerating organic community growth and efficient advertiser acquisition
- Reduced Overhead - Reduced investment in real estate and overhead functions to drive operating leverage

Path to Profitability and Positive Free Cash Flow

Quarter-to-date revenue growth is approximately 8% year-over-year

Forward looking revenue visibility remains limited given uncertainty in the macro environment

\$500 million¹ estimated reduction in the annualized cash cost structure² relative to Q2'22:

- \$50 million estimated reduction in fixed content costs within cost of revenue
- \$450 million estimated reduction in adjusted operating expenses³ inclusive of personnel and other opex cost reductions
- Estimated transition costs of approximately \$110 to \$175 million, with approximately \$95 to \$135 million expected to be incurred within adjusted operating expenses², and the majority expected to be incurred within Q3'22

Focused on delivering adjusted EBITDA and positive free cash flow at current revenue levels:

- Reduced fixed content costs expected to be fully implemented by end of 2022
- Disciplined management of adjusted operating costs to drive meaningful operating leverage when revenue growth accelerates

¹ The charges that we expect to incur are subject to a number of assumptions, including local law requirements in various jurisdictions, and actual expenses may differ materially from the estimates disclosed above.

² Cash cost structure refers to total cost of revenue plus total operating expenses less non cash expenses such as stock based compensation, depreciation, and amortization.

³ Adjusted operating expenses exclude stock based compensation, depreciation, and amortization.

Stock-Based Compensation & Dilution Management Strategy

- We intend to continue to pay our team members competitively and leverage stock-based compensation (SBC) to drive an ownership oriented culture
- We announced our first \$500 million stock repurchase program alongside Q2 2022 earnings
- The \$500 million stock repurchase program is now complete with 3.1% of outstanding shares repurchased at an average price of \$9.75
- Our initial stock repurchase program more than fully offset all SBC related dilution from the trailing 12 months
- We intend to closely monitor the anticipated impact of future SBC driven dilution, our path to sustained free cash flow generation, and our share price, in order to inform future share count and dilution management efforts

Stock Repurchase Program

Date of Announcement: July 21, 2022

Size of stock repurchase: \$500M

Cash, Cash Equivalents, and Marketable Securities at time of announcement: \$4.9B

Repurchase as a percentage of cash: 10%

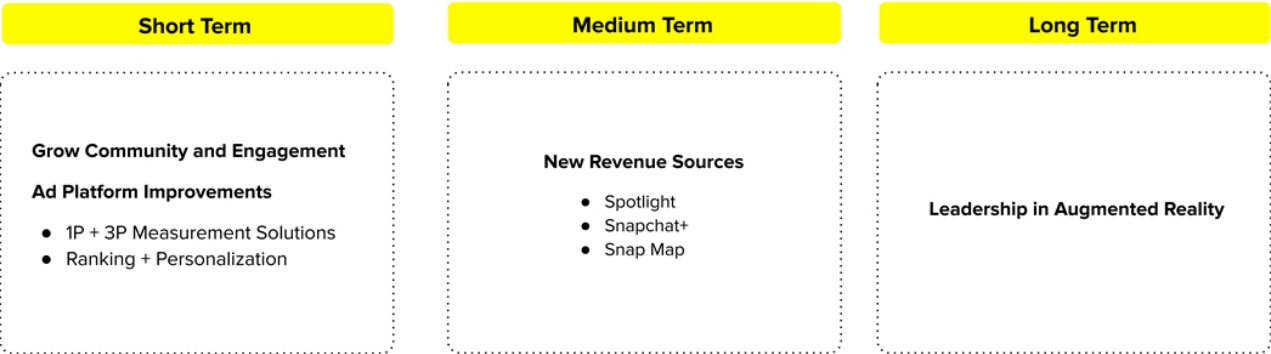
Repurchase as a percentage of outstanding shares: 3.1%

Total shares repurchased: 51,312,314

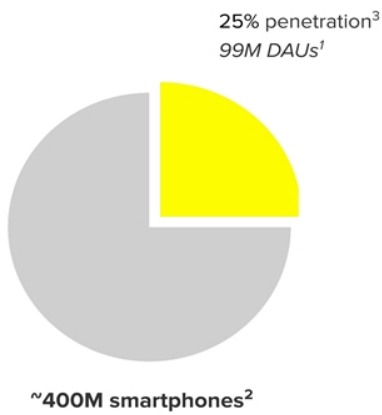
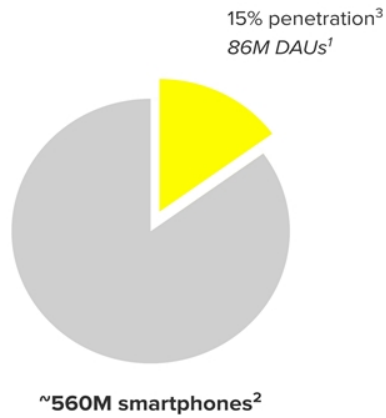
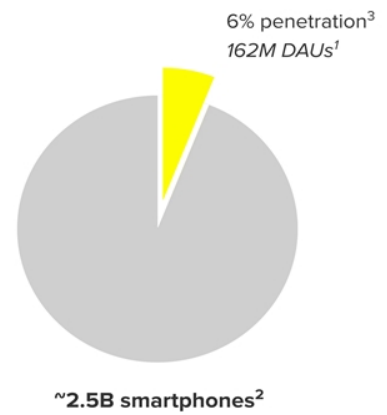
Average price: \$9.75

