theTradeDesk®

# INVESTOR PRESENTATION

SECOND QUARTER 2023

# Statement of caution under the Private Securities Litigation Reform Act of 1995

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to expectations concerning matters that (a) are not historical facts, (b) predict or forecast future events or results, or (c) embody assumptions that may prove to have been inaccurate, including statements relating to the advertising strategies, needs and expectations of brands and agencies, industry and market trends, expectations regarding investment strategies, and the financial targets such as revenue, adjusted EBITDA, and adjusted EBITDA margins of The Trade Desk, Inc. ("the Company"). When words such as *believe*, *expect*, *anticipate*, *will*, *outlook*, or similar expressions are used, the Company is making forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give readers any assurance that such expectations will prove correct. These forward-looking statements involve risks, uncertainties, and assumptions, including those related to the Company's limited operating history, which makes it difficult to evaluate the Company's business and prospects, the market for programmatic advertising developing slower or differently than the Company's expectations, the demands and expectations of clients, and the ability to attract and retain clients. The actual results may differ materially from those anticipated in the forward-looking statements as a result of numerous factors, many of which are beyond the control of the Company. These are disclosed in the Company's reports filed from time to time with the Securities and Exchange Commission, including its most recent Form 10-K and any subsequent filings on Forms 10-Q or 8-K, available at www.sec.gov. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. The Company does not intend to update any forward-looking statement contained in this presentation to reflect events or circumstances arising after the date hereof.

Included within this presentation are non-GAAP financial measures that supplement the Condensed Consolidated Statements of Operations of the Company prepared under generally accepted accounting principles (GAAP). Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation and should be considered together with the Condensed Consolidated Statements of Operations. These non-GAAP measures are not meant as a substitute for GAAP, but are included solely for informational and comparative purposes. The Company's management believes that this information can assist investors in evaluating the Company's operational trends, financial performance, and cash-generating capacity. Management believes these non-GAAP measures allow investors to evaluate the Company's financial performance using some of the same measures as management. However, the non-GAAP financial measures should not be regarded as a replacement for or superior to corresponding similarly captioned GAAP measures, and may be different from non-GAAP financial measures used by other companies.

