



February 9, 2021

Twitter Announces Fourth Quarter and Fiscal Year 2020 Results

Reports Year-Over-Year Total Revenue Growth of 28% to \$1.29 Billion and Average Monetizable Daily Active Usage (mDAU) Growth of 27% to 192 Million in Q4

SAN FRANCISCO, California - Twitter, Inc. (NYSE: TWTR) today announced financial results for its fourth quarter and fiscal year 2020.

“2020 was an extraordinary year for Twitter. We are more proud than ever to serve the public conversation, especially in these unprecedented times,” said Jack Dorsey, Twitter’s CEO. “We reported a 27% year-over-year increase in mDAU in Q4 2020, reaching an average of 192 million. Our product changes to date are promoting healthier conversations for those who use our service, including advertisers and partners, and we are excited about our plans to continue innovating in 2021.”

“We delivered record revenue of \$1.29 billion in Q4, up 28% year over year, reflecting better-than-expected performance across all major products and geographies,” said Ned Segal, Twitter’s CFO. “We made significant progress on our brand and direct response products in advance of the recent relaunch of our Mobile Application Promotion (MAP) offering. Advertisers are benefitting from new ad formats, stronger attribution, and improved targeting, resulting in a 31% year-over-year increase in total ad revenue and greater than 50% year-over-year growth in MAP revenue in Q4.”

Fiscal Year 2020 Operational and Financial Highlights

Except as otherwise stated, all financial results discussed below are presented in accordance with generally accepted accounting principles in the United States of America, or GAAP. As supplemental information, we have provided certain non-GAAP financial measures in this press release’s supplemental tables, and such supplemental tables include a reconciliation of these non-GAAP measures to our GAAP results. The sum of individual metrics may not always equal total amounts indicated due to rounding.

- 2020 revenue was \$3.72 billion, an increase of 7% year over year.
- 2020 costs and expenses totaled \$3.69 billion, an increase of 19% year over year. This resulted in operating income of \$27 million and 1% operating margin.
- 2020 net loss was \$1.14 billion, representing a net margin of -31% and diluted EPS of -\$1.44. This compares to 2019 net income of \$1.47 billion, representing a net margin of 42% and diluted EPS of \$1.87. Both periods were affected by non-cash, tax related adjustments as described below.

- In 2020, excluding a deferred tax asset valuation allowance of \$1.10 billion and corresponding non-cash income tax expense based primarily on cumulative taxable losses driven primarily by COVID-19, adjusted net loss was \$34 million, adjusted net margin was -1%, and adjusted diluted EPS was -\$0.04.
- In 2019, excluding an income tax benefit from the establishment of deferred tax assets related to intra-entity transfers of intangible assets of \$1.21 billion, adjusted net income was \$259 million, adjusted net margin was 7%, and adjusted diluted EPS was \$0.33.

Fourth Quarter 2020 Operational and Financial Highlights

- Q4 revenue totaled \$1.29 billion, an increase of 28% year over year or 27% on a constant currency basis.
 - Advertising revenue totaled \$1.15 billion, up 31% year over year or 30% on a constant currency basis.
 - Total ad engagements increased 35% year over year.
 - Cost per engagement (CPE) decreased 3% year over year.
 - Data licensing and other revenue totaled \$134 million, an increase of 9% year over year.
 - US revenue totaled \$733 million, an increase of 24% year over year.
 - International revenue totaled \$556 million, an increase of 34% year over year or 32% on a constant currency basis.
- Q4 costs and expenses totaled \$1.04 billion, an increase of 21% year over year. This resulted in operating income of \$252 million and 20% operating margin, compared to operating income of \$153 million and 15% operating margin in the same period of the previous year.
- Stock-based compensation (SBC) expense grew 27% year over year to \$128 million and was approximately 10% of total revenue.
- Q4 net income was \$222 million, representing a net margin of 17% and diluted EPS of \$0.27. This compares to net income of \$119 million, a net margin of 12% and diluted EPS of \$0.15 in the same period of the previous year.
- Net cash provided by operating activities in the quarter was \$330 million, compared to \$277 million in the same period last year. Capital expenditures totaled \$292 million, compared to \$150 million in the same period last year, driven by infrastructure investments in data center build-outs to support audience growth and product innovation.
- Average mDAU was 192 million for Q4, compared to 152 million in the same period of the previous year and compared to 187 million in the previous quarter.
 - Average US mDAU was 37 million for Q4, compared to 31 million in the same period of the previous year and compared to 36 million in the previous quarter.
 - Average international mDAU was 155 million for Q4, compared to 121 million in the same period of the previous year and compared to 152 million in the previous quarter.

