

Twitter UK Limited

Annual Report

Financial Year Ended 31 December 2019

Registered Number: 07653064



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DIRECTORS AND OTHER INFORMATION

Board of Directors

L O'Brien
K Cope
S Edgett

Solicitors

Baker & McKenzie
100 New Bridge Street
London EC4V 6JA
United Kingdom

Secretary and Registered Office

V Gadde
1st Floor
20 Air Street
London W1B 5AN
United Kingdom

Bankers

Citibank London
33 Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Registered number: 07653064

Independent Auditors

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

STRATEGIC REPORT

The directors present this strategic report of the company for the year ended 31 December 2019.

Business review

Twitter is what's happening in the world and what people are talking about right now. From breaking news and entertainment, to sports, politics, and everyday interests, Twitter shows every side of the story. On Twitter you can join the open conversation and watch highlights, clips, or live-streaming events. Twitter is available in more than 40 languages around the world. The service can be accessed via twitter.com, an array of mobile devices via Twitter owned and operated mobile applications (e.g. Twitter for iPhone and Twitter for Android), and SMS.

In 2019, the company took important steps to increase the collective health, openness, and civility of the public conversation on Twitter. Specific actions taken during the year included: updating the rules to more clearly address specific types of hateful conduct, taking new behaviour-based signals into account when presenting and organising tweets and making it easier to see when a tweet was removed for breaking our rules.

Twitter also improved machine-learning models to provide more relevant content in people's Home timelines and notifications, making it easier for people to find what they are looking for when they come to Twitter by better organising content around topics and events, and making it easier to follow and join conversations. The company also continues to enhance the public conversation around events on Twitter with live and on-demand video content, including short videos and highlights, across sport, entertainment, news and politics. In addition, work was performed to innovate faster and deliver better returns for advertisers by shipping new ad platform services as part of the effort to rebuild the core ad server.

The principle activity of Twitter UK Limited ("the company") is marketing and selling advertising services on Twitter to advertisers within the United Kingdom. The company also engages in design, development and support services. This activity is funded through an agreement with another Twitter group company.

Revenue totalled £132.12 million, an increase of 28% (2018: £103.48 million) and the gross profit for the year decreased to £2.8 million (2018: £3.5 million) resulting from the company incurring additional share-based expenses. The company's profit for the financial year was £1.55 million (2018: profit of £3.68 million). The company is party to a cash pooling agreement with its parent company. At year end, it had £25.95 million (2018: £17.23 million) owing to the company from this arrangement. The company has performed in line with expectations.

The profit for the financial year has been transferred to reserves. The directors do not recommend the payment of a dividend.

Principal risks and uncertainties

The directors consider that the following are the principal risks and uncertainties that could materially and adversely affect the company. The directors and the ultimate parent company Twitter, Inc. actively manage these risks and ensure that there are appropriate policies in place in order to mitigate these risks.

COVID-19

The COVID-19 pandemic has disrupted and harmed, and is expected to continue to disrupt and harm, our business, financial condition and operating results. We are unable to predict the extent to which the pandemic and related impacts will continue to adversely impact our business and the achievement of our strategic objectives.

Our business, operations and financial performance have been negatively impacted by the COVID-19 pandemic and related public health responses, such as travel bans, restrictions, social distancing requirements and shelter-in-place orders. The pandemic and these related responses have caused, and are expected to continue to cause, decreased advertiser demand for our platform, global slowdown of economic activity (including the decrease in demand for a broad variety of goods and services) and significant volatility and disruption of financial markets.

The severity, magnitude and duration of the COVID-19 pandemic and its impact on our operations and financial performance, and on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict. Further, the ultimate impact of the COVID-19 pandemic on people on Twitter, advertisers, employees, and on our business, operations and financial performance, depends on many factors that are not within our control, including, but not limited to: governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport,

STRATEGIC REPORT - continued

Principal risks and uncertainties - continued

COVID-19 - continued

prohibitions on, or voluntary cancellation of, large gatherings of people, social distancing requirements, and modified workplace activities); the impact of the pandemic and actions taken in response within local or regional economies; the availability of government-funded programmes; general economic uncertainty in key markets and financial market volatility; volatility in Twitter's stock price, global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides.

Business risk

The size of Twitter's user base and users' level of engagement are critical to the success of the company. The company's financial performance has been and will continue to be significantly determined by our success in growing the number of users and increasing their overall level of engagement on the platform, as well as the number of ad engagements.

Revenue risk

The company generates the majority of its revenue from third parties advertising on Twitter through the sale of its Promoted Products: Promoted Tweets, Promoted Accounts and Promoted Trends. As is common in the industry, advertisers do not have long-term advertising commitments with us. To sustain or increase our revenue, the company must add new advertisers and encourage existing advertisers to maintain or increase the amount of advertising inventory purchased through our platform and adopt new features and functionalities that are added to the platform.

