

- On January 1, 2021, we adopted Accounting Standards Update No. 2020-01, Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) (ASU 2020-01), which clarifies the interaction of the accounting for equity securities under Topic 321, the accounting for equity method investments in Topic 323, and the accounting for certain forward contracts and purchased options in Topic 815. The adoption of this new standard did not have a material impact on our condensed consolidated financial statements.
- Revenue by geography (P.14)
- Equity Investments (P.17)
- During the three months ended March 31, 2021, we repurchased and subsequently retired 15 million shares of our Class A common stock for an aggregate amount of \$4.11 billion. As of March 31, 2021, \$29.49 billion remained available and authorized for repurchases.
- During the first quarter of 2021, worldwide ARPP was \$7.75, an increase of 29% from the first quarter of 2020.

RESULTS OF OPERATIONS

FACTOR	VARIATION YOY	DRIVER
Revenue	+ 48%	<ul style="list-style-type: none"> Advertising +46% Other revenue +146% The increase was mostly due to an increase in advertising revenue as a result of increases in the average price per ad and the number of ads delivered. <ul style="list-style-type: none"> Trend reversed to price being most important driver. Avg price of ad +30% <ul style="list-style-type: none"> The increase in average price per ad during the three months ended March 31, 2021 was mainly caused by a recovery from declines in advertising demand due to the COVID-19 pandemic that started in the first quarter of 2020. Additionally, overall advertising demand increased, as compared to the same period in 2020, across our ad products and in all regions in part due to increasing consumer demand for purchasing products relative to services, as well as the shift of commerce from offline to online. # of ads increase 12% <ul style="list-style-type: none"> The increase in the ads delivered was driven by increases in users and in the number and frequency of ads displayed across our products. In the near-term, we anticipate that future advertising revenue growth will be determined primarily by price, which will be influenced by the extent to which we continue to see increasing advertising demand as the effects of the COVID-19 pandemic subside and the related economic recovery progresses, as well as the extent to which changes to the regulatory environment and third-party mobile operating systems and browsers result in limitations on our ad targeting and measurement tools. Other revenue +146% <ul style="list-style-type: none"> The increase in other revenue was primarily due to increased sales in our consumer hardware products. Weakening of US dollar had favorable impact on revenue.
Cost of Revenue	+48%	The increase was mostly due to an increase in operational expenses related to our data centers and technical infrastructure, an increase in cost of consumer hardware products sold and, to a lesser extent, higher cost associated with partner arrangements, including traffic acquisition and payment processing costs.
R&D	+29%	Payroll +35% headcount
Marketing & Sales	+2%	The majority of increase was driven by an increase in payroll and benefits expenses, partially offset by a decrease in marketing expenses. Our payroll and benefits expenses increased as a result of a 10% increase in employee headcount from March 31, 2020 to March 31, 2021 in our marketing and sales functions.
General & Admin	+2%	The majority of the increase was due to an increase in payroll and benefits expenses, partially offset by lower bad debt expense due to a decrease in our estimated credit losses, compared to the same period in 2020. Our payroll and benefits expenses increased mainly due to a 23% increase in employee headcount from March 31, 2020 to March 31, 2021 in our general and administrative functions.
Taxes	+109%	<ul style="list-style-type: none"> increase in income from operations.

		<ul style="list-style-type: none"> • Our effective tax rate did not materially change in the three months ended March 31, 2021 compared to the same period in 2020. • Effective tax rate was 17% vs 16% last year.
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LIQUIDITY & CAPITAL RESOURCES

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 - net operating loss carryforward was \$10.61 billion
 - \$444 million of federal tax credit carryforward
 - We anticipate the utilization of a significant portion of these net operating losses and credits within the next three years.
 - As of March 31, 2021, \$8.12 billion of the \$64.22 billion in cash and cash equivalents and marketable securities was held by our foreign subsidiaries.