Outlook

As we enter 2021, our objectives are similar to previous years and our success will best be measured by our ability to grow our audience and deliver financial results in line with our guidance.

We expect to grow headcount by more than 20% in 2021, especially in engineering, product, design, and research. Given the hiring and investment decisions made in 2020 and previous years, along with anticipated 2021 headcount growth, we expect total costs and expenses to grow 25% or more in 2021, ramping in absolute dollars

over the course of the year. Our investments also include the final buildout of a new data center in 2021, adding capacity to support audience and revenue growth.

Finally, assuming the global pandemic continues to improve and that we see modest impact from the rollout of changes associated with iOS 14, we expect total revenue to grow faster than expenses in 2021. How much faster will depend on our execution on our direct response roadmap and macroeconomic factors.

For Q1'21, we expect:

- Total revenue to be between \$940 million and \$1.04 billion
- GAAP operating income to be between a loss of \$50 million and break even

For FY21, we expect:

- Stock-based compensation expense to be between \$525 million and \$575 million
- Capital expenditures to be between \$900 million and \$950 million

Note that our outlook for Q1 and the full year 2021 reflects foreign exchange rates as of January 2021.

For more information regarding the non-GAAP financial measures discussed in this press release, please see "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures" below.

Appendix

Fourth Quarter and Full Year 2020 Webcast and Conference Call Details

Twitter will host a conference call today, Tuesday, February 9, 2021, at 3pm Pacific Time (6pm Eastern Time) to discuss financial results for the fourth quarter and full fiscal year 2020. The company will be following the conversation about the earnings announcement on Twitter. To have your questions considered during the Q&A, Tweet your question to @TwitterIR using \$TWTR. To listen to a live audio webcast, please visit the company's Investor Relations page at investor.twitterinc.com. Twitter has used, and intends to continue to use, its Investor Relations website and the Twitter accounts of @jack, @nedsegal, @Twitter, and @TwitterIR as means of disclosing material nonpublic information and for complying with its disclosure obligations under Regulation FD.

First Quarter 2021 Earnings Release Details

Twitter expects to release financial results for the first quarter of 2021 on April 29, 2021, after market close. Twitter will host a conference call on the same day to discuss these financial results at 3pm Pacific Time (6pm Eastern Time).

About Twitter, Inc.

Twitter (NYSE: TWTR) is what's happening and what people are talking about right now. To learn more, visit about.twitter.com and follow @Twitter. Let's talk.

A Note About Metrics

Twitter defines monetizable daily active usage or users (mDAU) 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. Average mDAU for a period represents the number of mDAU on each day of such period divided by the number of days for such period. Changes in mDAU are a measure of changes in the size of our daily logged in or otherwise authenticated active total accounts. To calculate the year-over-year change in mDAU, we subtract the average mDAU for the three months ended in the previous year from the average mDAU for the same three months ended in the current year and divide the result by the average mDAU for the three months ended in the previous year. Additionally, our calculation of mDAU is not based on any standardized industry methodology and is not necessarily calculated in the same manner or comparable to similarly titled

measures presented by other companies. Similarly, our measures of mDAU growth and engagement may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology.

