

#### Non-GAAP Financial Measures

This supplemental financial information contains financial measures that have not been prepared in accordance with generally accepted accounting principles in the United States (GAAP). We use the following non-GAAP financial measures: non-GAAP gross profit; non-GAAP gross margin; non-GAAP operating expenses; non-GAAP operating income (loss); non-GAAP income (loss) before income taxes; non-GAAP net income (loss); non-GAAP diluted shares; non-GAAP net income (loss) per share; free cash flow; non-GAAP research and development expenses; non-GAAP sales and marketing expenses; non-GAAP general and administrative expenses; adjusted EBITDA and effective non-GAAP tax rate. The presentation of these financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP.

We use non-GAAP measures to internally evaluate and analyze financial results. We believe these non-GAAP financial measures provide investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures.

There are limitations associated with the use of non-GAAP financial measures as an analytical tool. In particular, many of the adjustments to our GAAP financial measures reflect the exclusion of certain items, specifically stock-based compensation expense, depreciation, amortization of intangible assets, impairment of equity investment, interest income, net, and the related income tax effects of the aforementioned exclusions, that may be recurring and will be reflected in our financial results for the foreseeable future. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

The following are explanations of the adjustments that are reflected in one or more of our non-GAAP financial measures:

- Stock-based compensation expense relates to equity awards granted primarily to our employees. We exclude stock-based compensation expense because we believe that the non-GAAP financial measures excluding this item provide meaningful supplemental information regarding operational performance. In particular, companies calculate stock-based compensation expense using a variety of valuation methodologies and subjective assumptions.
- In January 2017, the Company conducted a reorganization of its business, including a reduction in workforce. The restructuring costs primarily included severance-related costs. We believe that excluding this expense provides greater visibility to the underlying performance of our business operations, facilitates comparison of our results with other periods, and may also facilitate comparison with the results of other companies in our industry.
- Litigation expense relates to legal costs incurred due to litigation with Aliphcom, Inc. d/b/a Jawbone, or Jawbone. We exclude these expenses because we do not believe these expenses have a direct correlation to the operations of our business and because of the singular nature of the claims underlying the Jawbone litigation matters. We began excluding Jawbone litigation costs in the second quarter of 2016 as these costs significantly increased in 2016.
- In March 2014, we recalled the Fitbit Force after some of our users experienced allergic reactions to adhesives in the wristband. This recall primarily impacted our results for the fourth quarter of 2013, the first quarter of 2014, and the fourth quarter of 2015.
- Revaluation of redeemable convertible preferred stock warrant liability is a non-cash charge that will not recur in the periods following our initial public offering.
- Amortization of intangible assets relates to our acquisitions of FitStar, Pebble, Vector and Twine Health. We exclude these amortization expenses because we do not believe these expenses have a direct correlation to the operation of our business.
- A non-recurring impairment charge of \$6 million to reflect the write-down of an equity investment.
- The change in contingent consideration relates to our acquisition of FitStar. This is a non-recurring benefit that is has no direct correlation to our business performance.
- Income tax effect of non-GAAP adjustments relates to the tax effect of the adjustments that we incorporate into non-GAAP financial measures such as stock-based compensation, amortization of intangibles, restructuring and valuation allowance in order to provide a more meaningful measure of non-GAAP net income (loss).
- Adjustment to shares includes the conversion of the redeemable convertible preferred stock into shares of common stock as though the conversion had occurred at the beginning of all periods presented, and the shares issued in our initial public offering in June 2015, as if they had been outstanding since the beginning of the second quarter of 2015, and the shares issued in our follow-on offering in November 2015, as if they had been outstanding since the beginning of the fourth quarter of 2015.
- Purchase of property and equipment is deducted from net cash provided by (used in) operating activities to arrive at free cash flow, which reflects the amount of cash generated that is available to be used for investments in the business.



