

FACEBOOK, INC.
CONSOLIDATED BALANCE SHEETS
(In millions, except for number of shares and par value)

	December 31,	
	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,079	\$ 10,019
Marketable securities	35,776	31,095
Accounts receivable, net of allowances of \$206 and \$229 as of December 31, 2019 and December 31, 2018, respectively	9,518	7,587
Prepaid expenses and other current assets	1,852	1,779
Total current assets	66,225	50,480
Property and equipment, net	35,323	24,683
Operating lease right-of-use assets, net	9,460	—
Intangible assets, net	894	1,294
Goodwill	18,715	18,301
Other assets	2,759	2,576
Total assets	\$ 133,376	\$ 97,334
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 1,363	\$ 820
Partners payable	886	541
Operating lease liabilities, current	800	—
Accrued expenses and other current liabilities	11,735	5,509
Deferred revenue and deposits	269	147
Total current liabilities	15,053	7,017
Operating lease liabilities, non-current	9,524	—
Other liabilities	7,745	6,190
Total liabilities	32,322	13,207
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.000006 par value; 5,000 million Class A shares authorized, 2,407 million and 2,385 million shares issued and outstanding, as of December 31, 2019 and December 31, 2018, respectively; 4,141 million Class B shares authorized, 445 million and 469 million shares issued and outstanding, as of December 31, 2019 and December 31, 2018, respectively.	—	—
Additional paid-in capital	45,851	42,906
Accumulated other comprehensive loss	(489)	(760)
Retained earnings	55,692	41,981
Total stockholders' equity	101,054	84,127
Total liabilities and stockholders' equity	\$ 133,376	\$ 97,334

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Year Ended December 31,		
	2019	2018	2017
Revenue	\$ 70,697	\$ 55,838	\$ 40,653
Costs and expenses:			
Cost of revenue	12,770	9,355	5,454
Research and development	13,600	10,273	7,754
Marketing and sales	9,876	7,846	4,725
General and administrative	10,465	3,451	2,517
Total costs and expenses	46,711	30,925	20,450
Income from operations	23,986	24,913	20,203
Interest and other income, net	826	448	391
Income before provision for income taxes	24,812	25,361	20,594
Provision for income taxes	6,327	3,249	4,660
Net income	\$ 18,485	\$ 22,112	\$ 15,934
Less: Net income attributable to participating securities	—	(1)	(14)
Net income attributable to Class A and Class B common stockholders	\$ 18,485	\$ 22,111	\$ 15,920
Earnings per share attributable to Class A and Class B common stockholders:			
Basic	\$ 6.48	\$ 7.65	\$ 5.49
Diluted	\$ 6.43	\$ 7.57	\$ 5.39
Weighted-average shares used to compute earnings per share attributable to Class A and Class B common stockholders:			
Basic	2,854	2,890	2,901
Diluted	2,876	2,921	2,956
Share-based compensation expense included in costs and expenses:			
Cost of revenue	\$ 377	\$ 284	\$ 178
Research and development	3,488	3,022	2,820
Marketing and sales	569	511	436
General and administrative	402	335	289
Total share-based compensation expense	\$ 4,836	\$ 4,152	\$ 3,723

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Net income	\$ 18,485	\$ 22,112	\$ 15,934
Other comprehensive income (loss):			
Change in foreign currency translation adjustment, net of tax	(151)	(450)	566
Change in unrealized gain/loss on available-for-sale investments and other, net of tax	422	(52)	(90)
Comprehensive income	<u>\$ 18,756</u>	<u>\$ 21,610</u>	<u>\$ 16,410</u>