The numbers of mDAU presented in our earnings materials are based on internal company data. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring usage and engagement across our large number of total accounts around the world. Furthermore, our metrics may be impacted by our information quality efforts, which are our overall efforts to reduce malicious activity on the service, inclusive of spam, malicious automation, and fake accounts. For example, there are a number of false or spam accounts in existence on our platform. We have performed an internal review of a sample of accounts and estimate that the average of false or spam accounts during the fourth quarter of 2020 represented fewer than 5% of our mDAU during the quarter. The false or spam accounts for a period represents the average of false or spam accounts in the samples during each monthly analysis period during the quarter. In making this determination, we applied significant judgment, so our estimation of false or spam accounts may not accurately represent the actual number of such accounts, and the actual number of false or spam accounts could be higher than we have estimated. We are continually seeking to improve our ability to estimate the total number of spam accounts and eliminate them from the calculation of our mDAU, and have made improvements in our spam detection capabilities that have resulted in the suspension of a large number of spam, malicious automation, and fake accounts. We intend to continue to make such improvements. After we determine an account is spam, malicious automation, or fake, we stop counting it in our mDAU, or other related metrics. We also treat multiple accounts held by a single person or organization as multiple mDAU because we permit people and organizations to have more than one account. Additionally, some accounts used by organizations are used by many people within the organization. As such, the calculations of our mDAU may not accurately reflect the actual number of people or organizations using our platform.

In addition, geographic location data collected for purposes of reporting the geographic location of our mDAU is based on the IP address or phone number associated with the account when an account is initially registered on Twitter. The IP address or phone number may not always accurately reflect a person's actual location at the time they engaged with our platform. For example, someone accessing Twitter from the location of the proxy server that the person connects to rather than from the person's actual location.

We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy.

Forward-Looking Statements

This press release 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. Forward-looking statements generally relate to future events or Twitter's future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "will," "should," "expects," "plans," "anticipates," "going to," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "continue," or the negative of these words or other similar terms or expressions that concern Twitter's expectations, strategy, priorities, plans, or intentions. Forward-looking statements in this press release include, but are not limited to, statements regarding Twitter's future financial and operating performance, including its outlook, guidance and long-term mDAU goals, as well as the factors, assumptions and variables underlying Twitter's outlook, guidance and goals; Twitter's plans for 2021, including product development and planned investments; the impact of the COVID-19 pandemic and related responses of businesses and governments to the pandemic on Twitter's operations and operating results, and Twitter's expectations regarding future capital expenditures and other expenses, including its SBC expense. Twitter's expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include the possibility that: the COVID-19 pandemic and related impacts will continue to adversely impact our business, financial condition, and operating results and the achievement of our strategic objectives as well as the markets in which we operate and worldwide and regional

economies; Twitter's total accounts and engagement do not grow or decline; Twitter's strategies, priorities, or plans take longer to execute than anticipated; Twitter's new products and product features do not meet expectations and fail to drive mDAU growth; advertisers continue to reduce or discontinue their spending on Twitter; data partners reduce or discontinue their purchases of data licenses from Twitter; and Twitter experiences expenses that exceed its expectations. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in Twitter's Annual Report on Form 10-K for the fiscal year ended December 31, 2019 and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2020, June 30, 2020 and September 30, 2020, each filed with the Securities and Exchange Commission. Additional information will also be set forth in Twitter's Annual Report on Form 10-K for the fiscal year ended December 31, 2020. The forward-looking statements in this press release are based on information available to Twitter as of the date hereof, and Twitter disclaims any obligation to update any forward-looking statements, except as required by law.

