

Using Business Data Analytics — A Case Study of Elon Musk's Takeover of Twitter

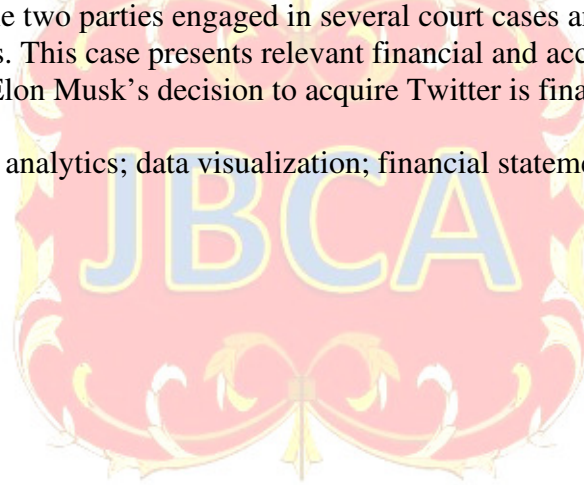
Gopalan Kutty
Commonwealth University of Pennsylvania

Xiaoxuan Ji
Commonwealth University of Pennsylvania

ABSTRACT

Mergers and acquisitions are a common phenomenon among companies, and sometimes these turn into a high-level political issue. This case study analyzes the turn of events between one of the richest men in the United States and the CEO of Tesla, Elon Musk, who offered to buy Twitter, the social media outlet, for approximately \$44 billion. Why Musk wanted to buy Twitter is still a subject of debate. From the time he offered to buy Twitter until they finally consummated the deal, the two parties engaged in several court cases and were a regular news item in the financial press. This case presents relevant financial and accounting data enabling the reader to judge whether Elon Musk's decision to acquire Twitter is financially prudent.

Keywords: Business data analytics; data visualization; financial statements analysis; security valuation; Twitter; Tesla



Copyright statement: Authors retain the copyright to the manuscripts published in AABRI journals. Please see the AABRI Copyright Policy at <http://www.aabri.com/copyright.html>

Background

Elon Musk, the current wealthiest man in the world with a \$219 billion net worth¹, has brought public attention to himself in many ways. The large buyout deal with Twitter is one news item that draws many people's and the media's attention in 2022. Twitter is a publicly traded social media company with more than 200 million users and is one of the world's top social platforms. Since January 2022, Musk has started purchasing stock from Twitter. On April 4, 2022, based on the SEC filing of Twitter, Elon Musk became the largest shareholder of Twitter and owned 9.2 percent of Twitter's common stock.

Later, on April 25, 2022, according to the agreement signed between Twitter and Elon Musk on the same day, Musk agreed to buy out all the outstanding shares of Twitter by paying \$54.20 per share in cash, without interest, for approximately \$44 billion in total. If successful, this buyout would bring Twitter into a completely private company. As of April 25, 2022, the adjusted close price of Twitter was \$51.70.

However, based on the SEC filing of Twitter on June 6, 2022, Elon Musk requested Twitter to provide data and information to evaluate the fake and spam accounts on Twitter and mentioned that he reserved his right to terminate the deal if Twitter failed to provide such information. On July 8, 2022, based on the SEC filing, Elon Musk formally notified Twitter that he was terminating the agreement with Twitter because Twitter failed to provide all the information he requested. On July 12, 2022, Bret Taylor, the chairman of Twitter's board of directors, posted on Twitter, "Twitter has filed a lawsuit in the Delaware Court of Chancery to hold Elon Musk accountable to his contractual obligations." As of July 18, 2022, the closing stock price of Twitter was \$38.41, which is \$15.79 lower than the amount that Musk offered. The trial between Twitter and Elon Musk was decided to begin on October 17, 2022. While, the Agreement and Plan of Merger, signed between Elon Musk and Twitter on April 25, 2022, lists that "either party may terminate the agreement at any time before the effective time, on or before 5:00 p.m. (Pacific time) on October 24, 2022 (the date may be extended pursuant to the terms of the termination date). Parent Termination Fee shall mean an amount equal to \$1 billion (about \$3 per person in the U.S.)."