Technological risk

The company's products and success of its business is dependent upon the ability of people to access the Internet and the proper functioning of the various operating systems, platforms and services upon which we rely. These systems are provided and controlled by factors outside of our control, including broadband and Internet access marketplace, incumbent telephone companies, cable companies, mobile communications companies, device manufacturers and operating system providers. Any of these actors could take actions that degrade, disrupt or increase the cost of access to our products or services, which would, in turn, negatively impact our business. The company also relies on other companies to maintain reliable network systems that provide adequate speed, data capacity and security. The failure of this Internet infrastructure, even for a short period of time, could undermine operations and harm operating results.

Partnership risk

The company believes user engagement with our products and services depends in part on the availability of applications and content generated by the company's content or platform partners. There is no assurance that the company's content or platform partners will continue to develop and maintain applications and content for its products and services, and if they cease to, then user engagement may decline.

Foreign exchange risk

Since the company conducts business in currencies other than Pound Sterling but reports operating results in Pound Sterling, it faces exposure to fluctuations in currency exchange rates. The company's earnings may be adversely affected by the impact of exchange rate fluctuations on assets or liabilities denominated in currencies other than the functional currency. Exchange rate fluctuations between the Pound Sterling and other currencies could have a material impact on its operating results.

Credit risk

The company's accounts receivables are typically derived from customers in different industries. The company performs ongoing credit evaluations of its customers and maintains allowances for potential credit losses. Historically, such losses have been within management's expectations.

Brexit

The UK departed from the EU on 31 January 2020 and entered into an 11-month transition period in order to negotiate a comprehensive UK-EU free trade deal. Depending on the terms of this deal, or in the event of no-deal, there may be additional economic uncertainty and regulatory complexity. The company is continuing to review any information and policy indications from the UK government and the EU on these negotiations, in order to manage any associated risks.

STRATEGIC REPORT - continued

Key performance indicators

The company considers its key financial performance indicators are those that communicate the financial performance and strength of the company as a whole, these being turnover, gross profit, operating profit and profit before taxation as set out in the profit and loss account.

Statement by the directors in relation to the performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006

Section 172 of the Companies Act 2006 (the "Act") requires directors to take into consideration the interests of stakeholders in their decision-making, having regard to various matters set out in the aforesaid section. As a wholly-owned direct subsidiary of Twitter International Company, within the Twitter, Inc. Group ('Group'), we consider the impact of the company's activities on the Group, its immediate parent, its employees, customers and its vendors/partners.

The following section sets out how we have engaged with the company's stakeholders during the year and fulfilled our duties laid out in section 172 of the Act:

Shareholders

The company is a wholly owned subsidiary of Twitter International Company. The directors of the company include employees of other Group companies, which enable the views of the wider Group, including the parent company, to be considered by the Board of Directors ('Board').

Community and the environment

The company seeks to minimise adverse impacts on the environment from its activities, whilst continuing to address health, safety and economic issues. The company has complied with all applicable legislation and regulations.

Twice a year, the company organises a Twitter for Good day in order to advance our philanthropic goals, by utilising the power of the Twitter platform, harnessing insights from Twitter data, and tapping the talents and interests of employees to drive meaningful impact in local communities. The corporate philanthropy efforts are focused where we can have direct impact on issues of importance to our communities and people who use Twitter.

People

The company is committed to being a responsible business. Our behaviour is aligned with the expectations of our people, clients, communities and society as a whole. We foster a fair and trusting workplace with honest and open communication and respect for each other. We seek to build trust, drive excellence, and conduct business with honesty and integrity. To achieve this, we have a number of different policies and resources available to our employees, including, but not limited to: a Code of Business Conduct and Ethics, an Anti-Corruption Policy, an Employee Security Handbook, a Conflicts of Interest Policy and an Environmental, Health and Safety Policy.

We run a semi-annual employee engagement survey, which helps us to understand what we are doing well and what we may need to change in order to enhance our employees' experience. This survey is confidential and focuses on areas such as employee engagement, intention to stay, inclusion and fairness and work-life wellness.

We aim to power positive global change by fostering respectful conversations, creating deeper human connections, and encouraging diverse interactions among individuals and teams across our organisation, resulting in a more inclusive culture and more diverse workforce. We believe that an inclusive culture is important in the workplace. Employees are encouraged to join one of the Twitter Affinity Groups or Business Resource Groups that are in place to help create a more inclusive workforce.