The Opportunity Ahead

Building Blocks to Accelerate Revenue Growth



Significant Opportunity to Expand Our Community

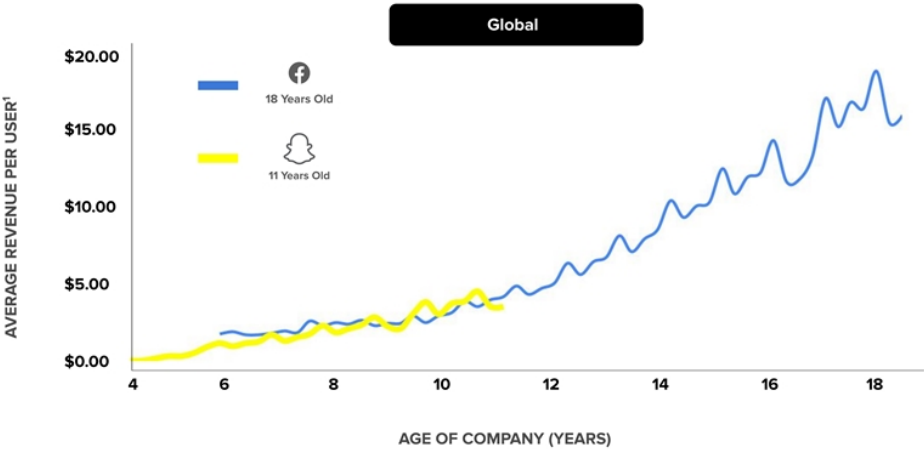
North America**Europe****Rest of World**

¹Snap Inc. internal data Q2 2022. See Snap Inc. public filings with the SEC.

²eMarketer 2022 smartphone estimates, February 2022.

³Percentage calculated by dividing Snap Inc. Q2 2022 daily active users (DAUs) by total smartphone estimate.

Demonstrated Progress and Significant ARPU Opportunity

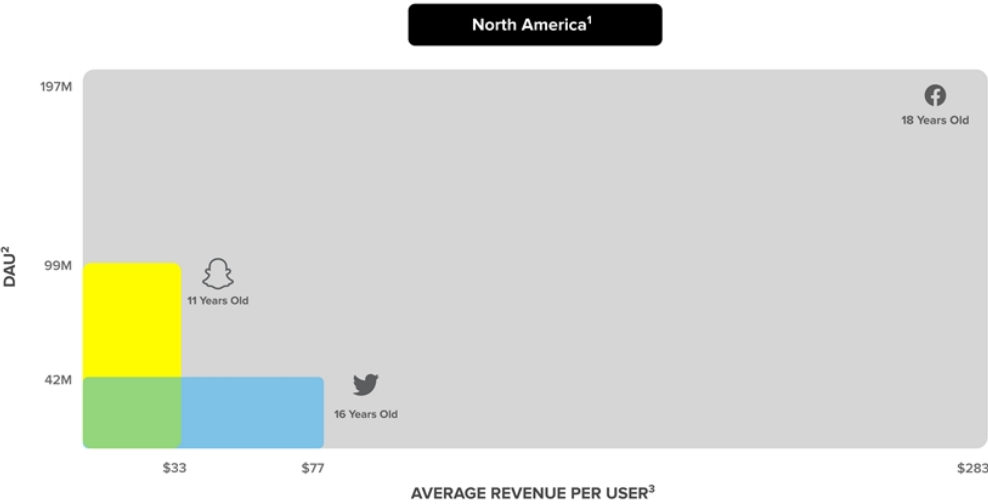


Significant progress on ARPU relative to peers at our current stage of growth

Comparison is illustrative, as each company calculates daily active users differently.
¹ Snap Inc. internal data as compared to publicly reported Facebook data. We define average revenue per user (ARPU) as quarterly revenue divided by the average DAUs. We define a daily active user (DAU) as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. Facebook's ARPU is calculated as quarterly revenue divided by the average DAUs. Facebook defines DAUs based on user activity only on Facebook and Messenger and not on the company's other products. See Snap, Inc. public filings with the SEC.

DAU and ARPU Present Long-Term Opportunity

North America is critical to growing revenue in the near and medium term—and we have a long runway ahead of us



Comparison is illustrative, as each company calculates daily active users differently.

¹Snap Inc. includes the US, Canada, Mexico, the Caribbean, and Central America. Facebook includes the US and Canada only. Twitter includes the US only.