On October 4, 2022, before the trial date of the lawsuit, Twitter posted that Twitter had received the letter from Musk's parties and the intention to close the deal at \$54.20 per share. As of October 4, 2022, the close price of Twitter was \$52.00, which is very close to the per share price Elon Musk offered.

On October 27, 2022, Elon Musk posted on Twitter that "the bird is freed" indicating that he had officially taken over Twitter, and Musk became the owner and CEO of Twitter. Later, he took many actions to reorganize Twitter by layoff top executives and employees.

Assume Elon Musk hires you as a financial consultant. Your main job is to support part of the due diligence on Twitter from a financial perspective and explore the merger's possible economic effects. Based on Twitter's financial data, you need to use the existing historical data to investigate the deal.

¹ Forbes Billionaires 2022: The Richest People in the World, <https://www.forbes.com/forbes-400/>.

Basic Information

Due diligence is an investigation process of perspective investments in a particular target firm (Cumming & Zambelli, 2017). Performing due diligence is crucial for merger and acquisition (M&A) deals since it reduces the risk of M&A failures as well as reduces the risks of paying or receiving an unfair price for the target company (Perry & Herd, 2004). Usually, law firms and other professionals, such as accountants, become involved in the process (Lawrence, 2022). It includes the assessment of management skills, target industry and competitors, project opportunity, financial forecasts (Camp, 2002), as well as operational and financial risk (Brown et al., 2008). The financial considerations of due diligence include but are not limited to reviewing the audited financial statements, 10-K reports, and other SEC filings if the target is a public company and reviewing the most recent unaudited financial statements (Lawrence, 2022).

Conducting financial statement analysis helps investors understand the current financial position of a business and predict its future performance based on the existing historical financial information. The common methods of analyzing a company's financial statements include comparative financial statements, horizontal analysis, vertical analysis, and ratio analysis (Spiceland et al., 2020, p. 130).

Ratio analysis is very popular because it eliminates the size effect of a company and allows investors to compare the ratios with the industry level or other companies. The ratios used by investors and creditors are liquidity ratios, solvency ratios, active ratios, and profitability ratios. The liquidity ratios explain the ability of a company to pay its short-term debts, which include the current ratio ($\text{current ratio} = \text{current assets}/\text{current liabilities}$) and quick ratio ($\text{quick ratio} = \text{quick assets}/\text{current liabilities}$) (Spiceland et al., 2020, p. 132). The information for analyzing the current ratio or quick ratio is in a company's balance sheets.

Other than the ability to pay short-term debts, investors are interested in a company's ability to pay its long-term debts, which the solvency ratios commonly use. Debt to equity ratio ($\text{debt to equity ratio} = \text{total liabilities}/\text{shareholders' equity}$) times interest earned ratio ($\text{times interest earned ratio} = (\text{net income} + \text{interest expense} + \text{income taxes})/\text{interest expense}$) are commonly used solvency ratios (Spiceland et al., 2020, p. 134). This information is available on a company's balance sheets.

Profitability is also a key factor in studying the financial statements of a company. Profitability ratios include profit margin ($\text{profit margin} = \text{net income}/\text{net sales}$), return on assets ($\text{return on assets} = \text{net income}/\text{average total assets}$), and return on equity ($\text{return on equity} = \text{net income}/\text{average shareholders' equity}$) and assist investors in evaluating a company's ability to make a profit (Spiceland et al., 2020, p. 199). Activity ratios, measuring how well a company manages and uses its assets, also represent a company's profitability. The commonly used activity ratios are asset turnover ratio ($\text{asset turnover ratio} = \text{net sales}/\text{average total assets}$), receivables turnover ratio ($\text{receivables turnover ratio} = \text{net sales}/\text{average total net receivables}$), and inventory turnover ratio ($\text{inventory turnover ratio} = \text{cost of goods sold}/\text{average inventory}$) (Spiceland et al., 2020, p. 197).