STRATEGIC REPORT - continued

Statement by the directors in relation to performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006 (continued)

Business relationships

Suppliers - Throughout the year, the Board was briefed on major contract negotiations and strategy with regard to key suppliers. The Board seeks to balance the benefits of maintaining strong partnering relationships with key suppliers alongside the need to obtain value and the desired quality and service levels for our other stakeholders.

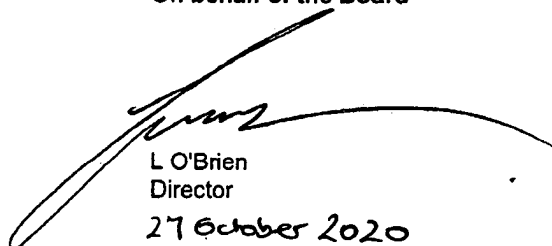
Advertisers – During 2019, the company continued the work to innovate faster and deliver better returns for advertisers by shipping new ad platform services as part of the effort to rebuild our core ad server. We continue to focus our investment on features that differentiate Twitter and capitalise on our value proposition for advertisers, including video and more organic ad formats. Our technology platform and information database enable us to provide targeting capabilities based on audience attributes like interests, keyword, conversation, content, and events that make it possible for advertisers to promote their brands, products and services, amplify their visibility and reach, and complement and extend the conversation around their advertising campaigns.

Regulators – The company prepares its financial statements in compliance with the Companies Act 2006 and in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). In addition, the company manages its tax affairs responsibly and proactively to comply with tax legislation. Our approach is to seek to build solid and constructive working relationships with all tax authorities, engaging with HMRC frequently, honestly and in a professional manner. Our in-house tax team of qualified tax professionals leads the engagement with HMRC.

Risk management

For details on our principal risks and uncertainties, please refer to the section "Principal risks and uncertainties" above.

On behalf of the Board



L O'Brien
Director
27 October 2020

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each of the persons who are directors at the time the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Directors

The directors who served during the year were:

L O'Brien
S Edgett
V Gadde (resigned 28 April 2020)
K Cope (appointed 28 April 2020)

Dividends

There were no dividends declared or paid during the current or prior year.

Research and development

Research and development expenses consist primarily of personnel-related costs, including salaries, benefits and stock-based compensation for engineers and other employees engaged in the research and development of products and services.

Financial instruments

The company's financial instruments at the balance sheet date included amounts due from group undertakings and other financial instruments such as trade creditors that arise directly from our operations. It is the company's policy that no trading in financial instruments shall be undertaken.

DIRECTORS' REPORT - continued

Future developments

The company's strategy, in line with previous years, focuses on developing its business and user base in the UK.

Going concern

The directors have assessed the risks outlined in the above strategic report, most notably the COVID-19 pandemic, of which the duration is still unknown. As at 31 December 2019, the company has net current assets of £35.33 million including amounts owing from a cash pooling arrangement with its parent company of £25.95 million. The company made a profit of £1.55 million for the financial year and operates a licence agreement with its parent company to market and sell advertising services on Twitter to advertisers within the United Kingdom. The directors have good reason to expect; this agreement will continue, both parties will remain in a position to honour their obligations and the agreement will remain commercially beneficial to the company. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and so the company continues to adopt the going concern basis in preparing its financial statements.

Donations

The company did not make any political donations during the current or prior year.

Independent auditors

The auditors, PricewaterhouseCoopers, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

On behalf of the Board



L O'Brien
Director

27 October 2020



Independent auditors' report to the members of Twitter UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Twitter UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2019; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in cursive script, reading 'Therese Cregg'.

Therese Cregg (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Auditors
Dublin
27 October 2020

PROFIT AND LOSS ACCOUNT
Financial Year Ended 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---------------------------------------|------|------------------|------------------|
| Turnover | 5 | 132,116 | 103,481 |
| Cost of sales | | <u>(129,321)</u> | <u>(100,012)</u> |
| Gross profit | | 2,795 | 3,469 |
| Administrative expenses | | <u>(97)</u> | <u>255</u> |
| Operating profit | 6 | 2,698 | 3,724 |
| Interest payable and similar expenses | 8 | <u>(2)</u> | <u>(3)</u> |
| Profit before taxation | | 2,696 | 3,721 |
| Tax on profit | 9 | <u>(1,145)</u> | <u>(41)</u> |
| Profit for the financial year | | <u>1,551</u> | <u>3,680</u> |

STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 December 2019

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Profit for the financial year | 1,551 | 3,680 |
| Other comprehensive income: | | |
| Other comprehensive income for the year | <u>-</u> | <u>-</u> |
| Total comprehensive income for the financial year | <u>1,551</u> | <u>3,680</u> |

