

#### 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 net income (loss); non-GAAP diluted shares; non-GAAP net income (loss) per share; non-GAAP free cash flow; adjusted EBITDA and non-GAAP effective 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, amortization of intangible assets, and the related income tax effects of the aforementioned exclusions, that are 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 impacted our results for the first quarter of 2017. 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. 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, and may continue to be material for the remainder of 2017.
- 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 and Vector. We exclude these amortization expenses because we do not believe these expenses have a direct correlation to the operation of our business.
- 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 non-GAAP 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 Balance Sheets - Fiscal Quarters**  
(in thousands)

|   | As of            |                  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |         |
|---|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------|
|   | Mar 31           | Jun 30           | Sep 30            | Dec 31            | Mar 31            | Jun 30            | Sep 30            | Dec 31            | Mar 31            | Jun 30              | Sep 30              | Dec 31              | Apr 2               | Jul 2               | Oct 1               | Dec 31              | Apr 1               | July 1              | September 30        |         |
|   | 2013             | 2013             | 2013              | 2013              | 2014              | 2014              | 2014              | 2014              | 2015              | 2015                | 2015                | 2015                | 2016                | 2016                | 2016                | 2016                | 2017                | 2017                | 2017                |         |
| <b>Assets</b>   |                  |                  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |         |
| <b>Current assets:</b>  |                  |                  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |         |
| Cash and cash equivalents   | \$ 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          | \$ 318,708          | \$ 280,681          |         |
| Marketable securities   | -                | -                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                   | -                   | 113,198             | 128,632             | 69,652              | 343,534             | 387,882             | 404,693             | 351,837             | 357,090             | 378,548 |
| Accounts receivable, net  | 14,982           | 28,146           | 45,527            | 80,624            | 49,683            | 51,126            | 77,933            | 238,859           | 161,736           | 252,023             | 244,921             | 469,260             | 339,669             | 377,545             | 461,351             | 477,825             | 194,834             | 216,346             | 260,990             |         |
| Inventories   | 15,202           | 16,938           | 23,952            | 56,441            | 53,051            | 54,235            | 60,641            | 115,072           | 137,509           | 186,870             | 276,083             | 178,146             | 212,092             | 190,644             | 214,955             | 230,387             | 200,331             | 141,504             | 138,781             |         |
| Prepaid expenses and other current assets   | 492              | 1,016            | 3,554             | 3,185             | 5,763             | 6,492             | 7,165             | 13,614            | 22,012            | 18,163              | 21,199              | 43,530              | 60,006              | 59,782              | 86,372              | 66,346              | 58,775              | 97,717              | 173,654             |         |
| Restricted cash   | -                | -                | -                 | 2,310             | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -       |
| Total current assets  | 45,795           | 82,635           | 130,264           | 224,288           | 207,200           | 215,843           | 209,697           | 563,171           | 559,106           | 918,332             | 1,117,681           | 1,355,414           | 1,403,481           | 1,387,647           | 1,434,780           | 1,480,571           | 1,180,056           | 1,131,365           | 1,232,654           |         |
| Property and equipment, net   | 2,527            | 4,809            | 5,619             | 6,486             | 7,162             | 15,278            | 24,376            | 26,435            | 28,022            | 90,945              | 35,728              | 44,501              | 51,579              | 74,181              | 94,311              | 76,553              | 85,039              | 80,135              | 90,823              |         |
| Goodwill  | -                | -                | -                 | -                 | -                 | -                 | -                 | -                 | 22,562            | 22,157              | 22,157              | 22,157              | 22,157              | 25,217              | 25,217              | 51,036              | 51,036              | 51,036              | 51,036              |         |
| Intangible assets, net  | -                | -                | -                 | -                 | -                 | -                 | -                 | -                 | 13,812            | 13,263              | 12,749              | 12,216              | 11,683              | 15,090              | 14,578              | 27,521              | 26,145              | 24,768              | 23,943              |         |