**Fitbit, Inc.**  
**Condensed Consolidated Statements of Operations - Fiscal Quarters**  
(in thousands)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	
Revenue (GAAP)	\$ 33,121	\$ 47,169	\$ 83,667	\$ 107,130	\$ 108,815	\$ 113,572	\$ 152,862	\$ 370,184	\$ 336,754	\$ 400,412	\$ 409,262	\$ 711,570	\$ 505,356	\$ 586,528	\$ 503,802	\$ 573,775	\$ 298,942	\$ 353,299	\$ 392,522	\$ 570,756	\$ 247,865	\$ 299,344	\$ 393,575	\$ 571,199	
Plus:																									
Impact of Fitbit Force recall	-	-	-	30,607	11,561	-	-	(3,449)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue (Non-GAAP)	\$ 33,121	\$ 47,169	\$ 83,667	\$ 120,376	\$ 115,572	\$ 152,862	\$ 366,735	\$ 336,754	\$ 400,412	\$ 409,262	\$ 711,570	\$ 505,356	\$ 586,528	\$ 503,802	\$ 573,775	\$ 298,942	\$ 353,299	\$ 392,522	\$ 570,756	\$ 247,865	\$ 299,344	\$ 393,575	\$ 571,199		
Cost of revenue	18,132	25,947	42,412	124,345	64,046	55,183	69,257	199,290	167,545	213,870	213,249	363,271	271,601	341,559	263,144	447,273	180,643	204,054	217,762	322,159	133,742	180,329	240,061	354,272	
Gross profit (GAAP)	14,989	21,222	41,255	(17,215)	44,769	58,389	83,605	170,894	169,209	187,542	196,013	348,299	233,755	244,969	240,658	126,502	118,299	149,245	174,760	248,597	114,123	119,015	153,514	216,927	
Gross margin (GAAP)	45.3%	45.0%	49.3%	(16.1)%	41.1%	51.4%	54.7%	46.2%	50.2%	46.8%	47.9%	48.9%	46.3%	41.8%	47.8%	22.1%	39.6%	42.2%	44.5%	43.6%	46.0%	39.8%	39.0%	38.0%	
Plus:																									
Stock-based compensation expense	2	4	8	23	59	129	346	356	446	825	1,351	2,117	1,309	1,084	1,014	1,390	18	1,492	1,379	2,423	1,098	2,032	1,999	2,183	
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37	-	-	-	-	-	-	-	
Impact of Fitbit Force recall	-	-	-	81,812	22,163	-	(1,485)	(1,227)	(2,040)	-	-	(3,715)	-	-	-	-	-	-	-	-	-	-	-	-	
Intangible assets amortization	-	-	-	-	-	-	-	-	-	467	432	451	451	451	451	453	1,319	1,319	1,381	1,516	1,516	1,516	2,304	1,853	
Gross profit (Non-GAAP)	14,991	21,226	41,263	64,620	66,991	58,518	82,466	170,023	167,615	188,834	197,796	347,152	235,515	246,504	242,123	128,345	119,673	152,056	177,520	252,536	116,737	122,563	157,817	220,963	
Gross margin (Non-GAAP)	45.3%	45.0%	49.3%	46.9%	55.7%	51.5%	53.9%	46.4%	49.8%	47.2%	48.3%	48.8%	46.6%	42.0%	48.1%	22.4%	40.0%	43.0%	45.2%	44.2%	47.1%	40.9%	40.1%	38.7%	
Research and development (GAAP)	5,346	6,507	7,766	8,254	9,088	11,809	14,945	18,325	22,426	30,492	42,890	54,227	72,248	79,909	82,972	85,062	87,758	80,543	84,170	90,541	89,336	87,047	79,840	75,946	
Less:																									
Stock-based compensation expense	(40)	(55)	(75)	(118)	(92)	(192)	(873)	(1,192)	(1,879)	(3,138)	(5,893)	(7,341)	(10,393)	(11,725)	(12,314)	(12,775)	(14,344)	(12,648)	(12,947)	(13,842)	(14,671)	(15,090)	(14,097)	(13,330)	
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,744)	-	-	-	-	-	-	-	
Research and development (Non-GAAP)	5,306	6,452	7,691	8,136	8,996	11,617	14,072	17,133	20,547	27,354	36,997	46,886	61,855	68,184	70,658	72,287	70,670	67,895	71,223	76,699	74,665	71,957	65,743	62,616	
Sales and marketing (GAAP)	4,217	5,433	6,159	11,038	11,273	13,311	17,539	69,882	43,867	69,690	65,115	154,069	107,051	118,138	79,872	186,194	91,174	100,732	77,536	145,600	72,052	100,845	66,676	104,518	