Investigating the value of securities is also an important factor in investment decisions. Two types of security valuation models, absolute and relative valuation models, are in common use. Due to the complication of calculating the absolute value of securities, the relative valuation model is more popular. Under the relative valuation model, investors calculate and compare the price multiples of the potential target company with similar companies in the industry to

determine whether the stock price is valued fairly, overvalued, or undervalued. The Price to Earnings ratio (P/E ratio) is one of the price multiples.

$$\text{P/E ratio} = \frac{P_0}{E_1}$$

where P_0 represents the stock price today, and E_1 represents the expected earnings per share over the next year. If the P/E ratio of a company is higher than its industry peers, its stock price is more overvalued than its peers, which is less attractive to investors.

The Price Earnings to Growth ratio (PEG ratio) is a modification of the P/E ratio by including the anticipated growth rate.

$$\text{PEG ratio} = \frac{(P_0/E_1)}{G}$$

Where G represents the anticipated growth rate of a company, the one-year expected growth rate is equal to E_1/E_0 . A lower PEG ratio means the stock price is undervalued and more attractive to investors. Other than the ratios listed above, investors also often use the price-to-sale ratio (stock price today/expected sales in next year), price-to-cash flow ratio (stock price today/expected cash flow in next year), and price-to-book ratio (stock price today/book value of the common stock today) to analyze the valuation of securities.

REQUIREMENTS

Part I

Assume that on your first day as the consultant, Musk's Secretary, A, met you. Secretary A is the one who works directly with you for the period of your consulting services. Secretary A provided you with the link to the SEC EDGAR website company search page² and said, "Mr. Musk would like you to prepare a preliminary report on Twitter, including the history, products, competitors, main profit sources, and other important performance information we should know about Twitter." Please find a similar sample report of Tesla in the Tesla Sample Report section for your reference.

The Electronic Data Gathering, Analysis, and Retrieval system (EDGAR) is a free public database that allows people to review the filings a company makes with the SEC. It contains information from millions of companies and is an excellent resource for investors, companies, and researchers. You can find the latest filings, as well as the 10-K and 10-Q reports of Twitter by using the SEC filings page of Twitter Inc., on the EDGAR website³.

Part II

After you submitted the reports, Secretary A expressed delight with your work and emailed you, "Excellent job. Now we would like to know more details. Would you please conduct a thorough financial analysis of Twitter, including explaining the profitability, solvency,

² <https://www.sec.gov/edgar/searchedgar/companysearch>

³ <https://www.sec.gov/edgar/browse/?CIK=1418091&owner=exclude>

activity, and liquidity of Twitter based on its financial statements? You can find the financial statements from the 10-K reports on Twitter via SEC EDGAR. For your convenience, we also prepared the condensed balance sheets and income statements of Twitter for the most recent eight years. Please show us the changes regarding profitability, solvency, liquidity, and stability over the eight years in graphs or tables.”

You can find the Condensed Income Statements and Balance Sheets in the appendix.

“Besides the basic financial statements analysis, we also want to know more regarding the value of Twitter,” Secretary A said. “It will help us to decide if we have offered a reasonable per-share price to Twitter. By using the relative valuation models, such as the P/E ratio, PEG ratio, price-to-sale ratio, price-to-cash flow ratio, or price-to-book ratio, explain whether the stock price of Twitter is valued fairly, overvalued, or undervalued.” You can find the historical stock price of Twitter on the New York Stock Exchange (NYSE) website,⁴ and it is downloadable.

Part III

Please provide us with a final financial analytical report on Twitter. Based on the information you have obtained from Part I and part II, explain your predictions for the future of Twitter, such as the profitability, performance, and associated risks. Discuss the potential economic impact of the deal on Twitter and whether Musk has offered a reasonable price. Furthermore, discuss the possible impact on Tesla Inc., which is also a Musk-related entity, as well as the effect on the concept of free speech on Twitter once a single individual owns the company.

TESLA INC. SAMPLE REPORT

Three U.S. entrepreneurs, Martin Eberhard, Marc Tarpenning, and Elon Musk founded Tesla Motors in 2003 to develop electric cars. These entrepreneurs wanted to produce electric vehicles because there were no fully battery-powered electric cars that were roadworthy and capable of generating high performance and high mileage.