| Deferred tax assets   | -                | -                | -                 | -                 | -                 | -                 | 26,693            | 42,001            | 44,457            | 60,693              | 72,870              | 83,020              | 87,601              | 119,472             | 110,814             | 174,097             | 184,040             | 162,899             | 46,221              |         |
| Other assets  | -                | -                | -                 | -                 | 483               | 442               | 1,586             | 1,444             | 1,390             | 1,240               | 1,272               | 1,758               | 1,773               | 1,504               | 10,526              | 10,448              | 12,340              | 10,886              | 9,900               |         |
| <b>Total assets</b>   | <b>\$ 48,322</b> | <b>\$ 87,444</b> | <b>\$ 135,833</b> | <b>\$ 230,774</b> | <b>\$ 214,845</b> | <b>\$ 231,563</b> | <b>\$ 262,351</b> | <b>\$ 633,051</b> | <b>\$ 669,349</b> | <b>\$ 1,046,630</b> | <b>\$ 1,262,457</b> | <b>\$ 1,519,066</b> | <b>\$ 1,578,274</b> | <b>\$ 1,623,111</b> | <b>\$ 1,690,226</b> | <b>\$ 1,820,226</b> | <b>\$ 1,538,656</b> | <b>\$ 1,461,089</b> | <b>\$ 1,454,577</b> |         |
| <b>Liabilities, Convertible Preferred Stock, and Stockholders' Equity (Deficit)</b>       |                  |                  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |         |
| <b>Current liabilities:</b>   |                  |                  |                   |                   |                   |                   |                   |                   |                   |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |         |
| Accounts payable  | \$ 14,040        | \$ 15,881        | \$ 22,058         | \$ 70,896         | \$ 29,798         | \$ 47,597         | \$ 57,401         | \$ 195,666        | \$ 136,425        | \$ 193,594          | \$ 320,195          | \$ 260,842          | \$ 238,696          | \$ 226,418          | \$ 253,138          | \$ 313,773          | \$ 127,542          | \$ 83,966           | \$ 178,476          |         |
| Accrued liabilities   | 6,158            | 10,021           | 14,316            | 28,565            | 21,773            | 20,173            | 27,752            | 70,940            | 73,860            | 79,618              | 98,258              | 194,977             | 232,427             | 231,921             | 218,526             | 389,308             | 338,940             | 346,764             | 345,572             |         |
| Deferred revenue  | 1,337            | 2,031            | 2,693             | 5,606             | 5,756             | 7,520             | 8,204             | 9,009             | 17,024            | 21,346              | 27,077              | 44,448              | 50,929              | 46,420              | 45,001              | 49,904              | 46,904              | 44,427              | 40,058              |         |
| Fitbit Force Recall reserve   | -                | -                | -                 | 82,938            | 84,239            | 57,074            | 31,029            | 22,476            | 15,104            | 12,894              | 11,659              | 5,122               | 4,339               | 2,148               | 1,494               | 1,253               | 956                 | 753                 | 585                 |         |
| Income taxes payable  | 1,606            | 4,274            | 10,366            | 17,841            | 9,541             | 16,375            | 10,264            | 30,631            | 17,723            | 795                 | 2,472               | 2,868               | 1,671               | 2,074               | 1,231               | 7,694               | 2,466               | 599                 | 293                 |         |
| Long-term debt, current portion   | 778              | 1,713            | 2,849             | 3,985             | 38,523            | 37,789            | 7,548             | 132,589           | 159,611           | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |         |
| Total current liabilities   | 23,919           | 33,920           | 52,282            | 209,831           | 189,630           | 186,528           | 142,198           | 461,311           | 419,747           | 308,247             | 459,661             | 508,257             | 528,062             | 508,981             | 519,390             | 761,932             | 516,808             | 476,509             | 564,984             |         |
| Other liabilities   | 585              | 1,221            | 3,579             | 7,420             | 7,870             | 8,421             | 10,418            | 12,867            | 13,750            | 15,031              | 18,624              | 29,358              | 36,886              | 47,473              | 53,732              | 59,762              | 56,280              | 59,244              | 57,958              |         |
| Long-term debt, less current portion  | 10,448           | 9,475            | 8,124             | 6,725             | -                 | -                 | -                 | -                 | -                 | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |         |
| Redeemable convertible preferred stock warrant liability                                  | 834              | 1,329            | 2,553             | 4,028             | 5,381             | 9,222             | 9,346             | 15,797            | 26,132            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |         |
| <b>Total liabilities</b>  | <b>35,786</b>    | <b>45,945</b>    | <b>66,538</b>     | <b>228,004</b>    | <b>202,881</b>    | <b>204,171</b>    | <b>161,962</b>    | <b>489,975</b>    | <b>459,629</b>    | <b>323,278</b>      | <b>478,285</b>      | <b>537,615</b>      | <b>564,948</b>      | <b>556,454</b>      | <b>573,122</b>      | <b>821,694</b>      | <b>573,088</b>      | <b>535,753</b>      | <b>622,942</b>      |         |