Non-GAAP Financial Measures

To supplement Twitter's financial information presented in accordance with generally accepted accounting principles in the United States of America, or GAAP, Twitter considers certain financial measures that are not prepared in accordance with GAAP, including revenues excluding foreign exchange effect, which we refer to as on a constant currency basis, non-GAAP income before income taxes, non-GAAP provision (benefit) for income taxes, non-GAAP net income (loss), non-GAAP diluted net income (loss) per share, adjusted EBITDA, non-GAAP costs and expenses, adjusted net income (loss), adjusted net margin, adjusted diluted net income (loss) per share, and adjusted free cash flow. In order to present revenues on a constant currency basis for the fiscal year and quarter ended December 31, 2020, Twitter translated the applicable measure using the prior year's monthly exchange rates for its settlement currencies other than the US dollar. Twitter defines non-GAAP income before income taxes as income (loss) before income taxes adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, non-cash interest expense related to convertible notes, non-cash expense related to acquisitions, impairment (gain) on investments in privately held companies, restructuring charges, and one-time nonrecurring gain, if any; Twitter defines non-GAAP provision (benefit) for income taxes as the current and deferred income tax expense commensurate with the non-GAAP measure of profitability using the estimated annual effective tax rate, which is dependent on the jurisdictional mix of earnings; and Twitter defines non-GAAP net income (loss) as net income (loss) adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, non-cash interest expense related to convertible notes, non-cash expense related to acquisitions, impairment (gain) on investments in privately held companies, restructuring charges, and one-time nonrecurring gain, if any, and adjustment to income tax expense based on the non-GAAP measure of profitability using the estimated annual effective tax rate, which is dependent on the jurisdictional mix of earnings. Non-GAAP diluted net income (loss) per share is calculated by dividing non-GAAP net income (loss) by non-GAAP diluted share count. Non-GAAP diluted share count is GAAP basic share count plus potential common stock instruments such as stock options, RSUs, shares to be purchased under employee stock purchase plan, unvested restricted stock, the conversion feature of convertible senior notes, and warrants. Twitter defines adjusted EBITDA as net income (loss) adjusted to exclude stock-based compensation expense, depreciation and amortization expense, interest and other expense, net, provision (benefit) for income taxes, restructuring charges, and one-time nonrecurring gain, if any. Twitter defines non-GAAP costs and expenses as total costs and expenses adjusted to exclude stock-based compensation expense, amortization of acquired intangible assets, non-cash expense related to acquisitions, restructuring charges, and one-time nonrecurring gain, if any. We have presented adjusted net income (loss) solely to exclude the income tax benefit from the establishment of deferred tax assets related to intra-entity transfers of intangible assets in the year ended December 31, 2019, and the income tax provision from the establishment of a valuation allowance against the deferred tax assets in the year ended December 31, 2020, and no other adjustments were made in the calculation of this measure. Adjusted net margin is calculated by dividing adjusted net income (loss) by GAAP revenue. Adjusted diluted net income (loss) per share is calculated by dividing adjusted net income (loss) by GAAP diluted share count. Adjusted free cash flow is GAAP net cash provided by operating activities less capital expenditures (i.e., purchases of property and equipment

including equipment purchases that were financed through finance leases, less proceeds received from the disposition of property and equipment).

Twitter is presenting these non-GAAP financial measures to assist investors in seeing Twitter's operating results through the eyes of management, and because it believes that these measures provide an additional tool for investors to use in comparing Twitter's core business operating results over multiple periods with other companies in its industry.

Twitter believes that revenues on a constant currency basis, non-GAAP income before income taxes, non-GAAP provision (benefit) for income taxes, non-GAAP net income (loss), non-GAAP diluted net income (loss) per share, adjusted EBITDA, non-GAAP costs and expenses, adjusted net income (loss), adjusted net margin, and adjusted diluted net income (loss) per share provide useful information about its operating results, enhance the overall understanding of Twitter's past performance and future prospects, and allow for greater transparency with respect to key metrics used by Twitter's management in its financial and operational decision-making. Twitter uses these measures to establish budgets and operational goals for managing its business and evaluating its performance. Twitter believes that revenues on a constant currency basis is a useful metric that facilitates comparison to its historical performance. Twitter believes that non-GAAP net income (loss), non-GAAP diluted net income (loss) per share, adjusted EBITDA, non-GAAP costs and expenses, adjusted net income (loss), adjusted net margin, and adjusted diluted net income (loss) per share help identify underlying trends in its business that could otherwise be masked by expenses and one-time gains or charges, or the effects of the income tax benefits related to the establishment of deferred tax assets and the tax provisions from the establishment of a valuation allowance against deferred tax assets described above, which are non-operating benefits and expenses.

In addition, Twitter believes that adjusted free cash flow provides useful information to management and investors about the amount of cash from operations and that it is typically a more conservative measure of cash flows. However, adjusted free cash flow does not necessarily represent funds available for discretionary use and is not necessarily a measure of its ability to fund its cash needs.

These non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies.