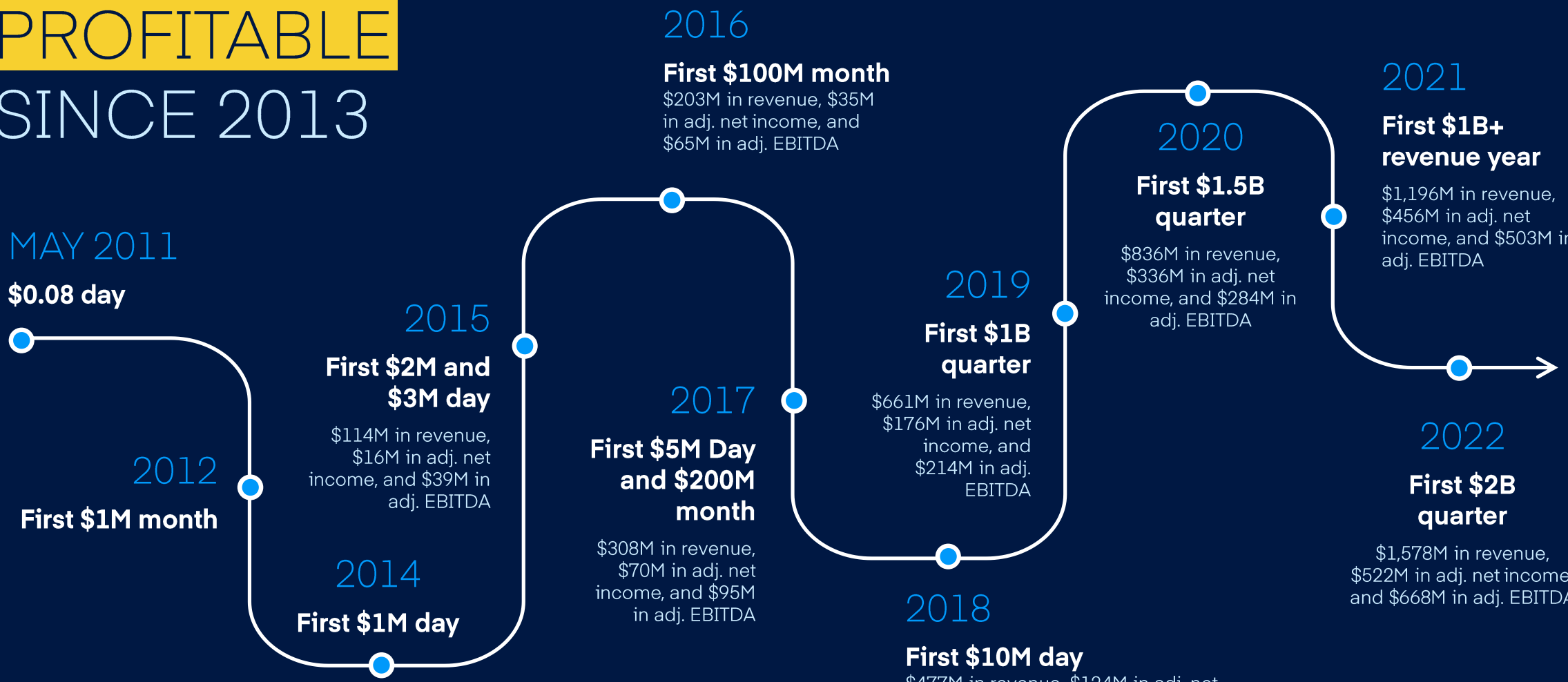
Information contained in this presentation concerning the industry and the markets in which the Company operates, including the Company's general expectations and market position, market opportunity, and market size, is based on reports from various third-party sources, assumptions that the Company has made based on information in such reports and the Company's knowledge of the market for its platform. Although the Company believes such third-party sources to be reliable, the Company has not independently verified the information and cannot guarantee its accuracy and completeness.

# WHAT WE DO

WE PROVIDE A PLATFORM FOR AD BUYERS.

MOST BUYERS ARE AD AGENCIES, BRANDS, OR OTHER TECHNOLOGY COMPANIES.

# WE'VE BEEN PROFITABLE SINCE 2013




Numbers represent total spend on platform, unless otherwise stated.

Adjusted net income and EBITDA typically excludes items such as depreciation and amortization expense, interest expense, income taxes, stock-based compensation, preferred stock warrant liabilities, and follow-on offering costs. Reconciliation for adjusted net income and adjusted EBITDA can be found in the Company's SEC filings at wwtw.investors.thetradedesk.com/financials/sec-filings.

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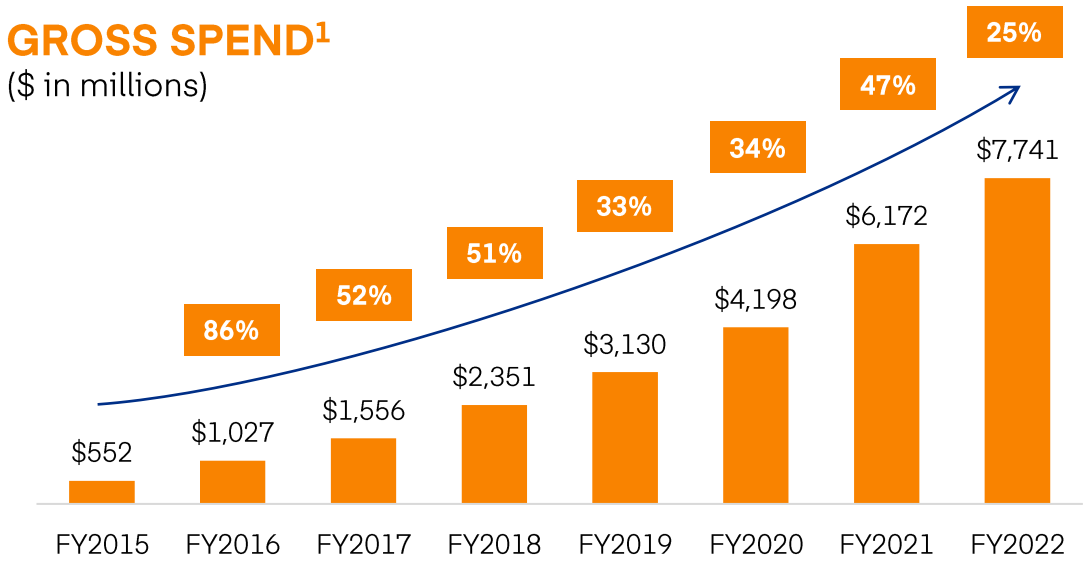
# The Trade Desk by the numbers