| Redeemable convertible preferred stock  | 23,425           | 49,248           | 66,236            | 66,236            | 66,236            | 66,236            | 67,814            | 67,814            | 67,814            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |         |
| Total stockholders' equity (deficit)  | (10,889)         | (7,749)          | 3,109             | (63,466)          | (54,272)          | (38,844)          | 32,575            | 75,262            | 141,906           | 723,352             | 784,172             | 981,451             | 1,013,326           | 1,066,657           | 1,117,104           | 998,532             | 965,568             | 925,336             | 831,635             |         |
| <b>Total liabilities, convertible preferred stock, and stockholders' equity (deficit)</b> | <b>\$ 48,322</b> | <b>\$ 87,444</b> | <b>\$ 135,833</b> | <b>\$ 230,774</b> | <b>\$ 214,845</b> | <b>\$ 231,563</b> | <b>\$ 262,351</b> | <b>\$ 633,051</b> | <b>\$ 669,349</b> | <b>\$ 1,046,630</b> | <b>\$ 1,262,457</b> | <b>\$ 1,519,066</b> | <b>\$ 1,578,274</b> | <b>\$ 1,623,111</b> | <b>\$ 1,690,226</b> | <b>\$ 1,820,226</b> | <b>\$ 1,538,656</b> | <b>\$ 1,461,089</b> | <b>\$ 1,454,577</b> |         |

**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    |   |
|---------------------------------------|-----------|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|---|
| 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 |   |
| Plus:                                 |           |           |           |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |            |   |
| Impact of Fitbit Force recall         | -         | -         | -         | 30,607     | 11,561     | -          | -          | (3,449)    | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | - |
| Revenue (Non-GAAP)                    | \$ 33,121 | \$ 47,169 | \$ 83,667 | \$ 137,737 | \$ 120,376 | \$ 113,572 | \$ 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 |   |
| Cost of revenue                       | 18,132    | 25,947    | 42,412    | 124,345    | 64,046     | 55,183     | 69,257     | 199,290    | 167,545    | 212,870    | 213,249    | 363,271    | 271,601    | 341,559    | 263,144    | 447,273    | 180,643    | 204,054    | 217,762    |   |
| 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    |   |
| 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%      |   |
| 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      |   |
| 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      | 1,319      |   |
| 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    | 177,458    |   |
| Gross margin (Non-GAAP)               | 45.3%     | 45.0%     | 49.3%     | 46.9%      | 55.7%      | 51.3%      | 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%      |   |
| 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     |   |
| 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)   |   |
| 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     |   |
| 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     |   |
| 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)    |   |
| Impact of restructuring               | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | (2,000)    | -          | -          |   |
| 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     |   |
| 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     |   |
| 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)    |   |
| Impact of restructuring               | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | (1,594)    | -          | -          |   |
| Litigation (expense)/credit—Jawbone   | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | (11,558)   | (6,062)    | (7,225)    | 114        | (1,533)    | (874)      |   |
| 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)       |   |
| 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     |   |
| 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     |   |
| 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     |   |
| 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     |   |
| 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    |   |
| 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)   |   |
| Impact of restructuring               | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | (6,338)    | -          | -          |   |
| Litigation expense—Jawbone            | -         | -         | -         | -          | -          | -          | -          | -          | -          | -          | -          | -          | -          | (11,558)   | (6,062)    | (7,225)    | 114        | (1,533)    | (874)      |   |
| 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)       |   |
| 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    |   |
| 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)   |   |

|   | 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      |             |
|---|----------|----------|-----------|-------------|-----------|-----------|------------|-------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------|--------------|-------------|--------------|--------------|-------------|
| <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       |             |
| Impact of restructuring   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | -         | -         | -            | 6,375       | -            | -            |             |
| Litigation expense/(credit) — Jawbone   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | 11,558    | 6,062     | 7,225        | (114)       | 1,533        | 874          |             |
| Impact of Fitbit Force recall   | -        | -        | -         | 84,650      | 25,039    | 1,483     | (1,483)    | (2,199)     | (2,182)     | 69          | 20          | (8,078)     | 11        | (11)      | -         | 26           | -           | -            | -            |             |
| Intangible assets amortization  | -        | -        | -         | -           | -         | -         | -          | -           | -           | 549         | 514         | 533         | 533       | 533       | 512       | 509          | 1,377       | 1,377        | 1,381        |             |