In the beginning, Eberhard was Tesla’s CEO, and Tarpenning was its CFO. In the early stages, the company had difficulty raising funds because of the uncertainty surrounding the potential success of an electric car, which was unknown to American consumers at that time. According to Musk himself, early on, it had only a 10 percent chance of success. Finally, however, they were able to raise moderate financing from various sources, notably from Elon Musk, who was a PayPal founder and became Tesla’s chairman in 2004. After the resignation of Eberhard and Tarpenning, Elon Musk took over as the CEO of Tesla in 2008. In 2010, the company went public and raised an initial capital of \$226 million.

In 2008, Tesla released its first completely electric car, the Roadster, with a range of 245 miles on a single charge. In 2012, Model S, with a room for seven passengers, was released. Model S was considered the best in terms of efficiency, performance, and safety and is the first

⁴ <https://www.nyse.com/quote/XNYS:TWTR>

electric vehicle built ground up from its Fremont facility in California. Motor Trend magazine reported that it reached a speed of 60 mph in 2.28 seconds and was awarded a five-star safety rating from the U.S. National Highway Traffic Safety Administration (NHTSA). In 2015, Model X - a sport-utility vehicle with a five-star safety rating from NHTSA, was added to its production line. Tesla's Fremont facility is the largest and most sophisticated automobile plant, with more than five million square feet spread over 370 acres of land, creating thousands of new jobs. In 2016, Tesla built the Model 3 and, in 2017, introduced a truck called Tesla Semi, enabling truck owners to substantial savings in fuel costs. Tesla is currently working on a second generation truck.

Production Facilities

The major production facilities of Tesla are located in Fremont, California; Shanghai, China; Tilburg, Netherlands; and Berlin, Germany. The Fremont facility is the most sophisticated automobile plant in the world and produces all four Tesla models. In addition, Tesla is currently building a gigafactory to build high-tech lithium batteries in Sparks, Nevada. Another super factory of Tesla is in Shanghai, China, with a capacity of 450,000 vehicles per year. The facility in Shanghai will also produce batteries and other parts. In addition to the Fremont and Shanghai, Tesla is building another gigafactory in Austin, Texas. The total installed capacity of Tesla is 1,050,000 vehicles.

Tesla's Vehicle Production

Tesla's vehicle production has increased substantially, from a mere 35,000 in 2014 to 930,422 in 2021. As indicated in Table 1 (Appendix I), this is an increase of more than 2500 percent.

Reports indicate that the Model 3 was the bestselling electric vehicle in 2020 and 2021. The substantial increase in EV production and sales (table below) shows that its popularity will increase in the years to come.

Tesla's Revenue

As indicated in Table 2 (Appendix I), Tesla's revenue has skyrocketed since 2016. In 2016, it was \$7 billion, and in 2021, it reached \$53.8 billion, almost a seven fold increase. Since then, there has been a steady increase in revenue and given the popularity of EVs, and the increase in the price of gasoline, it is safe to conclude that Tesla's revenue will continue to increase.

LEARNING OBJECTIVES AND IMPLEMENTATION

Motivation and Learning Objectives

Business data analysis as well as forecasting business performances and values based on financial data play a more significant role in the workplace. For example, the CPA evolution 2024 draft mentions that *Data and Technology Concepts will be assessed in all Core and*

Discipline Exam sections, and it is easy to tell from the blueprints that the CPA candidates should have a solid understanding of business data analysis and information technology.

This case is to enhance the abilities listed above for students to be ready for the workplace by using a hot topic such as Elon Musk's buyout on Twitter. The highlights of the case include social media being everywhere and being part of the new generation's life. Students are interested in this topic because they are very familiar with Twitter and Elon Musk. We not only require students to use basic financial analysis tools (such as ratios, and vertical and horizontal analyses) to study the performance of the company but also require students to use data visualization techniques. By including stock price analysis, students can develop their interdisciplinary research skills.