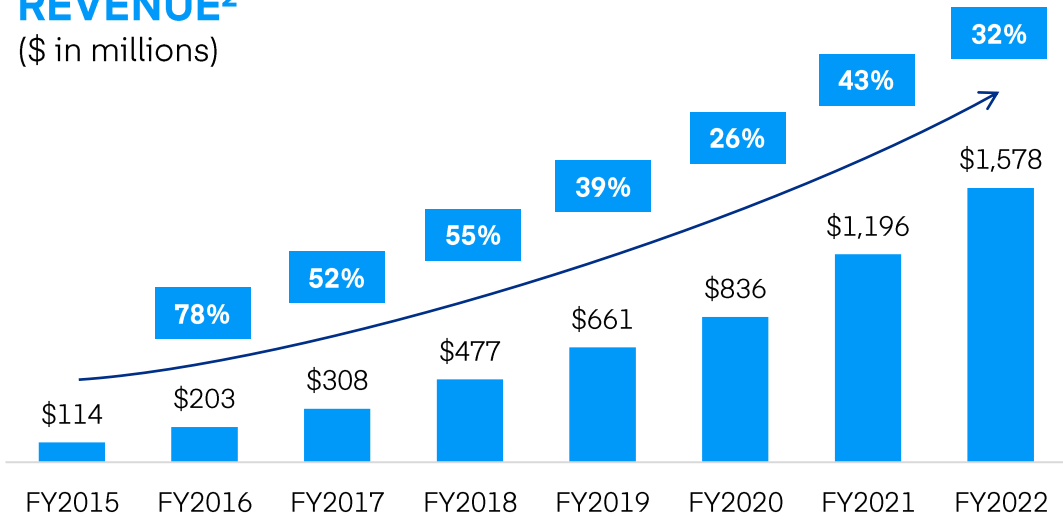
## GROSS SPEND[1]

($ in millions)




## REVENUE[2]

($ in millions)




| 2009 | $1,578M | $7.74B | $522M | $668M | 2,750+ |
|---|---|---|---|---|---|
| Founded | 2022 revenue[1] | 2022 gross spend[1] | 2022 adjusted net income[1] | 2022 adjusted EBITDA[1] | Global employees |

1) Gross spend, revenue, adjusted net income, and adjusted EBITDA from The Trade Desk's Form 10-K and press release issued on February 15, 2023. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation.

2) FY2022 revenue provided February 15, 2023, at The Trade Desk's conference call for the period ended December 31, 2022, and in SEC filings.