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FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Class A and Class B Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Par Value				
Balances at December 31, 2016	2,892	\$ —	\$ 38,227	\$ (703)	\$ 21,670	\$ 59,194
Issuance of common stock related to acquisitions	2	—	323	—	—	323
Issuance of common stock for cash upon exercise of stock options	3	—	13	—	—	13
Issuance of common stock for settlement of RSUs	43	—	—	—	—	—
Shares withheld related to net share settlement	(21)	—	(1,702)	—	(1,544)	(3,246)
Share-based compensation	—	—	3,723	—	—	3,723
Share repurchases	(13)	—	—	—	(2,070)	(2,070)
Other comprehensive income	—	—	—	476	—	476
Net income	—	—	—	—	15,934	15,934
Balances at December 31, 2017	2,906	—	40,584	(227)	33,990	74,347
Impact of the adoption of new accounting pronouncements	—	—	—	(31)	172	141
Issuance of common stock for cash upon exercise of stock options	2	—	15	—	—	15
Issuance of common stock for settlement of RSUs	44	—	—	—	—	—
Shares withheld related to net share settlement	(19)	—	(1,845)	—	(1,363)	(3,208)
Share-based compensation	—	—	4,152	—	—	4,152
Share repurchases	(79)	—	—	—	(12,930)	(12,930)
Other comprehensive loss	—	—	—	(502)	—	(502)
Net income	—	—	—	—	22,112	22,112
Balances at December 31, 2018	2,854	—	42,906	(760)	41,981	84,127
Issuance of common stock for cash upon exercise of stock options	1	—	15	—	—	15
Issuance of common stock for settlement of RSUs	32	—	—	—	—	—
Shares withheld related to net share settlement and other	(13)	—	(1,906)	—	(675)	(2,581)
Share-based compensation	—	—	4,836	—	—	4,836
Share repurchases	(22)	—	—	—	(4,099)	(4,099)
Other comprehensive income	—	—	—	271	—	271
Net income	—	—	—	—	18,485	18,485
Balances at December 31, 2019	2,852	\$ —	\$ 45,851	\$ (489)	\$ 55,692	\$ 101,054

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Cash flows from operating activities			
Net income	\$ 18,485	\$ 22,112	\$ 15,934
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,741	4,315	3,025
Share-based compensation	4,836	4,152	3,723
Deferred income taxes	(37)	286	(377)
Other	39	(64)	24
Changes in assets and liabilities:			
Accounts receivable	(1,961)	(1,892)	(1,609)
Prepaid expenses and other current assets	47	(690)	(192)
Other assets	41	(159)	154
Accounts payable	113	221	43
Partners payable	348	157	95
Accrued expenses and other current liabilities	7,300	1,417	309
Deferred revenue and deposits	123	53	4
Other liabilities	1,239	(634)	3,083
Net cash provided by operating activities	36,314	29,274	24,216
Cash flows from investing activities			
Purchases of property and equipment, net	(15,102)	(13,915)	(6,733)
Purchases of marketable securities	(23,910)	(14,656)	(25,682)
Sales of marketable securities	9,565	12,358	9,444
Maturities of marketable securities	10,152	4,772	2,988
Acquisitions of businesses, net of cash acquired, and purchases of intangible assets	(508)	(137)	(122)
Other investing activities, net	(61)	(25)	(13)
Net cash used in investing activities	(19,864)	(11,603)	(20,118)
Cash flows from financing activities			
Taxes paid related to net share settlement of equity awards	(2,337)	(3,208)	(3,246)
Repurchases of Class A common stock	(4,202)	(12,879)	(1,976)
Principal payments on finance leases	(552)	—	—
Net change in overdraft in cash pooling entities	(223)	500	—
Other financing activities, net	15	15	(13)
Net cash used in financing activities	(7,299)	(15,572)	(5,235)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	4	(179)	232
Net increase (decrease) in cash, cash equivalents, and restricted cash	9,155	1,920	(905)
Cash, cash equivalents, and restricted cash at beginning of the period	10,124	8,204	9,109
Cash, cash equivalents, and restricted cash at end of the period	\$ 19,279	\$ 10,124	\$ 8,204
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents	\$ 19,079	\$ 10,019	\$ 8,079
Restricted cash, included in prepaid expenses and other current assets	8	10	18
Restricted cash, included in other assets	192	95	107
Total cash, cash equivalents, and restricted cash	\$ 19,279	\$ 10,124	\$ 8,204

See Accompanying Notes to Consolidated Financial Statements.

FACEBOOK, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended December 31,		
	2019	2018	2017
Supplemental cash flow data			
Cash paid for income taxes, net	\$ 5,182	\$ 3,762	\$ 2,117
Non-cash investing activities:			
Net change in prepaids and liabilities related to property and equipment	\$ (153)	\$ 918	\$ 495
Property and equipment in accounts payable and accrued liabilities	\$ 1,887	\$ 1,955	\$ 882

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