| 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)      |             |
| <b>Interest and other income (expense), net</b>   |          |          |           |             |           |           |            |             |             |             |             |             |           |           |           |              |             |              |              |             |
|   | (405)    | (923)    | (1,495)   | (1,908)     | (1,628)   | (4,139)   | (3,496)    | (8,893)     | (13,544)    | (45,687)    | (960)       | (58)        | 2,150     | 376       | (67)      | 711          | 1,628       | 496          | 460          |             |
| Income (loss) before income taxes   | 3,683    | 6,205    | 22,982    | (46,555)    | 14,163    | 21,687    | 39,776     | 64,147      | 76,391      | 34,729      | 66,350      | 110,479     | 20,904    | 10,036    | 44,414    | (184,649)    | (89,751)    | (62,913)     | (27,176)     |             |
| 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       |             |
| 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) |             |
| <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       |             |
| Impact of restructuring   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | -         | -         | -            | 6,375       | -            | -            |             |
| Litigation expense/(credit) — Jawbone   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | 11,558    | 6,062     | 7,225        | (114)       | 1,533        | 874          |             |
| Impact of Fitbit Force recall   | -        | -        | -         | 84,650      | 25,039    | 1,483     | (1,483)    | (2,199)     | (2,182)     | 69          | 20          | (8,078)     | 11        | (11)      | -         | 26           | -           | -            | -            |             |
| Revaluation of redeemable convertible preferred stock warrant liability   | 345      | 496      | 1,224     | 1,305       | 1,353     | 3,842     | 1,626      | 6,451       | 10,335      | 46,320      | -           | -           | -         | -         | -         | -            | -           | -            | -            |             |
| Intangible assets amortization  | -        | -        | -         | -           | -         | -         | -          | -           | -           | 549         | 514         | 533         | 533       | 533       | 512       | 509          | 1,377       | 1,377        | 1,381        |             |
| 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       |             |
| Net income (loss) (Non-GAAP)  | \$ 1,954 | \$ 3,247 | \$ 11,518 | \$ (15,158) | \$ 24,896 | \$ 18,345 | \$ 27,088  | \$ 43,807   | \$ 56,196   | \$ 51,313   | \$ 59,219   | \$ 87,383   | \$ 24,520 | \$ 29,524 | \$ 45,744 | \$ (125,701) | \$ (34,399) | \$ (19,308)  | \$ (2,777)   |             |
| <b>Less: undistributed earnings to participating securities and noncumulative dividends to preferred stockholders</b> |          |          |           |             |           |           |            |             |             |             |             |             |           |           |           |              |             |              |              |             |
|   |          |          |           |             |           |           | \$ (7,183) | \$ (11,750) | \$ (53,763) | \$ (30,701) | \$ (37,374) | \$ (12,456) | \$ -      | \$ -      | \$ -      | \$ -         | \$ -        | \$ -         | \$ -         |             |
| 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)    |
| 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) |
| <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)    |             |
| Diluted (GAAP)  |          |          |           |             | \$ 0.04   | \$ 0.07   | \$ 0.34    | \$ 0.19     | \$ 0.22     | \$ 0.07     | \$ 0.19     | \$ 0.26     | \$ 0.05   | \$ 0.03   | \$ 0.11   | \$ (0.65)    | \$ (0.27)   | \$ (0.25)    | \$ (0.48)    |             |
| <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      |             |
| 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      |             |
| <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      |             |
| 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)    |             |
| <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) |             |
| Impact of Fitbit Force recall   | -        | -        | -         | 84,650      | 25,039    | 1,483     | (1,483)    | (2,199)     | (2,182)     | 69          | 20          | (8,078)     | 11        | (11)      | -         | 26           | -           | -            | -            |             |
| 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       |             |
| Impact of restructuring   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | -         | -         | -            | 6,375       | -            | -            |             |
| Litigation expense/(credit) — Jawbone   | -        | -        | -         | -           | -         | -         | -          | -           | -           | -           | -           | -           | -         | 11,558    | 6,062     | 7,225        | (114)       | 1,533        | 874          |             |
| Revaluation of redeemable convertible preferred stock warrant liability   | 345      | 496      | 1,224     | 1,305       | 1,353     | 3,842     | 1,626      | 6,451       | 10,335      | 46,320      | -           | -           | -         | -         | -         | -            | -           | -            | -            |             |
| 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       |             |
| 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)      |             |
| 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       |             |
| 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     |             |