Contacts

Investors:

ir@twitter.com

Press:

press@twitter.com

TWITTER, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,988,429	\$ 1,799,082
Short-term investments	5,483,873	4,839,970
Accounts receivable, net	1,041,743	850,184
Prepaid expenses and other current assets	123,063	130,839
Total current assets	<u>8,637,108</u>	<u>7,620,075</u>
Property and equipment, net	1,493,794	1,031,781
Operating lease right-of-use assets	930,139	697,095
Intangible assets, net	58,338	55,106
Goodwill	1,312,346	1,256,699
Deferred tax assets, net	796,326	1,908,086
Other assets	151,039	134,547
Total assets	<u>\$ 13,379,090</u>	<u>\$ 12,703,389</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 194,281	\$ 161,148
Accrued and other current liabilities	662,965	500,893
Convertible notes, short-term	917,866	—
Operating lease liabilities, short-term	177,147	146,959
Finance lease liabilities, short-term	567	23,476
Total current liabilities	<u>1,952,826</u>	<u>832,476</u>
Convertible notes, long-term	1,875,878	1,816,833
Senior notes, long-term	692,994	691,967
Operating lease liabilities, long-term	819,748	609,245
Deferred and other long-term tax liabilities, net	31,463	24,170
Other long-term liabilities	36,099	24,312
Total liabilities	<u>5,409,008</u>	<u>3,999,003</u>
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	9,167,138	8,763,330
Treasury stock	(5,297)	—
Accumulated other comprehensive loss	(66,094)	(70,534)
Retained earnings (accumulated deficit)	(1,125,669)	11,586
Total stockholders' equity	<u>7,970,082</u>	<u>8,704,386</u>
Total liabilities and stockholders' equity	<u>\$ 13,379,090</u>	<u>\$ 12,703,389</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Revenue	\$ 1,289,041	\$ 1,007,341	\$ 3,716,349	\$ 3,459,329
Costs and expenses				
Cost of revenue	432,924	314,008	1,366,388	1,137,041
Research and development	247,940	198,240	873,011	682,281
Sales and marketing	244,002	241,561	887,860	913,813
General and administrative	112,251	100,648	562,432	359,821
Total costs and expenses	<u>1,037,117</u>	<u>854,457</u>	<u>3,689,691</u>	<u>3,092,956</u>
Income from operations	251,924	152,884	26,658	366,373
Interest expense	(40,166)	(26,377)	(152,878)	(138,180)
Interest income	13,101	33,927	88,178	157,703
Other income (expense), net	(840)	(2,340)	(12,897)	4,243
Income (loss) before income taxes	224,019	158,094	(50,939)	390,139
Provision (benefit) for income taxes	1,903	39,321	1,084,687	(1,075,520)
Net income (loss)	<u>\$ 222,116</u>	<u>\$ 118,773</u>	<u>\$ (1,135,626)</u>	<u>\$ 1,465,659</u>
Net income (loss) per share:				
Basic	<u>\$ 0.28</u>	<u>\$ 0.15</u>	<u>\$ (1.44)</u>	<u>\$ 1.90</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.15</u>	<u>\$ (1.44)</u>	<u>\$ 1.87</u>
Weighted-average shares used to compute net income (loss) per share:				
Basic	<u>793,789</u>	<u>776,647</u>	<u>787,861</u>	<u>770,729</u>
Diluted	<u>816,368</u>	<u>788,684</u>	<u>787,861</u>	<u>785,531</u>