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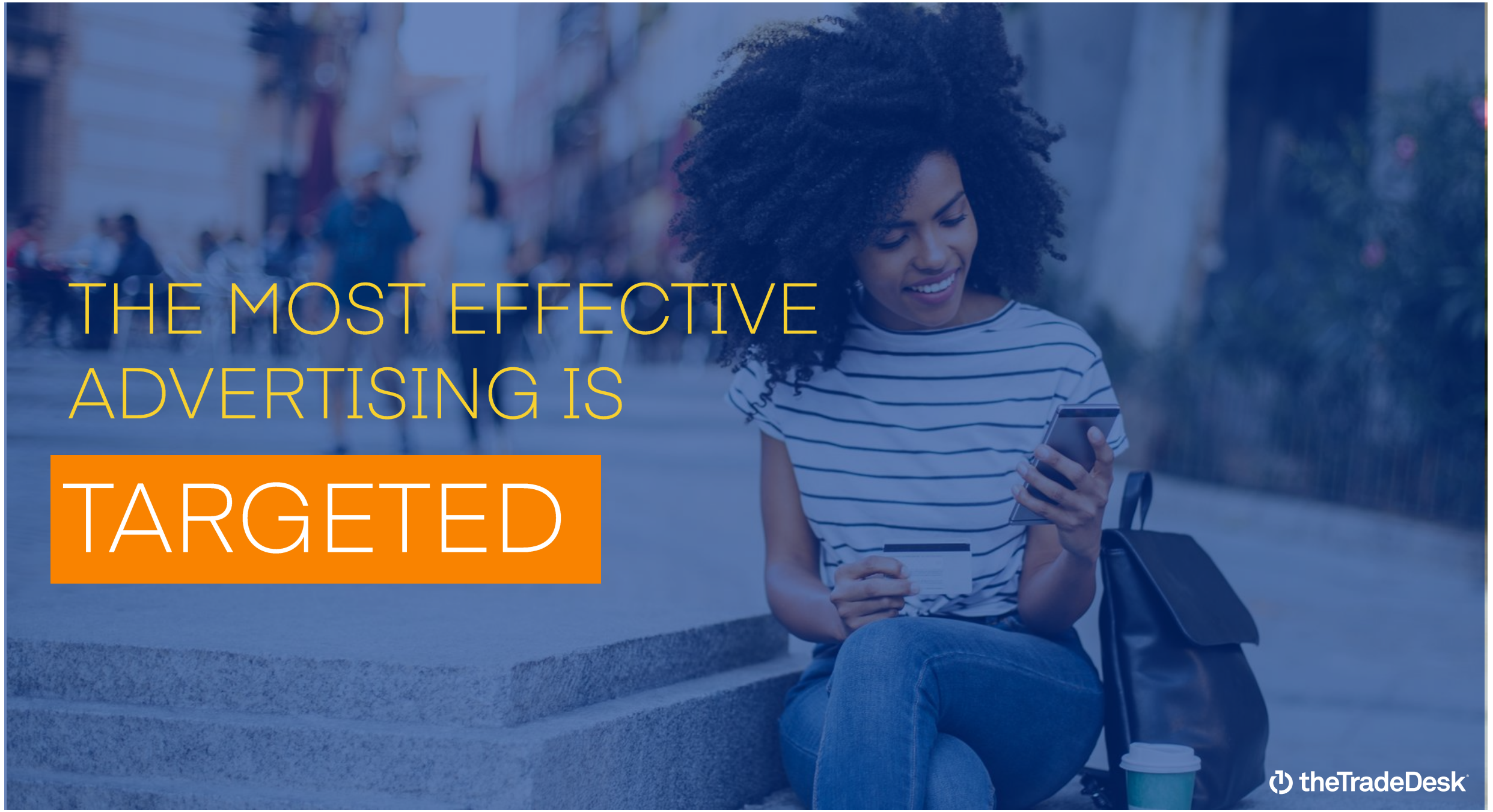
THE MOST EFFECTIVE
ADVERTISING IS
TARGETED
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THERE IS A
FUNDAMENTAL
**SHIFT**
HAPPENING
IN ADVERTISING