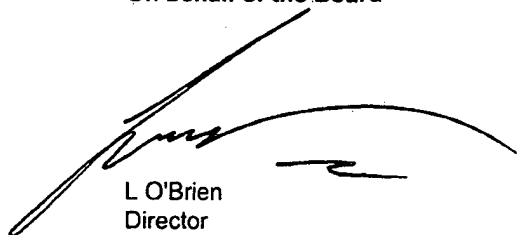
BALANCE SHEET
As at 31 December 2019

| | Note | 2019 £'000 | 2018 £'000 |
|---|------|---------------|---------------|
| Fixed assets | | | |
| Tangible assets | 10 | 2,494 | 2,417 |
| Current assets | | | |
| Debtors | 11 | 68,261 | 51,443 |
| Creditors - amounts falling due within one year | 13 | (32,930) | (21,708) |
| Net current assets | | <u>35,331</u> | <u>29,735</u> |
| Total assets less current liabilities | | 37,825 | 32,152 |
| Provisions for liabilities | | | |
| Other provisions | 14 | (2,445) | (2,445) |
| Net assets | | <u>35,380</u> | <u>29,707</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | - | - |
| Share-based payments reserve | 18 | 20,119 | 15,997 |
| Profit and loss account | | <u>15,261</u> | <u>13,710</u> |
| Total shareholders' funds | | <u>35,380</u> | <u>29,707</u> |

The notes on pages 15 to 28 are an integral part of these financial statements.

The financial statements on pages 12 to 14 were authorised for issue by the Board on 27th October 2020 and were signed on its behalf:

On behalf of the Board



L O'Brien
Director

Twitter UK Limited
Registered No. 07653064

STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 December 2019

| | Note | Called-up share capital £'000 | Share-based payment reserve £'000 | Profit and loss account £'000 | Total shareholders' funds £'000 |
|--|------|-------------------------------------|--|-------------------------------------|--|
| Balance as at 1 January 2018 | | - | 14,069 | 10,030 | 24,099 |
| Profit for the financial year | | - | - | 3,680 | 3,680 |
| Total comprehensive income for the financial year | | - | - | 3,680 | 3,680 |
| Recharge from parent for equity settled share-based payments | 18 | - | (6,540) | - | (6,540) |
| Credit relating to equity settled share-based payments | 18 | - | 8,468 | - | 8,468 |
| Balance as at 31 December 2018 | | - | 15,997 | 13,710 | 29,707 |
| Balance as at 1 January 2019 | | - | 15,997 | 13,710 | 29,707 |
| Profit for the financial year | | - | - | 1,551 | 1,551 |
| Total comprehensive income for the financial year | | - | - | 1,551 | 1,551 |
| Recharge from parent for equity settled share-based payments | 18 | - | (7,538) | - | (7,538) |
| Credit relating to equity settled share-based payments | 18 | - | 11,660 | - | 11,660 |
| Balance as at 31 December 2019 | | - | 20,119 | 15,261 | 35,380 |

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The principal activity of the company is marketing and selling advertising services on Twitter to advertisers within the United Kingdom. The company also engages in design, development and support services. This activity is funded through an agreement with another Twitter group company.

The company is a private company limited by shares and is domiciled in the United Kingdom. The address of the registered office is 1st Floor, 20 Air Street, London W1B 5AN, United Kingdom.

The ultimate controlling party and the largest and smallest group of undertakings for which group financial statements are drawn up and of which the company is a member, is Twitter, Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange ('NYSE'). Copies of Twitter, Inc. consolidated financial statements can be obtained from Twitter, Inc., 1355 Market Street, Suite 900, San Francisco, CA 94103, USA.

2 Statement of compliance

The financial statements of the company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'* ('FRS 102') and the Companies Act 2006.

3 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, in accordance with Financial Reporting Standard 102, *'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'* ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going concern

The company has net current assets of £35.33 million including amounts owing from a cash pooling arrangement with its parent company of £25.95 million. The company made a profit of £1.55 million for the financial year and continues to operate a licence agreement with its parent company to market and sell advertising services on Twitter to advertisers within the United Kingdom. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

(c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemptions under FRS 102:

- Exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Twitter, Inc., includes the company's cash flows in its own consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Accounting policies - continued

(c) Exemptions for qualifying entities under FRS 102 - continued

- Exemption from certain disclosure requirements of Section 26 of FRS 102 (paragraphs 26.18(b), 26.19 to 26.21 and 26.23), in respect of share-based payments provided that (i) for a subsidiary the share-based payment arrangement concerns equity instruments of another group entity; or (ii) for an ultimate parent, the share-based payment concerns its own equity instruments and its separate financial statements are presented alongside the consolidated financial statements of the group; and in both cases provided the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- Exemption from disclosing key management personnel compensation as required by FRS 102 paragraph 33.7.
- Exemption from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