Less:																									
Stock-based compensation expense	(14)	(42)	(64)	(84)	(63)	(120)	(466)	(645)	(1,307)	(1,322)	(2,451)	(2,339)	(2,535)	(2,927)	(3,030)	(3,083)	(3,248)	(3,987)	(3,679)	(3,658)	(3,447)	(3,911)	(3,638)	(3,730)	
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,000)	-	-	-	-	-	-	-	
Intangible assets amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(161)	(470)	315	(135)
Sales and marketing (Non-GAAP)	4,203	5,391	6,095	10,954	11,210	13,191	17,073	69,237	42,560	68,368	62,664	151,730	104,516	115,211	76,842	183,111	85,926	96,745	73,857	141,942	68,444	96,464	63,353	100,653	
General and administrative (GAAP)	1,338	2,154	2,853	8,140	8,617	7,443	7,849	9,647	12,981	14,648	20,698	29,466	35,702	37,262	33,333	40,606	30,746	31,379	40,690	31,119	36,088	30,211	24,812	25,516	
Less:																									
Stock-based compensation expense	(8)	(15)	(18)	(50)	(100)	(220)	(785)	(1,166)	(1,271)	(2,462)	(3,339)	(3,543)	(3,533)	(4,664)	(3,647)	(4,009)	(4,155)	(3,839)	(4,792)	(4,402)	(4,425)	(4,824)	(4,381)	(4,153)	
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,594)	-	-	-	-	-	-	-	
Litigation expense—Jawbone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,558)	(6,062)	(7,225)	114	(1,533)	(874)	(919)	(765)	-	-	
Impact of Fitbit Force recall	-	-	-	(2,838)	(2,876)	(1,483)	(2)	972	142	(69)	(20)	4,363	(11)	11	-	(26)	-	-	-	-	-	-	-	-	
Intangible assets amortization	-	-	-	-	-	-	-	-	-	(82)	(82)	(82)	(82)	(82)	(61)	(56)	(58)	(58)	(62)	(71)	(71)	(71)	(71)	(73)	
General and administrative (Non-GAAP)	1,330	2,139	2,835	5,252	5,641	5,740	7,062	9,453	11,852	12,035	17,257	30,204	32,076	20,969	23,563	29,290	25,053	25,949	34,962	25,727	30,827	25,316	20,360	21,290	
Operating expenses:																									
Research and development	5,346	6,507	7,766	8,254	9,088	11,809	14,945	18,325	22,426	30,492	42,890	54,227	72,248	79,909	82,972	85,062	87,758	80,543	84,170	90,541	89,336	87,047	79,840	75,946	
Sales and marketing	4,217	5,433	6,159	11,038	11,273	13,311	17,539	69,882	43,867	69,690	65,115	154,069	107,051	118,138	79,872	186,194	91,174	100,732	77,536	145,600	72,052	100,845	66,676	104,518	
General and administrative	1,338	2,154	2,853	8,140	8,617	7,443	7,849	9,647	12,981	14,648	20,698	29,466	35,702	37,262	33,333	40,606	30,746	31,379	40,690	31,119	36,088	30,211	24,812	25,516	
Change in contingent consideration	-	-	-	-	-	-	-	-	-	(7,704)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total operating expenses (GAAP)	10,901	14,094	16,778	27,432	28,978	32,563	40,333	97,854	79,274	107,126	128,703	237,762	215,001	235,309	196,177	311,862	209,678	212,654	202,396	267,260	197,476	218,103	171,328	205,980	
Less:																									
Stock-based compensation expense	(62)	(112)	(157)	(252)	(255)	(532)	(2,124)	(3,003)	(4,457)	(6,922)	(11,683)	(13,223)	(16,461)	(19,316)	(18,991)	(19,867)	(21,747)	(20,474)	(21,418)	(21,902)	(22,543)	(23,825)	(22,116)	(21,213)	
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,338)	-	-	-	-	-	-	-	
Litigation expense—Jawbone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,558)	(6,062)	(7,225)	114	(1,533)	(874)	(919)	(765)	-	-	
