

TWITTER, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)

	December 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,894,444	\$ 1,638,413
Short-term investments	4,314,957	2,764,689
Accounts receivable, net of allowance for doubtful accounts of \$3,559 and \$5,430	788,700	664,268
Prepaid expenses and other current assets	112,935	254,514
Total current assets	7,111,036	5,321,884
Property and equipment, net	885,078	773,715
Intangible assets, net.....	45,025	49,654
Goodwill.....	1,227,269	1,188,935
Deferred tax assets, net	808,459	10,455
Other assets	85,705	67,834
Total assets	<u>\$ 10,162,572</u>	<u>\$ 7,412,477</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 145,186	\$ 170,969
Accrued and other current liabilities	405,751	327,333
Convertible notes, short-term	897,328	—
Capital leases, short-term.....	68,046	84,976
Total current liabilities	1,516,311	583,278
Convertible notes, long-term	1,730,922	1,627,460
Capital leases, long-term.....	24,394	81,308
Deferred and other long-term tax liabilities, net.....	17,849	13,240
Other long-term liabilities.....	67,502	59,973
Total liabilities	3,356,978	2,365,259
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.000005 par value-- 200,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.000005 par value-- 5,000,000 shares authorized; 764,257 and 746,902 shares issued and outstanding.....	4	4
Additional paid-in capital.....	8,324,974	7,750,522
Accumulated other comprehensive loss	(65,311)	(31,579)
Accumulated deficit	(1,454,073)	(2,671,729)
Total stockholders' equity	6,805,594	5,047,218
Total liabilities and stockholders' equity.....	<u>\$ 10,162,572</u>	<u>\$ 7,412,477</u>

The accompanying notes are an integral part of these consolidated financial statements.

TWITTER, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenue	\$ 3,042,359	\$ 2,443,299	\$ 2,529,619
Costs and expenses			
Cost of revenue.....	964,997	861,242	932,240
Research and development.....	553,858	542,010	713,482
Sales and marketing	771,361	717,419	957,829
General and administrative	298,818	283,888	293,276
Total costs and expenses	2,589,034	2,404,559	2,896,827
Income (loss) from operations	453,325	38,740	(367,208)
Interest expense	(132,606)	(105,237)	(99,968)
Interest income	111,221	44,383	24,277
Other income (expense), net	(8,396)	(73,304)	2,065
Income (loss) before income taxes.....	423,544	(95,418)	(440,834)
Provision (benefit) for income taxes	(782,052)	12,645	16,039
Net income (loss).....	<u>\$ 1,205,596</u>	<u>\$ (108,063)</u>	<u>\$ (456,873)</u>
Net income (loss) per share attributable to common stockholders:			
Basic	<u>\$ 1.60</u>	<u>\$ (0.15)</u>	<u>\$ (0.65)</u>
Diluted	<u>\$ 1.56</u>	<u>\$ (0.15)</u>	<u>\$ (0.65)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	<u>754,326</u>	<u>732,702</u>	<u>702,135</u>
Diluted	<u>772,686</u>	<u>732,702</u>	<u>702,135</u>

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TWITTER, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities			
Net income (loss)	\$ 1,205,596	\$ (108,063)	\$ (456,873)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	425,498	395,867	402,172
Stock-based compensation expense	326,228	433,806	615,233
Amortization of discount on convertible notes	105,926	80,061	74,660
Deferred income taxes	(801,720)	(6,415)	(4,775)
Impairment of investments in privately-held companies	3,000	62,439	4,000
Other adjustments	(14,139)	5,753	46,042
Changes in assets and liabilities, net of assets acquired and liabilities assumed from acquisitions:			
Accounts receivable	(130,871)	2,668	(22,969)
Prepaid expenses and other assets	126,470	(13,974)	7,101
Accounts payable	(1,533)	8,371	(7,112)
Accrued and other liabilities	95,256	(29,304)	105,576
Net cash provided by operating activities	<u>1,339,711</u>	<u>831,209</u>	<u>763,055</u>
Cash flows from investing activities			
Purchases of property and equipment	(483,934)	(160,742)	(218,657)
Proceeds from sales of property and equipment	13,070	2,783	—
Purchases of marketable securities	(5,334,396)	(2,687,214)	(2,908,611)
Proceeds from maturities of marketable securities	3,732,973	2,579,747	2,518,631
Proceeds from sales of marketable securities	58,721	124,826	183,154
Proceeds from sales of long-lived assets	—	35,000	—
Purchases of investments in privately-held companies	(3,375)	(825)	(81,502)
Business combinations, net of cash acquired	(33,572)	—	(85,082)
Other investing activities	(5,000)	(10,101)	(1,181)
Net cash used in investing activities	<u>(2,055,513)</u>	<u>(116,526)</u>	<u>(593,248)</u>
Cash flows from financing activities			
Proceeds from issuance of convertible notes	1,150,000	—	—
Purchases of convertible note hedges	(267,950)	—	—
Proceeds from issuance of warrants concurrent with note hedges	186,760	—	—
Debt issuance costs	(13,783)	—	—
Taxes paid related to net share settlement of equity awards	(19,263)	(8,962)	(15,598)
Payments of capital lease obligations	(90,351)	(102,775)	(100,558)
Proceeds from exercise of stock options	3,415	9,444	7,540
Proceeds from issuances of common stock under employee stock purchase plan	29,288	23,920	24,641
Net cash provided by (used in) financing activities	<u>978,116</u>	<u>(78,373)</u>	<u>(83,975)</u>
Net increase in cash, cash equivalents and restricted cash	262,314	636,310	85,832
Foreign exchange effect on cash, cash equivalents and restricted cash	(14,296)	9,914	(3,754)
Cash, cash equivalents and restricted cash at beginning of period	1,673,857	1,027,633	945,555
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,921,875</u>	<u>\$ 1,673,857</u>	<u>\$ 1,027,633</u>
Supplemental cash flow data			
Interest paid in cash	\$ 14,547	\$ 13,990	\$ 12,953
Taxes paid in cash	\$ 33,065	\$ 16,216	\$ 14,532
Supplemental disclosures of non-cash investing and financing activities			
Common stock issued in connection with acquisitions	\$ 19,165	\$ —	\$ 1,341
Equipment purchases under capital leases	\$ 16,086	\$ 123,235	\$ 100,281
Changes in accrued property and equipment purchases	\$ (23,469)	\$ 16,387	\$ 5,738
Reconciliation of cash, cash equivalents and restricted cash as shown in the consolidated statements of cash flows			
Cash and cash equivalents	\$ 1,894,444	\$ 1,638,413	\$ 988,598
Restricted cash included in prepaid expenses and other current assets	1,698	8,289	9,449
Restricted cash included in other assets	25,733	27,155	29,586
Total cash, cash equivalents and restricted cash	<u>\$ 1,921,875</u>	<u>\$ 1,673,857</u>	<u>\$ 1,027,633</u>

The accompanying notes are an integral part of these consolidated financial statements.