(d) Revenue recognition

The company generates revenue principally from the sale of advertising services and from the supply of design, development and support services. The company's advertising services include three primary products: (i) Promoted Tweets, (ii) Promoted Accounts and (iii) Promoted Trends. Promoted Tweets and Promoted Accounts are pay-for-performance advertising products priced through an auction. Promoted Trends are featured by geography and offered on a fixed-fee-per-day basis. Advertisers are obligated to pay when a user engages with a Promoted Tweet or follows a Promoted Account or when a Promoted Trend is displayed. Users engage with Promoted Tweets by clicking on a link in a Promoted Tweet, expanding, retweeting, liking or replying to a Promoted Tweet or following the account that tweets a Promoted Tweet. These products may be sold in combination as a multiple element arrangement or separately on a standalone basis. Fees for these advertising services are recognised in the period when advertising is delivered as evidenced by a user engaging with a Promoted Tweet, as captured by a click, following a Promoted Account or through the display of a Promoted Trend on the company's platform. Revenue from the supply of design, development and support services is generated on a monthly fee and charged to another Twitter group company.

Revenue is recognised only when (1) persuasive evidence of an arrangement exists; (2) the price is fixed or determinable; (3) the service is performed, and; (4) collectability of the related fee is reasonably assured. While the majority of the company's revenue transactions are based on standard business terms and conditions, the company also enters into non-standard sales agreements with advertisers that sometimes involve multiple elements.

For arrangements involving multiple deliverables, judgement is required to determine the appropriate accounting, including developing an estimate of the stand-alone selling price of each deliverable. When neither vendor-specific objective evidence nor third party evidence of selling price exists, the company uses its best estimate of selling price ('BESP') to allocate the arrangement consideration on a relative selling price basis to each deliverable. The objective of BESP is to determine the selling price of each deliverable when it is sold to advertisers on a standalone basis. In determining BESP, the company takes into consideration various factors, including, but not limited to, prices the company charges for similar offerings, sales volume, pricing strategies and market conditions. Multiple deliverable arrangements primarily consist of combinations of the company's pay-for-performance products, Promoted Tweets and Promoted Accounts, which are priced through an auction, and Promoted Trends, which are priced on a fixed-fee-per day for the UK market. For arrangements that include a combination of these products, the company develops an estimate of the selling price for these products in order to allocate any potential discount to all advertising products in the arrangement. The estimate of selling price for pay-for-performance products is determined based on the winning bid price; the estimate of selling price for Promoted Trends is based on Promoted Trends sold on a standalone basis and/or separately priced in a bundled arrangement by reference to a list price for the UK market which is approved periodically. The company believes the use of BESP results in revenue recognition in a manner consistent with the underlying economics of the transaction and allocates the arrangement consideration on a relative selling price basis to each deliverable.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Accounting policies - continued

(d) Revenue recognition - continued

The company also generates revenue from the provision of design, development and support services to another group company under the terms of an intercompany agreement. Income is earned as a mark-up on certain costs of providing the services, as those costs are incurred.

(e) Foreign currency

(i) *Functional and presentation currency*

The company's functional and presentation currency is the Pound Sterling ("GBP").

(ii) *Transactions and balances*

Foreign currency transactions are translated into GBP using period-end rates of exchange for assets and liabilities, historical rates of exchange for equity, and average rates of exchange for revenue and expenses.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(f) Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements, and share-based payment awards.

(i) *Short-term benefits*

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) *Share-based payment transactions*

The company's employees participate in a share-based payment arrangement established by the ultimate parent company, Twitter, Inc. The employees are granted share options and restricted stock units ("RSU") over equity shares of Twitter, Inc. The fair value of the share options is measured at the grant date.

The employee stock purchase plan operated by Twitter, Inc. also allows company employees to acquire shares of Twitter, Inc. at a discount from the prevailing market price at the date of purchase.

(g) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in equity. In this case, tax is also recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

(i) *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year-end.

(ii) *Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year-end and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Accounting policies - continued

(g) Taxation - continued

(ii) *Deferred tax - continued*

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(h) Tangible assets

Tangible assets are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to the location and condition necessary for its intended use, applicable dismantling, removal and restoration costs and borrowing costs capitalised.