Impact of Fitbit Force recall	-	-	-	(2,838)	(2,876)	(1,483)	(2)	972	142	(69)	(20)	4,363	(11)	11	-	(26)	-	-	-	-	-	-	-	-	
Intangible assets amortization	-	-	-	-	-	-	-	-	-	(82)	(82)	(82)	(82)	(82)	(61)	(56)	(58)	(58)	(62)	(71)	(71)	(71)	244	(208)	
Change in contingent consideration	-	-	-	-	-	-	-	-	-	7,704	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total operating expenses (Non-GAAP)	10,839	13,982	16,621	24,342	25,847	30,548	38,207	95,823	74,959	107,757	116,918	228,820	198,447	204,364	171,063	284,688	181,649	190,589	180,042	244,368	173,936	193,737	149,456	184,559	
Operating income (loss) (GAAP)	4,088	7,128	24,477	(44,647)	15,791	25,826	43,272	73,040	89,935	80,416	67,310	110,537	18,754	9,660	44,481	(185,360)	(91,379)	(63,409)	(27,636)	(18,663)	(83,353)	(99,088)	(17,814)	10,947	

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
<b>Plus:</b>																								
Stock-based compensation expense	64	116	165	275	314	661	2,470	3,359	4,903	7,747	13,034	15,340	17,770	20,400	20,005	21,257	21,765	21,966	22,797	24,325	23,641	25,857	24,115	23,396
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Litigation expense/(credit) — Jawbone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of Fibtel Force recall	-	-	-	84,650	25,039	1,483	(1,483)	(2,199)	(2,182)	69	20	(8,078)	11	(11)	11,558	6,062	7,225	(114)	1,533	874	919	765	-	-
Intangible assets amortization	-	-	-	-	-	-	-	-	-	549	514	533	533	533	512	509	1,377	1,377	1,381	1,587	1,748	2,057	2,060	2,061
Change in contingent consideration	-	-	-	-	-	-	-	-	-	(7,704)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating income (loss) (Non-GAAP)	4,152	7,244	24,642	40,278	41,144	27,970	44,259	74,200	92,656	81,077	80,878	118,332	37,068	42,140	71,060	(156,343)	(61,976)	(38,533)	(2,584)	8,168	(57,199)	(11,174)	8,361	36,404
<b>Plus:</b>																								
Stock-based compensation expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Litigation expense/(credit) — Jawbone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impact of Fibtel Force recall	-	-	-	84,650	25,039	1,483	(1,483)	(2,199)	(2,182)	69	20	(8,078)	11	(11)	11,558	6,062	7,225	(114)	1,533	874	919	765	-	-
Revaluation of redeemable convertible preferred	345	496	1,224	1,305	1,353	3,842	1,626	6,451	10,335	46,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of equity investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets amortization	-	-	-	-	-	-	-	-	-	549	514	533	533	533	512	509	1,377	1,377	1,381	1,587	1,748	2,057	2,060	2,061
Change in contingent consideration	-	-	-	-	-	-	-	-	-	(7,704)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Income tax effect of non-GAAP adjustments	(164)	(245)	(556)	(34,492)	(10,682)	(2,394)	(44,437)	(3,044)	(4,857)	(13,349)	(183)	15,423	(4,829)	(9,297)	(6,955)	(8,445)	(3,722)	14,056	85,574	13,979	13,767	36,121	(20,077)	(4,481)
Net income (loss) (GAAP)	\$ 1,709	\$ 2,880	\$ 10,685	\$ (66,896)	\$ 8,872	\$ 14,753	\$ 68,912	\$ 39,240	\$ 47,997	\$ 17,681	\$ 45,834	\$ 64,165	\$ 11,035	\$ 6,341	\$ 26,120	\$ (146,273)	\$ (60,080)	\$ (58,240)	\$ (113,403)	\$ (45,470)	\$ (80,877)	\$ (118,268)	\$ (2,056)	\$ 15,372
<b>Less:</b>																								