²Snap Inc. internal data Q2 2022, as compared to publicly reported Facebook and Twitter data Q2 2022. We define a daily active user (DAU) as a registered Snapchat user who opens the Snapchat application at least once during a defined 24-hour period. Twitter's monetizable DAUs are shown and are 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 DAUs based on user activity only on Facebook and Messenger and not on the Company's other products.

³Snap Inc. internal data Q3 2021–Q2 2022 as compared to publicly reported Facebook and Twitter data for Q3 2021–Q2 2022. We define average revenue per user (ARPU) as quarterly revenue divided by the average DAUs. Twitter's ARPU is calculated as quarterly revenue divided by the average monetizable DAUs. Facebook's ARPU is calculated as quarterly revenue divided by the average DAUs. ARPU is presented as annual ARPU, calculated as the sum of each reported quarterly ARPU. See Snap, Inc. public filings with the SEC.

Demonstrated Leadership in Augmented Reality

Our AR creator community is made up of individuals from over 200 countries and territories¹

250K+

Lens Creators have used Lens Studio.¹

2.5M+

Lenses made by our community.¹

The Snap Camera drives visual communication between Snapchatters, enabling the next generation of computing

250M+

Snapchatters engage with AR per day on average.²

Snapchatters play with AR Lenses

6B+ times

per day on average.²

AR builds consumer confidence

7 in 10 consumers

are interested in using AR to interact with a product before buying it.³

Returns are a \$550B problem, which AR can help fix. AR-guided purchases led to a **25% decrease in returns**.⁴

¹ Snap Inc. internal data as of December 31, 2021.

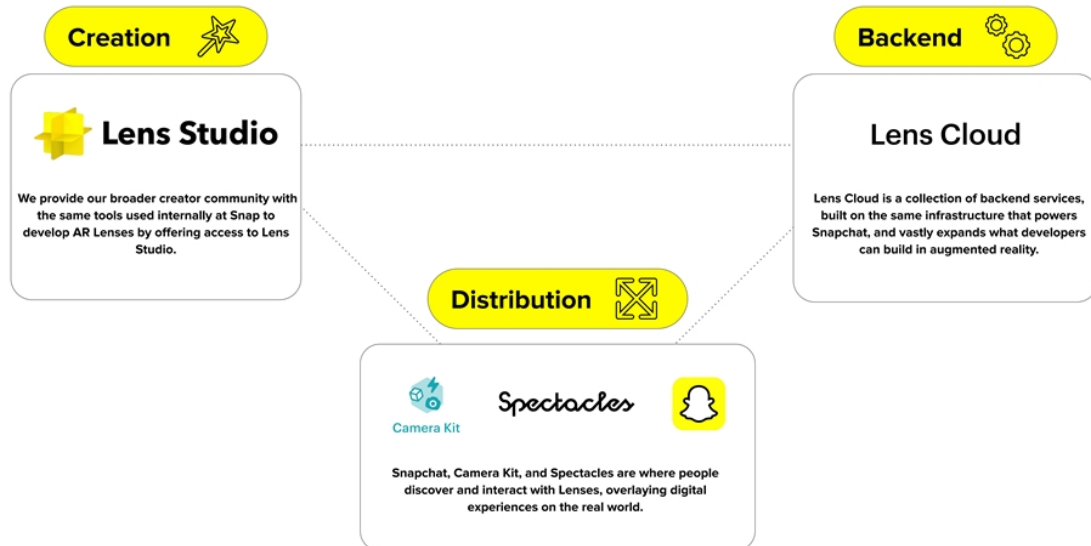
² Snap Inc. internal data Q2 2022.

³ 2022 Global Ipsos Study commissioned by Snap Inc. | Base: Global consumers: 13-44 Smartphone users: n=24,758 | Thinking about what you can do using AR both now and in the future, how interested, if at all, are you in each of the following? "Interacting with a product before buying it"(NET: Very / Somewhat interested).

⁴ ARInsider Article, "Does AR Really Reduce eCommerce Returns?"

Continuing to Invest in the Future of Augmented Reality

We believe that immersive experiences will drive AR utilization – grounded in the real world, shared with friends, and integrated into your life



A Refocused Strategy to Drive Long-Term Value Creation



Invest in our products and platforms to sustain the growth of our community



Invest heavily in our ad platform to deliver measurable returns on advertising spending while diversifying revenue sources



Invest in the future of augmented reality

Appendix

Non-GAAP Financial Measures Reconciliation - Annual

(in thousands, unaudited)

	TTM 2016		TTM Q2 2022	
Adjusted EBITDA Reconciliation				
Net income (loss)	\$	(514,643)	\$	(831,100)
Add (deduct):				
Interest income		(4,654)		(14,265)
Interest expense		1,424		18,803
Other (income) expense, net		4,568		(81,388)
Income tax (benefit) expense		(7,080)		29,532
Depreciation and amortization		29,115		184,764
Stock-based compensation expense		31,842		1,192,716
Payroll tax expense related to stock-based compensation		185		73,588
Adjusted EBITDA ¹	\$	(459,243)	\$	572,650

¹ 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 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.

Snap Inc.