| <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        |             |

**Fitbit, Inc.**

**Condensed Consolidated Statements of Cash Flows - 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      |
|--|-----------|------------|------------|-------------|-------------|------------|-------------|------------|-------------|-------------|--------------|-------------|------------|--------------|-------------|--------------|-------------|-------------|--------------|
| <b>Cash Flows from Operating activities:</b>   |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| 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) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities  |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| <b>Provision for (recovery of) doubtful accounts</b>   | -         | -          | -          | 651         | (63)        | 12         | 66          | 849        | 73          | (101)       | (5)          | 1,148       | 413        | (232)        | (40)        | 198          | 1           | 183         | 7,621        |
| <b>Provision for inventory obsolescence</b>  | 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        |
| <b>Provision for inventory obsolescence related to Fitbit Force recall</b>                         | -         | -          | -          | 10,251      | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Depreciation</b>  | 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        |
| <b>Accelerated depreciation of property and equipment</b>  | -         | -          | -          | 1,712       | -           | -          | -           | 1,004      | -           | -           | -            | 1,206       | 484        | 165          | 113         | 19,043       | -           | -           | -            |
| <b>Amortization of intangible assets</b>   | -         | -          | -          | -           | -           | -          | -           | -          | 106         | 549         | 514          | 533         | 533        | 533          | 512         | 509          | 1,377       | 1,376       | 1,381        |
| <b>Write-off of property and equipment</b>   | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | 5,250       | -            |
| <b>Revaluation of redeemable convertible preferred stock warrants liability</b>                    | 345       | 496        | 1,224      | 1,305       | 1,353       | 3,841      | 1,627       | 6,451      | 10,335      | 46,320      | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Amortization of issuance costs and discount on debt</b>   | 17        | 22         | 21         | 22          | 160         | 56         | 398         | 181        | 161         | 161         | 162          | 477         | 117        | 116          | 117         | 116          | 116         | 686         | 75           |
| <b>Stock-based compensation</b>  | 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       |
| <b>Change in contingent consideration</b>  | -         | -          | -          | -           | -           | -          | -           | -          | -           | (7,704)     | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Deferred income taxes</b>   | -         | -          | -          | -           | -           | -          | (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      |
| <b>Excess tax benefit from stock-based compensation (1)</b>  | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Other</b>   | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | (560)        | 297         | 17         | (1,131)      | 300         | 391          | (300)       | 743         | (19)         |
| <b>Changes in operating assets and liabilities</b>   |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| <b>Accounts receivable</b>   | 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)     |
| <b>Inventories</b>   | (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)      |
| <b>Prepaid expenses and other assets</b>   | 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)     |
| <b>Fitbit Force recall reserve</b>   | -         | -          | -          | 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)        |
| <b>Accounts payable</b>  | (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)     | (23,108)    | 26,299       | 58,780      | (176,619)   | (40,340)     |
| <b>Accrued liabilities and other liabilities</b>   | (2,369)   | 4,499      | 6,653      | 18,260      | (6,340)     | (1,052)    | 9,576       | 45,549     | (4,826)     | 13,656      | 21,827       | 108,091     | 38,729     | 15,271       | (10,715)    | 170,076      | (52,173)    | 8,210       | (4,238)      |
| <b>Deferred revenue</b>  | (3,410)   | 694        | 662        | 2,913       | 150         | 1,764      | 684         | 805        | 7467        | 4,322       | 5,731        | 17,371      | 6,481      | (4,508)      | (1,419)     | 4,902        | (3,000)     | (2,477)     | (4,369)      |
| <b>Income taxes payable</b>  | 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)        |
| <b>Net cash provided by (used in) operating activities</b>   | (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)    | 5,489        |
| <b>Cash Flows from Investing activities:</b>   |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| <b>Change in restricted cash</b>   | -         | -          | -          | (2,310)     | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Purchase of property and equipment</b>  | (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)    | (18,380)     |
| <b>Purchase of marketable securities</b>   | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | (124,713)    | (106,222)   | (62,576)   | (330,162)    | (160,014)   | (85,303)     | (129,661)   | (188,017)   | (176,862)    |
| <b>Sales of marketable securities</b>  | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | 12,070       | 45,941      | -          | 38,814       | 6,197       | 1,500        | 4,256       | 9,550       | 6,000        |