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

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Cash flows from operating activities				
Net income (loss)	\$ 222,116	\$ 118,773	\$ (1,135,626)	\$ 1,465,659
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	128,708	116,473	495,177	465,549
Stock-based compensation expense	128,184	101,296	474,932	378,025
Amortization of discount on convertible notes	27,000	20,047	101,733	113,298
Bad debt expense	1,914	422	18,775	3,083
Deferred income taxes	(4,596)	15,782	(36,978)	84,369
Deferred tax assets establishment related to intra-entity transfers of intangible assets	—	—	—	(1,206,880)
Deferred tax assets valuation allowance establishment	—	—	1,101,374	—
Impairment of investments in privately-held companies	—	—	8,842	1,550
Other adjustments	(3,008)	(3,487)	(10,764)	(19,989)
Changes in assets and liabilities, net of assets acquired and liabilities assumed from acquisitions:				
Accounts receivable	(285,851)	(160,932)	(188,039)	(67,000)
Prepaid expenses and other assets	31,163	(8,386)	6,398	(29,602)
Operating lease right-of-use assets	46,288	45,018	168,000	149,880
Accounts payable	23,954	15,545	18,232	2,946
Accrued and other liabilities	46,848	52,303	123,345	92,681
Operating lease liabilities	(32,420)	(35,675)	(152,531)	(130,205)
Net cash provided by operating activities	<u>330,300</u>	<u>277,179</u>	<u>992,870</u>	<u>1,303,364</u>
Cash flows from investing activities				
Purchases of property and equipment	(295,525)	(151,615)	(873,354)	(540,688)
Proceeds from sales of property and equipment	3,355	1,868	9,170	6,158
Purchases of marketable securities	(1,168,412)	(1,857,429)	(6,272,395)	(5,798,111)
Proceeds from maturities of marketable securities	987,343	776,235	4,554,238	4,928,097
Proceeds from sales of marketable securities	167,367	193,791	1,092,754	367,116
Purchases of investments in privately-held companies	(8,073)	—	(11,912)	(51,163)
Proceeds from sales of long-lived assets	—	—	—	11,781
Business combinations, net of cash acquired	(13,731)	(9,362)	(48,016)	(29,664)
Other investing activities	—	—	(11,050)	(9,500)
Net cash used in investing activities	<u>(327,676)</u>	<u>(1,046,512)</u>	<u>(1,560,565)</u>	<u>(1,115,974)</u>
Cash flows from financing activities				
Proceeds from issuance of convertible notes	—	—	1,000,000	—
Proceeds from issuance of senior notes	—	700,000	—	700,000
Debt issuance costs	—	(8,070)	(14,662)	(8,070)
Repayment of convertible notes	—	—	—	(935,000)
Repurchases of common stock	(245,292)	—	(245,292)	—
Taxes paid related to net share settlement of equity awards	(4,243)	(2,899)	(22,587)	(19,594)
Payments of finance lease obligations	(2,489)	(13,050)	(23,062)	(66,677)
Proceeds from exercise of stock options	4,988	35	5,442	788
Proceeds from issuances of common stock under employee stock purchase plan	21,076	17,169	55,471	42,378
Net cash provided by (used in) financing activities	<u>(225,960)</u>	<u>693,185</u>	<u>755,310</u>	<u>(286,175)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	(223,336)	(76,148)	187,615	(98,785)
Foreign exchange effect on cash, cash equivalents and restricted cash	10,849	6,366	(4,005)	4,576
Cash, cash equivalents and restricted cash at beginning of period	2,223,763	1,897,448	1,827,666	1,921,875
Cash, cash equivalents and restricted cash at end of period	<u>\$ 2,011,276</u>	<u>\$ 1,827,666</u>	<u>\$ 2,011,276</u>	<u>\$ 1,827,666</u>
Supplemental disclosures of non-cash investing and financing activities				
Common stock issued in connection with acquisitions	\$ 6,999	\$ —	\$ 8,311	\$ —
Changes in accrued property and equipment purchases	\$ (78,767)	\$ (11,694)	\$ 24,882	\$ 14,985
Reconciliation of cash, cash equivalents and restricted cash as shown in the consolidated statements of cash flows				
Cash and cash equivalents	\$ 1,988,429	\$ 1,799,082	\$ 1,988,429	\$ 1,799,082
Restricted cash included in prepaid expenses and other current assets	2,287	1,862	2,287	1,862
Restricted cash included in other assets	20,560	26,722	20,560	26,722
Total cash, cash equivalents and restricted cash	<u>\$ 2,011,276</u>	<u>\$ 1,827,666</u>	<u>\$ 2,011,276</u>	<u>\$ 1,827,666</u>