The learning objectives of the case include applying financial analysis, analyzing security valuation, applying data visualization, and professional writing. Financial statement analysis courses, business data analysis courses, intermediate accounting, and advanced accounting courses can use the case.

Implementation

In the first week of the class, the instructor introduces the case. Students should start to research the basic information about Twitter and Elon Musk. Assign part I.

In the fourth week, students submit Part I of the case, the background of Twitter. Part I should include the history, products, competitors, main profit sources, and basic financial performance of Twitter. Also, students receive feedback from the instructor.

In the eighth week, students submit part II of the case. Part II should include findings on conducting the basic financial analysis. In addition, it should include estimating the value of Twitter, whether it is under- or over-estimated by the stock price. Also, students receive feedback from the instructor.

In week 12, students submit part III of the case, discussing the potential economic impact of the deal on Twitter and whether Musk has offered a reasonable price. Furthermore, discuss the possible impact on Tesla Inc., which is also a Musk-related entity, as well as discuss the effect of the concept of free speech on Twitter once a single individual owns the company. Also, students receive feedback from the instructor.

In the final week of the semester, students submit the completed case study and receive the grade.

REFERENCES

- Brown, S., Fraser, T., and Liang, B. (2008). Hedge fund due diligence: a source of alpha in a hedge fund portfolio strategy. *Journal of Investment Management*, 6, 23–33.
- Camp, J.J. (2002) *Venture Capital Due Diligence*. Wiley: New York.
- Cumming, D., & Zambelli, S. (2017). Due diligence and investee performance. *European Financial Management*, 23(2), 211-253.
- Lawrence, G. M. (2022). Due Diligence in Business Transactions. *Law Journal Press*.
- NYSE. (2022). TWITTER INC TWTR. <https://www.nyse.com/quote/XNYS:TWTR>
- Perry, J. S., & Herd, T. J. (2004). Reducing M&A risk through improved due diligence. *Strategy & leadership*.
- Proposed acquisition of Twitter by Elon Musk. In *Wikipedia*
https://en.wikipedia.org/wiki/Proposed_acquisition_of_Twitter_by_Elon_Musk#cite_note-7
- Spiceland, J. D., Nelson, W. M., Thomas, B. W. (2020). *Intermediate Accounting*, 10e. McGraw-Hill.
- Tesla, Inc. (2022). Annual report 2021.
<https://www.sec.gov/Archives/edgar/data/1318605/000095017022000796/tsla-20211231.htm>
- Twitter Inc. (2022). Agreement and Plan of Merger.
<https://www.sec.gov/Archives/edgar/data/1418091/000119312522120461/d310843dex21.htm>
- Twitter Inc. (2022). Quarterly report 2022.
<https://www.sec.gov/ix?doc=/Archives/edgar/data/1418091/000141809122000147/twtr-20220630.htm>
- Twitter Inc. (2022). Annual report 2021.
<https://www.sec.gov/ix?doc=/Archives/edgar/data/1418091/000141809122000029/twtr-20211231.htm>
- Twitter Inc. (2021) Annual report 2020.
<https://www.sec.gov/ix?doc=/Archives/edgar/data/0001418091/000141809121000031/twtr-20201231.htm>
- Twitter Inc. (2020) Annual report 2019.
<https://www.sec.gov/ix?doc=/Archives/edgar/data/0001418091/000141809120000037/twtr-20191231.htm>
- Twitter Inc. (2019) Annual report 2018.
https://www.sec.gov/Archives/edgar/data/1418091/000156459019003523/twtr-10k_20181231.htm
- Twitter Inc. (2018) Annual report 2017.
https://www.sec.gov/Archives/edgar/data/1418091/000156459018003046/twtr-10k_20171231.htm
- Twitter Inc. (2017) Annual report 2016.
https://www.sec.gov/Archives/edgar/data/1418091/000156459017002584/twtr-10k_20161231.htm
- Twitter Inc. (2016) Annual report 2015.
https://www.sec.gov/Archives/edgar/data/1418091/000156459016013646/twtr-10k_20151231.htm