| <b>Maturities of marketable securities</b>   | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | -            | 44,500      | 121,598    | 109,007      | 66,505      | 178,028      | 173,116     | 149,432     |              |
| <b>Acquisitions, net of cash acquired</b>  | -         | -          | -          | -           | -           | -          | -           | -          | (11,037)    | -           | -            | -           | (5,600)    | -            | (32,656)    | -            | -           | (556)       |              |
| <b>Net cash provided by (used in) investing activities</b>   | (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)    | (40,366)     |
| <b>Cash Flows from Financing activities:</b>   |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| <b>Proceeds from initial public offering, net of underwriters' fees</b>                            | -         | -          | -          | -           | -           | -          | -           | -          | -           | 420,885     | -            | 84,390      | -          | -            | -           | -            | -           | -           | -            |
| <b>Proceeds from issuance of debt and revolving credit facility, net debt discount</b>             | 2,830     | -          | -          | -           | 30,000      | -          | 8,000       | 125,000    | 160,000     | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Repayment of debt</b>   | (59)      | (60)       | (237)      | (240)       | (2,347)     | (749)      | (38,250)    | -          | (134,503)   | (160,000)   | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Payment of issuance costs</b>   | -         | -          | -          | (45)        | (604)       | -          | (1,971)     | -          | -           | -           | -            | -           | (748)      | -            | -           | -            | -           | -           | -            |
| <b>Payments of offering costs</b>  | -         | -          | -          | -           | -           | -          | -           | -          | (1)         | (2,522)     | (2,249)      | (317)       | (1,236)    | -            | -           | -            | -           | -           | -            |
| <b>Proceeds from the issuance of redeemable convertible preferred stock, net of issuance costs</b> | -         | 25,823     | 16,988     | -           | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Proceeds from issuance of common stock to employees</b>   | 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        |
| <b>Taxes paid related to net share settlement of restricted stock units</b>                        | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | -            | -           | (574)      | (533)        | (2,121)     | (1,711)      | (3,127)     | (2,107)     | (5,570)      |
| <b>Excess tax benefit from stock-based compensation (1)</b>  | -         | -          | -          | -           | -           | -          | -           | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Proceeds from exercise of redeemable convertible preferred stock warrants</b>                   | -         | -          | -          | -           | -           | -          | 75          | -          | -           | -           | -            | -           | -          | -            | -           | -            | -           | -           | -            |
| <b>Net cash provided by (used in) financing activities</b>   | 2,816     | 25,906     | 16,760     | (277)       | 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)      |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | 1,971     | 21,416     | 20,696     | 24,497      | 16,970      | 5,280      | (40,050)    | 131,653    | 42,180      | 223,491     | 931          | 73,581      | 186,353    | (305,809)    | (131,844)   | 17,148       | 73,058      | (56,203)    | (37,961)     |
| <b>Effect of exchange rate changes on cash</b>   | -         | -          | -          | -           | 5           | 7          | 17          | 16         | 43          | (64)        | 73           | (15)        | (137)      | (111)        | (78)        | (48)         | (99)        | 630         | (64)         |
| <b>Cash and cash equivalents at beginning of period</b>  | 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      |
| <b>Cash and cash equivalents at end of period</b>  | \$ 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   |
| <b>Free cash flow</b>  |           |            |            |             |             |            |             |            |             |             |              |             |            |              |             |              |             |             |              |
| <b>Net cash provided by (used in) operating activities (GAAP) (1)</b>                              | \$ (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) | \$ 5,489     |
| <b>Purchase of property and equipment</b>  | (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)    | (18,380)     |
| <b>Free cash flow (Non-GAAP)</b>   | \$ (845)  | \$ (4,490) | \$ 3,936   | \$ 27,084   | \$ (12,392) | \$ 6,020   | \$ (7,924)  | \$ 6,588   | \$ 27,651   | \$ (35,244) | \$ 115,325   | \$ 2,959    | \$ 126,767 | \$ (39,085)  | \$ (88,762) | \$ 61,160    | \$ 20,981   | \$ (57,571) | \$ (12,891)  |
| <b>Net cash provided by (used in) investing activities (GAAP)</b>                                  | \$ (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) | \$ (40,366)  |
| <b>Net cash provided by (used in) financing activities (GAAP) (1)</b>                              | \$ 2,816  | \$ 25,906  | \$ 16,760  | \$ (277)    | \$ 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) - The Company's adoption of ASU 2016-09 on January 1, 2017 resulted in excess tax benefits for share-based payments recorded as a reduction of income tax expense and reflected within operating cash flows, rather than recorded within equity and reflected within financing cash flows. The Company elected to adopt this new standard retrospectively, which impacted the presentation for all periods prior to the adoption date.