

March 31, 2026

Snap Inc.
2772 Donald Douglas Loop N
Santa Monica, CA 90405

Dear Evan,

We are writing to you on behalf of Irenic Capital Management ("Irenic" or "we"). Irenic manages ~\$2.5 billion and we have become a substantial shareholder in Snap Inc. ("Snap" or the "company").

We own an economic interest in ~2.5% of Snap's Class A shares.¹

We bought Snap because we think the social network you built is an extraordinarily valuable asset – whose strategic value is only increasing. There are very few scaled social networks. In the United States, there's Facebook/Instagram, TikTok, X, and Snap. These environments are the natural distribution points for AI. In addition, the ability to monetize these platforms through higher return on advertising spend should be dramatically enhanced by AI and ML tools and is already evident at Meta.

We also bought Snap because we admire you as a founder and an entrepreneur. Even if you were to do nothing else, what you have already accomplished – building one of the fastest social networks to reach 100 million users, approaching 1 billion MAUs, developing Lens and Snapchat+ – puts you in the front rank of great entrepreneurs.

But, we think you have a second act.

IT'S TIME, PAST TIME, TO BUILD A GREAT COMPANY, NOT JUST GREAT PRODUCTS

We are taking the unusual step of writing you a public letter because Snap isn't a typical public company. Shareholders like us do not vote for Snap directors and we can't tell you what to do. This is your company. We can only attempt to persuade you to do the right things for your shareholder-partners.

Attached to this letter is a presentation. It's titled **Snap Back to Reality: Save Snap Now** – which can also be found at [SaveSnapNow.com](https://www.savesnapnow.com). In it we outline a series of recommendations to, well, save Snap.

¹ Includes common stock, cash settled swaps, and derivative instruments.

Does Snap – the company – need saving? We think it does.

- A dollar invested in Snap at IPO is worth 23 cents today.²
- Snap has underperformed Meta and the Nasdaq by 364 and 444 percentage points, respectively, since its IPO.
- Since Meta announced its “Year of Efficiency” in November of 2022, Meta has outperformed Snap by 477 percentage points.
- Snap trades at ~1.2x revenue. Meta trades at 5.2x revenue.³

More than that, in simplest terms, it seems to us that it is more than passing strange that Snap – with nearly 1 billion MAUs, reaching 75% of users aged 13–34 globally, with 350 million of those users engaging with AR tools, with users opening the app 40 times a day, with 25 million paying subscribers approaching \$1 billion of ARR, with 5 billion+ snaps created daily, and with a massive library of image and video data, much of which is tied to geolocation – can be bought for just \$7.2 billion (Snap’s enterprise value as of March 27th, 2026). To us, and I suspect to you too, this is a comically small sum.

Snap should be worth a lot more than \$7 billion

In our presentation, we outline a path to **\$26.37** – call it the false precision of investment analysis – versus today’s \$3.93 stock price. That takes the company to around \$35 billion in market capitalization – or what the company was worth as recently as 2022.⁴

Even those numbers, **\$26.37 per share, \$35 billion, high as they are relative to today, seem small to us. A growing, profitable Snap with its enviable demographics, its AI entry point and its AR franchise is probably worth even more.**⁵

But, Snap won’t get there until meaningful changes are made. Here’s how we think you should Save Snap Now:

- **Spin or Shut Specs** – Snap has spent more than \$3.5 billion on Specs and is spending ~\$500mm in cash annually. At this point, if Specs cannot be funded on its own, it is time to shut it down.

² All pricing data as of close of business March 27, 2026; IPO price is \$17 per share.

³ Bloomberg as of close of business March 27, 2026.

⁴ ~\$35 billion market capitalization at \$26.37 per share on 1,302mm shares outstanding; assumes SNAP spends ~\$5.8 billion over next three years buying back shares at \$15 per share, reducing FDSO from 1,689 to 1,302. Additional free cash is used to invest in the business and to offset stock-based compensation dilution.

⁵ Not that you have any intention of selling, but, we think if you did, we suspect the interest in Snap would be substantial. As we recently saw with Warner Brothers Discovery, the prices strategic buyers are willing to pay for “n of 1” assets – and Snap is an “n of 1” asset – can blow away even the most aggressive of expectations.



- **Rationalize the Cost Structure** – Snap had ~3,000 employees before COVID. It has over 5,200 today. Like many of your peers, you over-hired. Unlike your peers, you haven't course corrected. Meta's "Year of Efficiency" led to a reduction of ~25% of the workforce and increased EBITDA margins by nearly 20 percentage points. Block recently announced a 40% headcount reduction by adopting AI to drive efficiencies.
- **Align Employee Incentives** – Snap's use of stock to compensate employees is too substantial and even more costly when you consider how undervalued Snap shares are. The compensation is also poorly structured and Snap should move from a purely time-based approach to 2/3 performance vested with \$10 and \$15 share price targets.
- **Focus on using AI to Improve Ad Monetization** – Specs and similar efforts are a distraction from Snap's core business – selling ads and subscriptions. Facebook has seen dramatic improvements in revenue per daily active user by using AI/ML tools to improve ad targeting. AppLovin has seen the same dramatic growth by accelerating its adoption of AI/ML tools which has significantly improved return on advertising spend for its customers. Unlike Specs, the ROI on R&D dollars spent improving Snap's advertising technology stack will be positive and substantial.
- **Monetize the Latent AI Opportunity** – MyAI has real adoption, but it has the wrong monetization partners in Microsoft and Perplexity. Beyond that there is an enormous latent opportunity in Snap's video and image datasets.
- **Take Advantage of Your Discounted Valuation** – If Snap starts generating substantially higher cash EBITDA, it should use a good portion of that to invest in the business and to buy back its discounted stock. If we're right that Snap is substantially undervalued, buying back stock at these levels (or even well above them) is massively accretive.
- **Improve Corporate Governance** – Give Class A shareholders 1 vote per share. This does not mean giving up control. With 1 vote per share, public shareholders would have just 36% of the vote – in-line with Meta and Alphabet. Your control would be undiminished, but it would unlock inclusion in certain indices to which Snap is currently barred and improve your cost of capital.

It's Time to Act

Snap should not continue doing what it has been doing. It's not working. And we're not telling you anything you don't know already. In fact, almost eight months ago, you said Snap was at a "Crucible Moment."

While our share price performance has not yet reflected the full potential of our business, we have a clear path forward. We must reaccelerate revenue growth, improve gross margins, and grow our community and engagement to expand our long-term potential. Achieving net income profitability would also help offset the dilution risk of stock-based compensation and establish a stronger foundation under our share price.⁶

Everything you wrote then is still right. But the pace of action, the speed of execution, and the relentlessness required are simply lacking.

As a student of technology history, you know better than most that some of the most impressive stories in technology aren't the origin stories, but the second acts. Steve Jobs is *Steve Jobs* because he saved Apple, not just because he started it. Zuckerberg's accomplishments beyond the "Blue App" now probably dwarf his achievement in building the original. In those cases, and in many others, the founding entrepreneurs demonstrated an ability to go from product visionary to profitable company builder. We've read every one of your letters, combed through every transcript, and pored through Snap's filings. We have no doubt that your second act, Saving Snap, the company, can be even more impressive than building Snap, the product.

Warmly,



Adam Katz
Co-Founder,
Chief Investment Officer



Andy Dodge
Co-Founder,
Director of Research



E-Fei Wang
Managing Director

⁶ 14 Years at Snap Inc.; <https://newsroom.snap.com/14-year-letter>



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