Appendix I

Table 1 - Tesla's Vehicle Production

Year	Production
2014	35,000 vehicles
2015	51,095 vehicles
2016	83,922 vehicles
2017	100,757 vehicles
2018	254,530 vehicles
2019	365,232 vehicles
2020	509,737 vehicles
2021	930,422 vehicles
2022 (Q1 + Q2)	563,987 vehicles

Table 2 – Tesla's Revenue

Year	Amount
2008	\$15 million
2009	\$112 million
2010	\$117 million
2011	\$204 million
2012	\$413 million
2013	\$2.01 billion
2014	\$3.2 billion
2015	\$4.05 billion
2016	\$7 billion
2017	\$11.76 billion
2018	\$21.46 billion
2019	\$24.58 billion
2020	\$31.54 billion
2021	\$53.82 billion
2022 (Q1+Q2)	\$35.69 billion



Appendix II – Condensed Balance Sheets and Income Statements

TWITTER, INC.										
CONSOLIDATED BALANCE SHEETS										
(In thousands, except per value)										
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014		
Assets										
Current assets:										
Cash and cash equivalents	\$ 2,186,549	\$ 1,988,429	\$ 1,799,082	\$ 1,894,444	\$ 1,638,413	\$ 988,598	\$ 911,471	\$ 1,510,724		
Short-term investments	4,207,133	5,483,873	4,839,970	4,314,957	2,764,689	2,785,981	2,653,877	2,111,154		
Accounts receivable, net of allowance for doubtful accounts	1,217,404	1,041,743	850,184	788,700	664,288	650,650	638,694	418,454		
Prepaid expenses and other current assets	266,484	123,063	130,839	112,935	254,514	226,967	247,750	215,921		
Assets held for sale	40,800	—	—	—	—	—	—	—		
Total current assets	7,916,370	8,637,108	7,620,075	7,111,036	5,321,884	4,652,196	4,381,792	4,255,853		
Property and equipment, net	2,082,160	1,493,794	1,031,761	865,078	773,715	783,901	735,299	557,019		
Operating lease right-of-use assets	1,195,124	930,139	697,095	—	—	—	—	—		
Intangible assets, net	69,324	58,338	55,106	45,025	49,654	95,334	141,015	105,011		
Goodwill	1,301,520	1,312,346	1,256,699	1,227,269	1,188,935	1,185,315	1,122,728	622,570		
Deferred tax assets, net	1,148,573	796,326	1,908,086	808,459	—	—	—	—		
Other assets	344,445	151,039	134,547	85,705	78,289	153,619	61,605	42,829		
Total assets	\$ 14,059,516	\$ 13,379,090	\$ 12,703,389	\$ 10,162,572	\$ 7,412,477	\$ 6,870,365	\$ 6,442,439	\$ 5,983,682		
Liabilities and stockholders' equity										
Current liabilities:										
Accounts payable	\$ 208,171	\$ 194,281	\$ 161,148	\$ 145,186	\$ 170,969	\$ 122,236	\$ 134,081	\$ 53,241		
Accrued and other current liabilities	916,350	683,532	500,893	405,751	327,333	380,937	263,792	228,233		
Convertible notes, short-term	—	917,866	—	897,328	—	—	—	—		
Capital lease liabilities, short-term	222,346	177,147	170,705	66,048	84,976	80,848	88,166	112,320		
Total current liabilities	1,346,867	1,952,826	832,476	1,516,311	583,278	584,021	506,039	393,794		
Convertible notes, long-term	3,559,023	1,875,878	1,816,833	1,730,922	1,627,460	1,538,967	1,455,095	1,376,020		
Senior notes, long-term	699,996	692,994	691,967	—	—	—	—	—		
Capital leases, long-term	1,071,209	819,748	609,450	24,394	81,308	66,837	59,695	118,950		
Deferred and other long-term tax liabilities, net	40,691	31,463	24,170	17,649	13,240	7,556	2,978	24,706		
Other long-term liabilities	45,531	36,099	24,107	67,502	59,873	68,049	50,585	43,039		
Total liabilities	6,752,317	5,409,008	3,989,003	3,356,978	2,365,259	2,265,430	2,074,392	1,956,679		
Commitments and contingencies (Note)										
Stockholders' equity:										
Preferred stock, \$0.000005 par value--200,000 shares authorized; none issued and outstanding	—	—	—	—	—	—	—	—		
Common stock, \$0.000005 par value--5,000,000 shares authorized	4	4	4	4	4	4	3	3		
Additional paid-in capital	8,432,112	9,167,138	8,763,330	8,324,974	7,750,522	7,224,534	6,507,087	5,208,870		
Treasury stock, at cost	(5,295)	(5,295)	—	—	—	—	—	—		
Accumulated other comprehensive loss	(117,320)	(66,094)	(70,534)	(65,311)	(31,579)	(69,233)	(45,566)	(10,024)		
Retained earnings (accumulated deficit)	(1,002,302)	(1,125,669)	(1,158,669)	(1,454,073)	(2,671,729)	(2,550,350)	(2,093,477)	(1,572,046)		
Total stockholders' equity	7,307,199	7,970,082	8,704,386	6,805,594	5,047,218	4,604,935	4,368,047	3,826,403		
Total liabilities and stockholders' equity	\$ 14,059,516	\$ 13,379,090	\$ 12,703,389	\$ 10,162,572	\$ 7,412,477	\$ 6,870,365	\$ 6,442,439	\$ 5,983,682		