(i) *Depreciation and residual values*

Depreciation on assets is calculated using the straight-line method over their estimated useful lives as follows:

| | |
|----------------------------|--|
| Leasehold improvements | over the non-cancellable period of the lease |
| Fixtures and fittings | 5 years |
| Office equipment | 3 to 5 years |
| Desktop computer equipment | 3 years |
| Network equipment | 4.5 years |

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(ii) *Derecognition*

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(i) Leased assets

Operating leases

Operating leases do not transfer substantially all the risks and rewards of ownership to the lessor. Payments under operating leases are recognised in the profit and loss account on a straight-line basis over the period of the lease.

(j) Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) *Financial assets*

Basic financial assets, including trade debtors, cash and bank balances and amounts owed by group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. An impairment loss is recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Accounting policies - continued

(j) Financial instruments - continued

(ii) *Financial liabilities*

Basic financial liabilities, including trade creditors, amounts owed to group undertakings and other creditors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Such liabilities are subsequently carried at amortised cost using the effective interest method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables and other financial liabilities are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash-in-hand deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(l) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised within the profit and loss account.

(m) Share-based payments

The company has an equity-settled share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options and restricted stock units ('RSU') is recognised as an expense with an adjustment to reserves to the extent that the expense differs from amounts recharged by the parent. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options and RSUs granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options and RSUs that are expected to become exercisable. At each balance sheet date, the estimate of the number of options and RSUs that are expected to become exercisable will be revised. The impact of the revision of original estimates, if any, will be recognised in the profit and loss account, with a corresponding adjustment to reserves.

The company issues restricted stock awards subject to a lapsing right of repurchase to continuing employees of certain acquired companies. Since these issuances are subject to post-acquisition employment, the company accounts for them as post-acquisition stock-based compensation expense. The grant-date fair value of restricted stock granted in connection with acquisitions is recognised as stock-based compensation expense on a graded basis over the requisite service period.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS - continued

4 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the entity's accounting policies

(i) *Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

(ii) *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. For tangible assets, see note 10 for the carrying amount and the accounting policy section 3(h) for useful economic lives.

(iii) *Provisions*

Provisions are made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

5 Turnover

Turnover is primarily attributable to the sale of advertising services to advertisers within the United Kingdom and is also derived from the provision of design, development and support services to a group company.

An analysis of turnover by geographical market is not disclosed as the directors are of the opinion that it would be seriously prejudicial to the interests of the company.

| | | |
|---------------------------|--------------|--------------|
| 6 Operating profit | 2019 | 2018 |
| | £'000 | £'000 |

The operating profit is stated after charging/(crediting):

Depreciation of tangible fixed assets:

- owned by the company

Statutory audit fees

Loss/(gain) on foreign exchange

Operating lease expense

1,608

20

131

3,521

2,058

21

(249)

3,295

NOTES TO THE FINANCIAL STATEMENTS - continued

| 7 Staff costs | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Wages and salaries | 25,099 | 19,973 |
| Social security costs | 3,483 | 2,751 |
| Other pension costs | 769 | 353 |
| | <u>29,351</u> | <u>23,077</u> |

As set out in note 18, the share-based payment charge for the year was £11.660 million (2018: £8.468 million).

The average monthly number of employees, including the directors, during the year was as follows:

| | 2019 Number | 2018 Number |
|----------------------------|----------------|----------------|
| Sales and marketing | 141 | 125 |
| General and administration | 26 | 19 |
| Research and development | 70 | 48 |
| | <u>237</u> | <u>192</u> |

Directors' remuneration was borne by fellow group companies during the year and has not been recharged.

| 8 Interest payable and similar expenses | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Interest payable and similar expenses: | | |
| Interest payable to group companies | <u>2</u> | <u>3</u> |

| 9 Tax on profit | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Tax charge/(credit) included in profit or loss | | |
| Current tax | | |
| UK corporation tax charge on profit for the year | 1,018 | 756 |
| Adjustment in respect of previous periods | (21) | (25) |
| Total current tax | <u>997</u> | <u>731</u> |
| Deferred tax (see note 12) | | |
| Origination and reversal of timing differences | 397 | (776) |
| Adjustment in respect of previous periods | - | 4 |
| Effect of changes in tax rates | (249) | 82 |
| Total deferred tax | <u>148</u> | <u>(690)</u> |
| Total tax on profit | <u>1,145</u> | <u>41</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

9 Tax on profit - continued

Factors affecting tax charge for the year

The tax assessed for the year is higher (2018: lower) than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are explained below:

| | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Profit before taxation | <u>2,696</u> | <u>3,721</u> |
| Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%) | 512 | 707 |
| <i>Effects of:</i> | | |
| Expenses not deductible for tax purposes | 33 | 154 |
| Adjustment in respect of previous periods | (21) | (21) |
| Tax rate changes | (249) | 82 |
| Share-based payments – net movement | <u>870</u> | <u>(881)</u> |
| Total tax charge for the year | <u>1,145</u> | <u>41</u> |

Factors that may affect future tax charges

The main rate of corporation tax was reduced to 19% from 1 April 2017. The rate will remain at 19% for the financial years beginning 1 April 2020 and 1 April 2021.