TWITTER, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Non-GAAP net income (loss) and net income (loss) per share:				
Net income (loss)	\$ 222,116	\$ 118,773	\$ (1,135,626)	\$ 1,465,659
Exclude: Provision (benefit) for income taxes	1,903	39,321	1,084,687	(1,075,520)
Income (loss) before income taxes	224,019	158,094	(50,939)	390,139
Stock-based compensation expense	128,184	101,296	474,932	378,025
Amortization of acquired intangible assets	5,585	4,034	23,569	16,543
Non-cash interest expense related to convertible notes	27,000	20,047	101,733	113,298
Impairment on investments in privately-held companies	—	—	8,842	(8,611)
Restructuring charges	—	—	—	(217)
Non-GAAP income before income taxes	384,788	283,471	558,137	889,177
Non-GAAP provision (benefit) for income taxes ⁽¹⁾	71,762	87,859	1,246,706	(970,493)
Non-GAAP net income (loss)	\$ 313,026	\$ 195,612	\$ (688,569)	\$ 1,859,670
GAAP basic shares	793,789	776,647	787,861	770,729
Dilutive equity awards ⁽²⁾	22,579	12,037	—	14,802
Non-GAAP diluted shares ⁽³⁾	816,368	788,684	787,861	785,531
Non-GAAP diluted net income (loss) per share	\$ 0.38	\$ 0.25	\$ (0.87)	\$ 2.37
Adjusted EBITDA:				
Net income (loss)	\$ 222,116	\$ 118,773	\$ (1,135,626)	\$ 1,465,659
Stock-based compensation expense	128,184	101,296	474,932	378,025
Depreciation and amortization expense	128,708	116,473	495,177	465,549
Interest and other expense (income), net	27,905	(5,210)	77,597	(23,766)
Provision (benefit) for income taxes	1,903	39,321	1,084,687	(1,075,520)
Restructuring charges	—	—	—	(217)
Adjusted EBITDA	\$ 508,816	\$ 370,653	\$ 996,767	\$ 1,209,730
Stock-based compensation expense by function:				
Cost of revenue	\$ 8,687	\$ 6,019	\$ 32,020	\$ 22,797
Research and development	76,406	59,564	281,092	209,063
Sales and marketing	25,176	21,717	98,748	85,739
General and administrative	17,915	13,996	63,072	60,426
Total stock-based compensation expense	\$ 128,184	\$ 101,296	\$ 474,932	\$ 378,025
Amortization of acquired intangible assets by function:				
Cost of revenue	\$ 5,585	\$ 4,034	\$ 23,569	\$ 15,923
Sales and marketing	—	—	—	620
Total amortization of acquired intangible assets	\$ 5,585	\$ 4,034	\$ 23,569	\$ 16,543
Restructuring charges by function:				
Cost of revenue	\$ —	\$ —	\$ —	\$ (13)
Research and development	—	—	—	(73)
Sales and marketing	—	—	—	(87)
General and administrative	—	—	—	(44)
Total restructuring charges	\$ —	\$ —	\$ —	\$ (217)
Non-GAAP costs and expenses:				
Total costs and expenses	\$ 1,037,117	\$ 854,457	\$ 3,689,691	\$ 3,092,956
Less: stock-based compensation expense	(128,184)	(101,296)	(474,932)	(378,025)
Less: amortization of acquired intangible assets	(5,585)	(4,034)	(23,569)	(16,543)
Less: restructuring charges	—	—	—	217
Total non-GAAP costs and expenses	\$ 903,348	\$ 749,127	\$ 3,191,190	\$ 2,698,605

TWITTER, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(In thousands, except per share data)
(Unaudited)
(Continued)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Adjusted free cash flow:				
Net cash provided by operating activities	\$ 330,300	\$ 277,179	\$ 992,870	\$ 1,303,364
Less: purchases of property and equipment	(295,525)	(151,615)	(873,354)	(540,688)
Plus: proceeds from sales of property and equipment	3,355	1,868	9,170	6,158
Adjusted free cash flow	<u>\$ 38,130</u>	<u>\$ 127,432</u>	<u>\$ 128,686</u>	<u>\$ 768,834</u>
Adjusted net income (loss) and adjusted diluted net income (loss) per share:				
Net income (loss)	\$ 222,116	\$ 118,773	\$ (1,135,626)	\$ 1,465,659
Exclude: benefit from deferred tax asset ⁽⁴⁾	—	—	—	(1,206,880)
Exclude: provision for deferred tax assets valuation allowance ⁽⁵⁾	—	—	1,101,374	—
Adjusted net income (loss)	<u>\$ 222,116</u>	<u>\$ 118,773</u>	<u>\$ (34,252)</u>	<u>\$ 258,779</u>
GAAP diluted shares	<u>816,368</u>	<u>788,684</u>	<u>787,861</u>	<u>785,531</u>
Adjusted diluted net income (loss) per share	<u>\$ 0.27</u>	<u>\$ 0.15</u>	<u>\$ (0.04)</u>	<u>\$ 0.33</u>