Source: Twitter 10-K reports

TWITTER, INC.									
CONSOLIDATED STATEMENTS OF OPERATIONS									
(In thousands, except per share data)									
	Year Ended December 31,								
	2021	2020	2019	2018	2017	2016	2015	2014	
Revenue	\$ 5,077,482	\$ 3,716,349	\$ 3,459,329	\$ 3,042,359	\$ 2,443,299	\$ 2,529,619	\$ 2,218,032	\$ 1,403,002	
Costs and expenses									
Cost of revenue	1,797,510	1,366,388	1,137,041	964,997	861,242	932,240	729,256	446,309	
Research and development	1,246,704	873,011	682,281	553,858	542,010	713,482	806,648	691,543	
Sales and marketing	1,175,970	887,860	913,813	771,361	717,419	957,829	871,491	614,110	
General and administrative	584,336	562,432	359,821	298,818	283,888	293,276	260,673	189,906	
Litigation settlement, net	765,701	—	—	—	—	—	—	—	
Total costs and expenses	5,570,221	3,689,691	3,092,956	2,589,034	2,404,559	2,896,827	2,668,068	1,941,868	
Income (loss) from operations	-492,739	26,658	366,373	453,325	38,740	-367,208	-450,036	-538,866	
Interest expense	-51,186	-152,878	-138,180	-132,606	-105,237	-99,968	-98,178	-35,918	
Interest income	35,683	88,178	157,703	111,221	44,383	24,277	—	—	
Other income (expense), net	97,129	-12,897	4,243	-8,396	-73,304	2,065	14,909	-3,567	
Income (loss) before income taxes	-411,113	-50,939	390,139	423,544	-95,418	-440,834	-533,305	-578,351	
Provision (benefit) for income taxes	-189,704	1,084,687	-1,075,520	-782,052	12,645	16,039	-12,274	-531	
Net income (loss)	\$ -221,409	\$ -1,135,626	\$ 1,465,659	\$ 1,205,596	\$ -108,063	\$ -456,873	\$ -521,031	\$ -577,820	
Net income (loss) per share:									
Basic	\$ -0.28	\$ -1.44	\$ 1.90	\$ 1.6	\$ -0.15	\$ -0.65	\$ -0.79	\$ -0.96	
Diluted	\$ -0.28	\$ -1.44	\$ 1.87	\$ 1.56	\$ -0.15	\$ (0.65)	\$ -0.79	\$ -0.96	
Weighted-average shares used to compute net income (loss) per share:									
Basic	797,573	787,861	770,729	754,326	732,702	702,135	662,424	604,990	
Diluted	797,573	787,861	785,531	772,686	732,702	702,135	662,424	604,990	

Source: Twitter 10-K reports