Undistributed earnings to participating securities and noncumulative dividends to preferred stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to common stockholders - basic	1,689	3,003	15,149	8,539	10,623	5,225	45,834	64,165	11,035	6,341	26,120	(146,273)	(60,080)	(58,240)	(113,403)	(45,470)	(80,877)	(118,268)	(2,056)	15,372				
Add: adjustments for undistributed earnings to participating securities	570	1,058	5,387	3,326	4,992	1,862	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income (loss) attributable to common stockholders - diluted	\$ 2,259	\$ 4,061	\$ 20,536	\$ 11,865	\$ 15,615	\$ 7,087	\$ 45,834	\$ 64,165	\$ 11,035	\$ 6,341	\$ 26,120	\$ (146,273)	\$ (60,080)	\$ (58,240)	\$ (113,403)	\$ (45,470)	\$ (80,877)	\$ (118,268)	\$ (2,056)	\$ 15,372				
<b>Net income (loss) per share attributable to common stockholders:</b>																								
Basic	\$ 0.04	\$ 0.07	\$ 0.38	\$ 0.21	\$ 0.26	\$ 0.09	\$ 0.22	\$ 0.30	\$ 0.05	\$ 0.03	\$ 0.12	\$ (0.65)	\$ (0.27)	\$ (0.25)	\$ (0.48)	\$ (0.19)	\$ (0.34)	\$ (0.49)	\$ (0.01)	\$ 0.06				
Diluted (GAAP)	\$ 0.04	\$ 0.07	\$ 0.34	\$ 0.22	\$ 0.26	\$ 0.09	\$ 0.22	\$ 0.30	\$ 0.05	\$ 0.03	\$ 0.11	\$ (0.65)	\$ (0.27)	\$ (0.25)	\$ (0.48)	\$ (0.19)	\$ (0.34)	\$ (0.49)	\$ (0.01)	\$ 0.06				
<b>Shares used to compute net income (loss) per share attributable to common stockholders:</b>																								
Basic	40,155	40,193	40,376	40,676	41,201	58,548	206,657	210,438	216,043	218,850	222,412	224,412	226,511	230,322	234,242	237,421	239,431	242,898	245,838	249,973				
Diluted (GAAP)	59,478	60,487	61,003	63,742	70,289	95,190	243,660	245,009	242,009	242,328	243,687	224,412	226,511	230,322	234,242	237,421	239,431	242,898	245,838	260,399				
<b>Plus:</b>																								
Diluted effect of redeemable convertible preferred common stock conversion	139,504	139,504	139,708	139,851	139,851	126,020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public offering shares	-	-	-	-	-	20,173	-	1,565	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other dilutive equity awards	1,701	1,886	1,802	1,756	1,839	1,766	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Diluted shares (Non-GAAP)	200,683	201,877	202,513	205,349	211,979	243,149	243,660	246,574	242,009	242,328	243,687	224,412	226,511	230,322	234,242	237,421	239,431	242,898	260,347	260,399				
Diluted net income (loss) per share (Non-GAAP)	\$ 0.12	\$ 0.09	\$ 0.13	\$ 0.21	\$ 0.27	\$ 0.21	\$ 0.24	\$ 0.35	\$ 0.10	\$ 0.12	\$ 0.19	\$ (0.56)	\$ (0.15)	\$ (0.08)	\$ (0.01)	\$ (0.02)	\$ (0.17)	\$ (0.22)	\$ 0.04	\$ 0.14				
<b>Adjusted EBITDA</b>																								
Net income (loss) (GAAP)	\$ 1,709	\$ 2,880	\$ 10,685	\$ (66,896)	\$ 8,872	\$ 14,753	\$ 68,912	\$ 39,240	\$ 47,997	\$ 17,681	\$ 45,834	\$ 64,165	\$ 11,035	\$ 6,341	\$ 26,120	\$ (146,273)	\$ (60,079)	\$ (58,240)	\$ (113,403)	\$ (45,470)	\$ (80,877)	\$ (118,268)	\$ (2,056)	\$ 15,372
Impact of Fibtel Force recall	-	-	-	84,650	25,039	1,483	(1,483)	(2,199)	(2,182)	69	20	(8,078)	11	(11)	11,558	6,062	7,225	(114)	1,533	874	919	765	-	-
Stock-based compensation expense	64	116	165	275	314	661	2,470	3,359	4,903	7,747	13,034	15,340	17,770	20,400	20,005	21,257	21,765	21,966	22,797	24,325	23,641	25,857	24,115	23,396