⁽¹⁾ The non-GAAP benefit from income taxes for the year ended December 31, 2019 includes benefits of \$1.21 billion from the establishment of deferred tax assets from intra-entity transfers of intangible assets. The non-GAAP provision for income taxes for the year ended December 31, 2020 includes a provision of \$1.11 billion related to the establishment of a valuation allowance against deferred tax assets.

⁽²⁾ Gives effect to potential common stock instruments such as stock options, RSUs, shares to be issued under ESPP, unvested restricted stocks and warrants. There is no dilutive effect of the notes or the related hedge and warrant transactions.

⁽³⁾ GAAP diluted shares are the same as non-GAAP diluted shares for all periods presented.

⁽⁴⁾ The benefit from deferred tax asset in the year ended December 31, 2019 is primarily related to the establishment of deferred tax assets from intra-entity transfers of intangible assets.

⁽⁵⁾ The provision for deferred tax assets valuation allowance in the year ended December 31, 2020 is related to the establishment of a valuation allowance against deferred tax assets.

TWITTER, INC.
RECONCILIATION OF GAAP REVENUE TO NON-GAAP CONSTANT CURRENCY REVENUE
(In millions)
(Unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Revenue, advertising revenue, data licensing and other revenue, international revenue and international advertising revenue excluding foreign exchange effect ⁽¹⁾:				
Revenue	\$ 1,289	\$ 1,007	\$ 3,716	\$ 3,459
Foreign exchange effect on 2020 revenue using 2019 rates	(6)		(1)	
Revenue excluding foreign exchange effect	\$ 1,283		\$ 3,715	
Revenue year-over-year change percent	28 %		7 %	
Revenue excluding foreign exchange effect year-over-year change percent	27 %		7 %	
Advertising revenue	\$ 1,155	\$ 885	\$ 3,207	\$ 2,993
Foreign exchange effect on 2020 advertising revenue using 2019 rates	(6)		(1)	
Advertising revenue excluding foreign exchange effect	\$ 1,149		\$ 3,206	
Advertising revenue year-over-year change percent	31 %		7 %	
Advertising revenue excluding foreign exchange effect year-over-year change percent	30 %		7 %	
Data licensing and other revenue	\$ 134	\$ 123	\$ 509	\$ 466
Foreign exchange effect on 2020 data licensing and other revenue using 2019 rates	—		—	
Data licensing and other revenue excluding foreign exchange effect	\$ 134		\$ 509	
Data licensing and other revenue year-over-year change percent	9 %		9 %	
Data licensing and other revenue excluding foreign exchange effect year-over-year change percent	9 %		9 %	
International revenue	\$ 556	\$ 416	\$ 1,638	\$ 1,515
Foreign exchange effect on 2020 international revenue using 2019 rates	(6)		(1)	
International revenue excluding foreign exchange effect	\$ 550		\$ 1,637	
International revenue year-over-year change percent	34 %		8 %	
International revenue excluding foreign exchange effect year-over-year change percent	32 %		8 %	
International advertising revenue	\$ 509	\$ 375	\$ 1,469	\$ 1,358
Foreign exchange effect on 2020 international advertising revenue using 2019 rates	(6)		(1)	
International advertising revenue excluding foreign exchange effect	\$ 503		\$ 1,468	
International advertising revenue year-over-year change percent	35 %		8 %	
International advertising revenue excluding foreign exchange effect year-over-year change percent	34 %		8 %	

⁽¹⁾ The sum of individual amounts may not always equal total amounts indicated due to rounding.