NOTES TO THE FINANCIAL STATEMENTS - continued

10 Tangible assets

| | Leasehold improvements | Furniture and fittings | Office equipment | Desktop computer equipment | Network equipment | Total |
|---------------------------------|---------------------------|---------------------------|---------------------|----------------------------------|----------------------|----------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 31 December 2018 | 7,468 | 1,143 | 1,103 | 726 | 3,989 | 14,429 |
| Additions | 726 | 290 | 191 | 416 | 118 | 1,741 |
| Disposals | - | - | (5) | (99) | (258) | (362) |
| At 31 December 2019 | 8,194 | 1,433 | 1,289 | 1,043 | 3,849 | 15,808 |
| Accumulated depreciation | | | | | | |
| At 31 December 2018 | (6,410) | (958) | (832) | (390) | (3,422) | (12,012) |
| Additions | (653) | (181) | (176) | (233) | (365) | (1,608) |
| Disposals | - | - | - | 90 | 216 | 306 |
| At 31 December 2019 | (7,063) | (1,139) | (1,008) | (533) | (3,571) | (13,314) |
| Net book value | | | | | | |
| At 31 December 2019 | 1,131 | 294 | 281 | 510 | 278 | 2,494 |
| At 31 December 2018 | 1,058 | 185 | 271 | 336 | 567 | 2,417 |

NOTES TO THE FINANCIAL STATEMENTS - continued

| 11 Debtors | 2019 £'000 | 2018 £'000 |
|--|-----------------------|-----------------------|
| Due within one year: | | |
| Amounts receivable from cash pooling arrangement | 25,949 | 17,227 |
| Trade debtors | 24,748 | 25,607 |
| Amounts owed by group undertakings | 13,482 | 5,133 |
| Corporation tax | 127 | 625 |
| Other debtors | 42 | 44 |
| Deferred tax asset (see note 12) | 1,979 | 2,127 |
| Prepayments and accrued income | 1,934 | 680 |
| | <u>68,261</u> | <u>51,443</u> |

Twitter UK Limited is party to a cash pooling agreement with its parent entity, Twitter International Company. £25.949 million (2018: £17.227 million) is owed to the company at year end.

Amounts owed by group undertakings are unsecured, interest-free and are repayable on demand.

Trade debtors are stated after provisions for impairment of £0.179 million (2018: £0.103 million).

| 12 Deferred tax asset | 2019 £'000 | 2018 £'000 |
|--|-----------------------|-----------------------|
| Asset at beginning of year | 2,127 | 1,437 |
| Adjustment in respect of previous periods | - | (4) |
| Deferred tax (charge)/credit to profit and loss for the year | (148) | 694 |
| Asset at end of year | <u>1,979</u> | <u>2,127</u> |

| | 2019 £'000 | 2018 £'000 |
|--|-----------------------|-----------------------|
|--|-----------------------|-----------------------|

The provision for deferred tax consists of the following deferred tax assets:

| | | |
|--------------------------------|--------------|--------------|
| Fixed asset timing differences | 641 | 457 |
| Short-term timing differences | 1,338 | 1,670 |
| Asset at end of year | <u>1,979</u> | <u>2,127</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued

| 13 Creditors - amounts falling due within one year | 2019 £'000 | 2018 £'000 |
|--|---------------|---------------|
| Trade creditors | 2,311 | 969 |
| Amounts owed to group undertakings | 2,033 | 1,520 |
| Amounts owed to parent company | 4,355 | - |
| Taxation and social security | 10,232 | 6,324 |
| Other creditors | 207 | 176 |
| Accruals | 10,045 | 11,184 |
| Deferred revenue | 3,747 | 1,535 |
| | <u>32,930</u> | <u>21,708</u> |

Amounts owed to the parent and other group undertakings are unsecured and are repayable on demand.

| | 2019 £'000 | 2018 £'000 |
|---|---------------|---------------|
| Taxation and social security consists of: | | |
| VAT | 8,748 | 5,296 |
| Payroll taxes | 1,484 | 1,028 |
| | <u>10,232</u> | <u>6,324</u> |

| 14 Other provisions | Asset retirement obligation £'000 |
|---------------------|--|
| At 1 January 2018 | 2,445 |
| Additions | - |
| At 31 December 2018 | <u>2,445</u> |
| At 1 January 2019 | 2,445 |
| Additions | - |
| At 31 December 2019 | <u>2,445</u> |

Asset retirement obligations

Under the terms of lease agreements entered into, the company has to restore leasehold premises to their original condition at the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS - continued

| 15 Capital and reserves | 2019 £'000 | 2018 £'000 |
|-------------------------|---------------|---------------|
|-------------------------|---------------|---------------|

Allotted, called up and fully paid
1 (2018: 1) ordinary shares of £1 each

| | |
|---|---|
| - | - |
|---|---|

Called-up share capital

The share capital of the company comprises of ordinary shares which carry full voting, dividend and capital distribution rights.