Impact of restructuring	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Litigation expense/(credit) — Jawbone	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation of redeemable convertible preferred	345	496	1,224	1,305	1,353	3,842	1,626	6,451	10,335	46,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-
stock warrant liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment of equity investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	452	680	700	1,180	750	963	1,251	3,167	3,469	4,705	5,367	7,566	7,008	7,178	11,275	12,672	10,517	11,435	10,520	13,221	12,204	15,173	13,877	15,561
Change in contingent consideration	-	-	-	-	-	-	-	-	-	(7,704)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest (income) expense, net	196	268	274	344	409	452	680	681	467	379	216	(43)	(582)	(839)	(970)	(765)	(1,096)	(193)	(1,162)	(1,197)	(1,350)	(2,177)	(2,072)	(2,209)
Income tax expense (benefit)	1,974	3,325	12,297	20,341	5,291	6,934	(29,136)	24,907	28,394	17,048	20,516	46,314	9,869	3,695	18,294	(38,376)	(29,671)	(4,673)	86,227	30,665	(609)	23,615	(18,827)	(2,492)
Adjusted EBITDA	\$ 4,740	\$ 7,765	\$ 25,345	\$ 41,199	\$ 42,028	\$ 29,088	\$ 44,320	\$ 75,606	\$ 93,383	\$ 86,245	\$ 84,987	\$ 125,264	\$ 45,111	\$ 48,322	\$ 80,786	\$ (144,234)	\$ (52,303)	\$ (28,172)	\$ 5,853	\$ 22,463	\$ (46,226)	\$ (55,800)	\$ 21,037	\$ 49,628
<b>Devices Sold</b>	521	745	1,291	1,919	1,575	1,720	2,332	5,277	3,866	4,458	4,773	8,258	4,842	5,673	5,283	6,497	2,956	3,373	3,624	5,391	2,150	2,684	3,539	5,566

Fitbit, Inc.																								
Condensed Consolidated Statements of Cash Flows - Fiscal Quarters																								
(in thousands)																								
Cash Flows from Operating activities:																								
	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Net income (loss)	\$ 1,709	\$ 2,880	\$ 10,685	\$ (66,896)	\$ 8,872	\$ 14,753	\$ 68,912	\$ 39,240	\$ 47,997	\$ 17,681	\$ 45,834	\$ 64,165	\$ 11,035	\$ 6,341	\$ 26,120	\$ (146,273)	\$ (60,079)	\$ (58,240)	\$ (113,403)	\$ (45,470)	\$ (80,877)	\$ (118,268)	\$ (2,056)	\$ 15,372
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:																								
Provision for (recovery of) doubtful accounts	-	-	-	651	(63)	12	66	849	73	(101)	1,148	413	(232)	(40)	198	1	183	7,622	87	(109)	105	41	19	
Provision for inventory obsolescence	201	272	422	204	757	473	(707)	2,441	1,761	2,776	-	523	231	434	349	3,979	3,997	4,412	4,986	1,438	6,337	1,677	1,005	2,809
Provision for inventory obsolescence related to Fitbit Force recall	-	-	-	10,251	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	452	680	700	1,180	750	963	1,250	3,168	3,363	4,156	4,853	7,033	6,475	6,646	10,763	12,162	9,140	10,059	9,139	11,633	10,456	13,116	11,816	13,501
Accelerated depreciation of property and equipment	-	-	-	1,712	-	-	-	1,004	-	-	-	1,206	484	165	113	19,043	-	-	-	-	-	-	-	-
Amortization of intangible assets	-	-	-	-	-	-	-	-	106	549	514	533	533	533	512	509	1,377	1,376	1,381	1,588	1,748	2,057	2,061	2,060
Write-off of property and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,250	-	-	7,259	226	28	218
Revaluation of redeemable convertible preferred stock warrants liability	345	496	1,224	1,305	1,353	3,841	1,627	6,451	10,335	46,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amortization of issuance costs and discount on debt	17	22	21	22	160	86	398	181	161	161	162	477	117	116	117	116	116	686	75	74	74	74	162	475
Stock-based compensation	64	116	165	275	314	661	2,470	3,359	4,903	7,747	13,034	15,340	17,770	20,400	20,005	21,257	22,493	21,966	22,797	24,325	23,641	25,857	24,115	23,396
Change in contingent consideration	-	-	-	-	-	-	-	-	-	(7,704)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-	(26,693)	(15,308)	(3,875)	(16,236)	(12,177)	(10,250)	(4,581)	(31,871)	8,658	(70,940)	(5,005)	21,142	116,678	41,091	(1,799)	500	(391)	(858)
Impairment of equity investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,000
Excess tax benefit from stock-based compensation (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	(560)	297	17	(1,131)	300	391	(300)	743	(19)	(208)	(240)	(323)	(440)	(392)
Changes in operating assets and liabilities:																								
Accounts receivable	10,663	(13,164)	(17,381)	(35,748)	31,004	(1,456)	(26,872)	(161,464)	77,371	(90,205)	7,334	(225,600)	129,218	(37,681)	(83,781)	(16,457)	282,917	(21,752)	(52,266)	(145,115)	191,982	(27,787)	(83,968)	(88,263)
Inventories	(5,239)	(2,008)	(7,436)	(32,693)	2,633	(1,657)	(5,699)	(56,872)	(24,198)	(52,136)	(88,819)	97,045	(34,149)	20,798	(37,532)	(11,092)	27,193	54,293	(2,038)	12,681	(27,307)	3,090	(55,847)	67,204
Prepaid expenses and other assets	468	(524)	(2,538)	369	(2,457)	(729)	(235)	(6,258)	(8,220)	5,725	(2,169)	(24,551)	(16,547)	462	(22,703)	912	(976)	(49,348)	(75,180)	12,393	39,610	(1,986)	85,732	2,558
Fitbit Force recall reserve	-	-	-	72,687	1,300	(27,164)	(26,045)	(8,553)	(7,371)	(2,210)	(1,236)	(6,537)	(783)	(2,191)	(654)	(241)	(295)	(205)	(168)	(121)	(132)	(159)	(104)	(50)
Accounts payable	(4,493)	903	7,104	47,367	(39,616)	12,510	10,642	140,225	(59,478)	53,918	125,328	(63,009)	(16,317)	(23,108)	26,299	58,780	(176,619)	(40,340)	94,799	36,045	(84,155)	19,971	80,541	18,850
Accrued liabilities and other liabilities	(2,369)	4,499	6,653	18,260	(6,340)	(1,052)	9,576	45,549	(4,826)	13,656	21,827	108,091	15,271	170,076	(52,173)	8,210	(4,238)	104,373	(66,790)	8,945	(3,886)	6,220	52,478	1,438
Deferred revenue	(3,410)	694	662	2,913	150	1,764	684	805	7,467	4,322	5,731	17,371	6,481	(4,508)	(1,419)	4,902	(3,000)	(2,477)	(4,369)	2,374	(6,010)	(3,613)	(26)	4,027
Income taxes payable	1,522	2,668	6,092	7,513	(8,300)	6,834	(6,111)	20,381	(12,909)	(16,927)	1,677	32,495	4,317	10,540	4,899	25,680	351	(1,867)	(306)	(1,666)	(1,733)	21,974	(16,148)	(5,078)
Net cash provided by (used in) operating activities	(70)	(2,466)	6,373	29,372	(9,483)	9,809	3,263	15,198	32,660	(28,508)	121,328	15,777	143,443	(19,016)	(58,709)	73,002	49,138	(45,909)	5,490	55,522	13,515	(67,375)	58,741	108,326
Cash Flows from Investing activities:																								
Change in restricted cash	-	-	-	(2,310)	2,310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of property and equipment	(775)	(2,024)	(2,437)	(2,288)	(2,909)	(3,789)	(11,187)	(8,610)	(5,009)	(6,736)	(6,003)	(12,818)	(16,676)	(20,069)	(30,053)	(11,842)	(28,157)	(11,662)	(18,382)	(30,959)	(12,616)	(15,908)	(11,650)	(12,706)
Purchase of marketable securities	-	-	-	-	-	-	-	-	-	-	(124,713)	(106,222)	(62,576)	(330,162)	(160,014)	(85,303)	(129,661)	(188,017)	(176,862)	(103,393)	(123,479)	(65,611)	(60,174)	(104,684)