Share premium

The share premium account represents the amounts received in excess of the nominal value of the ordinary or deferred shares in issue.

Profit and loss account

Profit and loss account represents accumulated comprehensive income for the financial year and prior financial years.

16 Operating lease commitments

At 31 December 2019, the company had the following future minimum lease payment commitments under non-cancellable operating leases:

| | 2019 £'000 | 2018 £'000 |
|-----------------------|---------------|---------------|
| Expiry date: | | |
| Within 1 year | 3,180 | 4,220 |
| Between 2 and 5 years | - | 3,180 |
| | <u>3,180</u> | <u>7,400</u> |

17 Related party transactions

The company's ultimate parent is Twitter, Inc. Transactions between the company and other wholly owned subsidiary companies of Twitter, Inc. are not disclosed as the company has taken advantage of the exemption available under FRS 102, section 33.1A, "Related Party Disclosures" from disclosing such transactions.

18 Share-based payments**Twitter, Inc. 2007 and 2013 Equity Incentive Plans**

Twitter, Inc.'s 2007 Equity Incentive Plan provided for the issuance of stock options, restricted stock and restricted stock unit ('RSU') grants for shares of Twitter, Inc.'s common stock to eligible participants. Twitter, Inc.'s 2013 Equity Incentive Plan became effective upon the completion of its initial public offering and serves as the successor to the 2007 Equity Incentive Plan.

Under the terms of the above plans, RSUs have been granted to Twitter UK Ltd employees. RSUs granted under the 2007 Equity Incentive Plan vest upon satisfaction of both a service condition and a performance condition. The service condition for these awards is generally satisfied over four years. The performance condition was satisfied by Twitter, Inc.'s initial public offering in November 2013 and, from the year ended

NOTES TO THE FINANCIAL STATEMENTS - continued

18 Share-based payments - continued

Twitter, Inc. 2007 and 2013 Equity Incentive Plans - continued

31 December 2013, Twitter UK Ltd has recorded the share-based payment charge in respect of RSUs granted to Twitter UK Ltd employees in line with the fulfilment of the service condition. RSUs granted under the 2013 Equity Incentive Plan are not subject to a performance condition to vest and the majority of RSUs vest over a service period of four years.

The company issued restricted stock subject to a lapsing right of repurchase to continuing employees of certain acquired companies. Since these issuances are subject to post-acquisition employment, the company accounts for them as post-acquisition stock-based expense. The grant date fair value of restricted stock granted in connection with an acquisition is recognised as a stock-based compensation expense on a graded basis over the requisite service period.

Fair value of share-based payment awards recognised in the profit and loss account

The grant-date fair value of the share-based awards granted in exchange for the employees' services is generally recognised as an expense during the year as services are rendered. The expense is recognised in the profit and loss account with a corresponding adjustment to reserves. The company only recognises compensation expense for awards with non-market performance conditions if such awards ultimately vest.

The charge for the year related to share-based payment plans was £11.660million (2018: £8.468 million). During the year, the company was re-charged £7.538 million (2018: £6.540 million) from Twitter, Inc. for its share-based payment charge.

19 Ultimate parent undertaking and controlling party

The company's ultimate parent company is Twitter, Inc., a company incorporated in the United States of America.

The company's immediate parent is Twitter International Company, a company incorporated in Ireland.

20 Subsequent events

COVID-19

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

The widespread economic disruption initially led to a decrease in advertising spend in the UK market which has had a direct impact on the company's revenue. As the economy now begins to cautiously re-open coupled with the return of sporting and similar events, the decline in revenue has halted and is now returning to growth.

The company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the company for future periods.

NOTES TO THE FINANCIAL STATEMENTS - continued

20 Subsequent events - continued

After assessing the potential impact of the COVID-19 pandemic on the business and the continued ability of the parent company to settle amounts falling due from the cash pooling agreement, the directors have a reasonable expectation that the company has adequate resources in order to be able to continue in operational existence for the foreseeable future, being a period not less than 12 months from the date of approval of these financial statements.

21 Approval of financial statements

The directors approved the financial statements on 27th October 2020.