Sales of marketable securities	-	-	-	-	-	-	-	-	-	-	12,070	45,941	38,814	6,197	1,500	38,814	6,197	1,500	8,550	6,000	22,600	8,945	-	1,438
Maturities of marketable securities	-	-	-	-	-	-	-	-	-	-	44,500	121,598	18,664	109,007	66,505	178,028	173,116	149,432	121,949	171,966	93,712	91,998	75,918	-
Acquisitions, net of cash acquired	-	-	-	-	-	-	-	-	(11,037)	-	-	-	-	(5,600)	-	-	-	-	-	-	-	-	-	(2,250)
Equity investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,000)	-	-	-	-
Net cash provided by (used in) investing activities	(775)	(2,024)	(2,437)	(4,598)	(599)	(3,789)	(11,187)	(8,610)	(16,046)	(6,736)	(118,646)	(28,599)	42,346	(298,353)	(74,863)	(61,796)	24,466	(17,013)	(40,368)	4,197	27,813	12,193	20,174	(42,684)
Cash Flows from Financing activities:																								
Proceeds from initial public offering, net of underwriters' fees	-	-	-	-	-	-	-	-	-	420,885	-	84,390	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of debt and revolving credit facility, net debt discount	2,830	-	-	-	30,000	-	8,000	125,000	160,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of debt	(59)	(60)	(237)	(240)	(2,347)	(749)	(38,250)	(134,503)	(160,000)	-	-	-	-	-	-	-	-	-	-	-	-	(747)	-	-
Payment of issuance costs	-	-	-	(45)	(604)	-	(1,971)	-	-	-	-	-	(748)	-	-	-	-	-	-	-	-	-	-	-
Payments of offering costs	-	-	-	-	-	-	-	-	(1)	(2,522)	(2,249)	(317)	(1,236)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs	-	25,823	16,988	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from issuance of common stock to employees	45	143	9	8	3	9	20	65	70	372	498	3,078	2,374	12,093	3,849	7,653	2,581	8,826	2,486	5,118	992	9,746	903	9,829
Taxes paid related to net share settlement of restricted stock units	-	-	-	-	-	-	-	-	-	-	-	-	(574)	(533)	(2,121)	(1,711)	(3,127)	(2,107)	(5,570)	(3,572)	(5,179)	(4,808)	(5,697)	(3,752)
Excess tax benefit from stock-based compensation (1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of redeemable convertible preferred stock warrants	-	-	-	-	-	-	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) financing activities	2,816	25,906	16,760	(2,777)	27,052	(740)	(32,126)	125,065	25,566	258,735	(1,751)	86,403	564	11,560	1,728	5,942	(546)	6,719	(3,084)	1,546	(4,934)	4,938	(4,794)	6,077
Net increase (decrease) in cash and cash equivalents	1,971	21,416	20,696	24,497	16,970	5,280	(40,050)	131,653	421,801	223,491	931	73,581	186,333	(305,809)	(131,844)	17,148	73,058	(56,203)	(37,962)	61,265	36,394	(50,244)	74,121	71,719
Effect of exchange rate changes on cash	-	-	-	5	7	17	16	43	(64)	(64)	73	(15)	(137)	(111)	(78)	(48)	(99)	630	(63)	20	-	-	-	-
Cash and cash equivalents at beginning of period	13,148	15,119	36,535	57,231	81,728	98,703	103,990	63,957	195,626	237,849	461,276	462,280	535,846	722,062	416,142	284,220	301,320	374,279	318,706	280,681	341,966	378,360	328,116	402,237
Cash and cash equivalents at end of period	\$ 15,119	\$ 36,535	\$ 57,231	\$ 81,728	\$ 98,703	\$ 103,990	\$ 63,957	\$ 195,626	\$ 237,849	\$ 461,276	\$ 462,280	\$ 535,846	\$ 722,062	\$ 416,142	\$ 284,220	\$ 301,320	\$ 374,279	\$ 318,706	\$ 280,681	\$ 341,966	\$ 378,360	\$ 328,116	\$ 40	