# AND IT'S BIGGER THAN JUST A MOVE TO DIGITAL

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# THE MARKET

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PRICE DISCOVERY ENABLES
HEALTHY MARKETS
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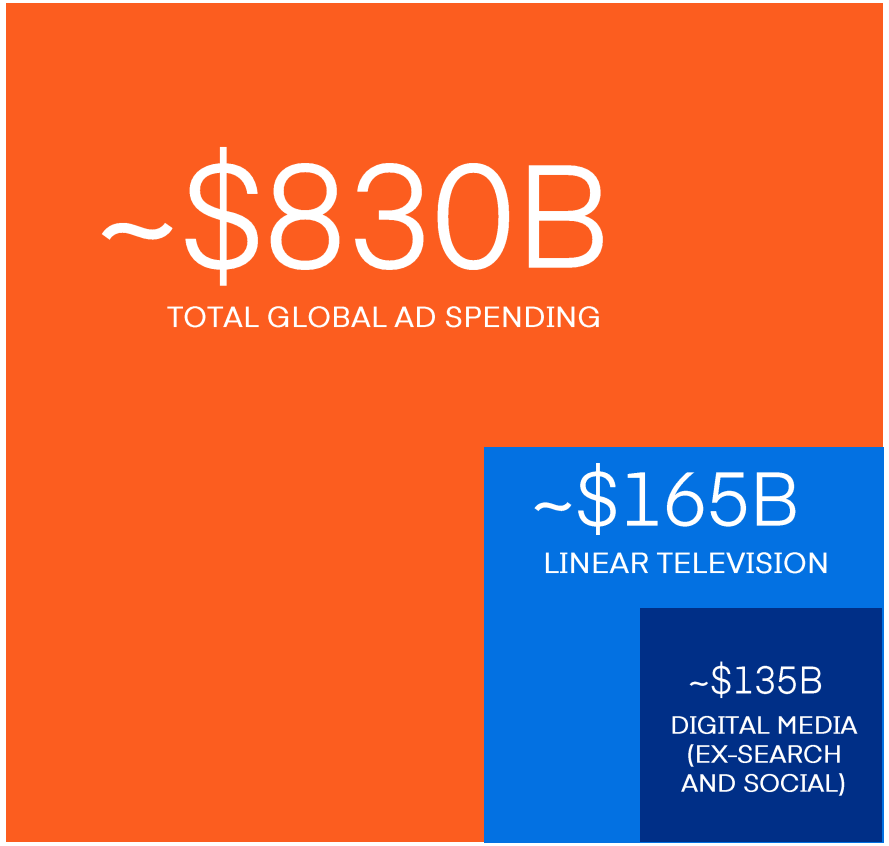
# We are targeting a massive TAM




Source: Magna Global, Estimated 2023 Global Ad Spending.

"**We believe advertising will be transacted digitally.** The future of all media is digital and programmatic...

Eventually all media will be digital, and it will be transacted by machines.

**– CEO OF A GLOBAL MEDIA INVESTMENT MANAGEMENT GROUP**

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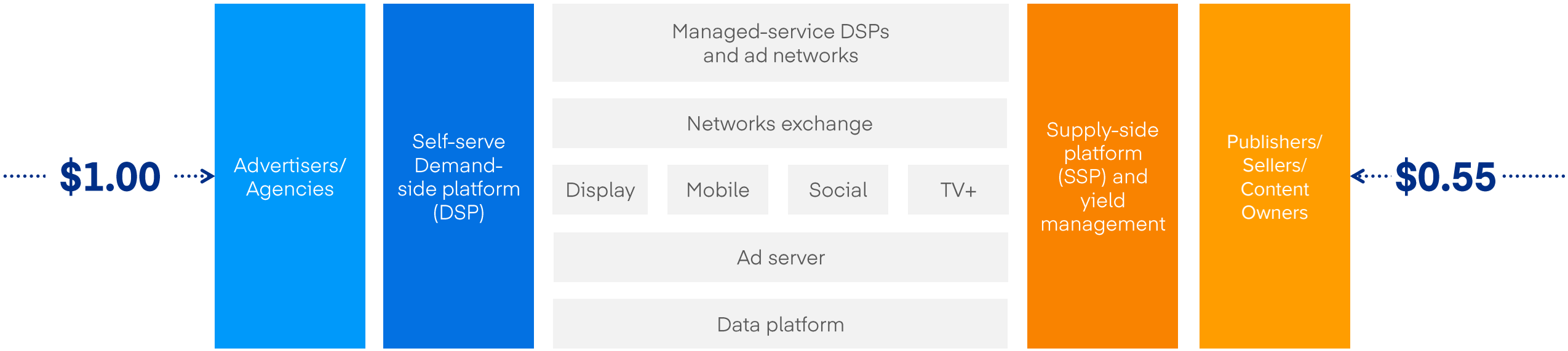
# The pie is getting bigger while waste is being pushed out

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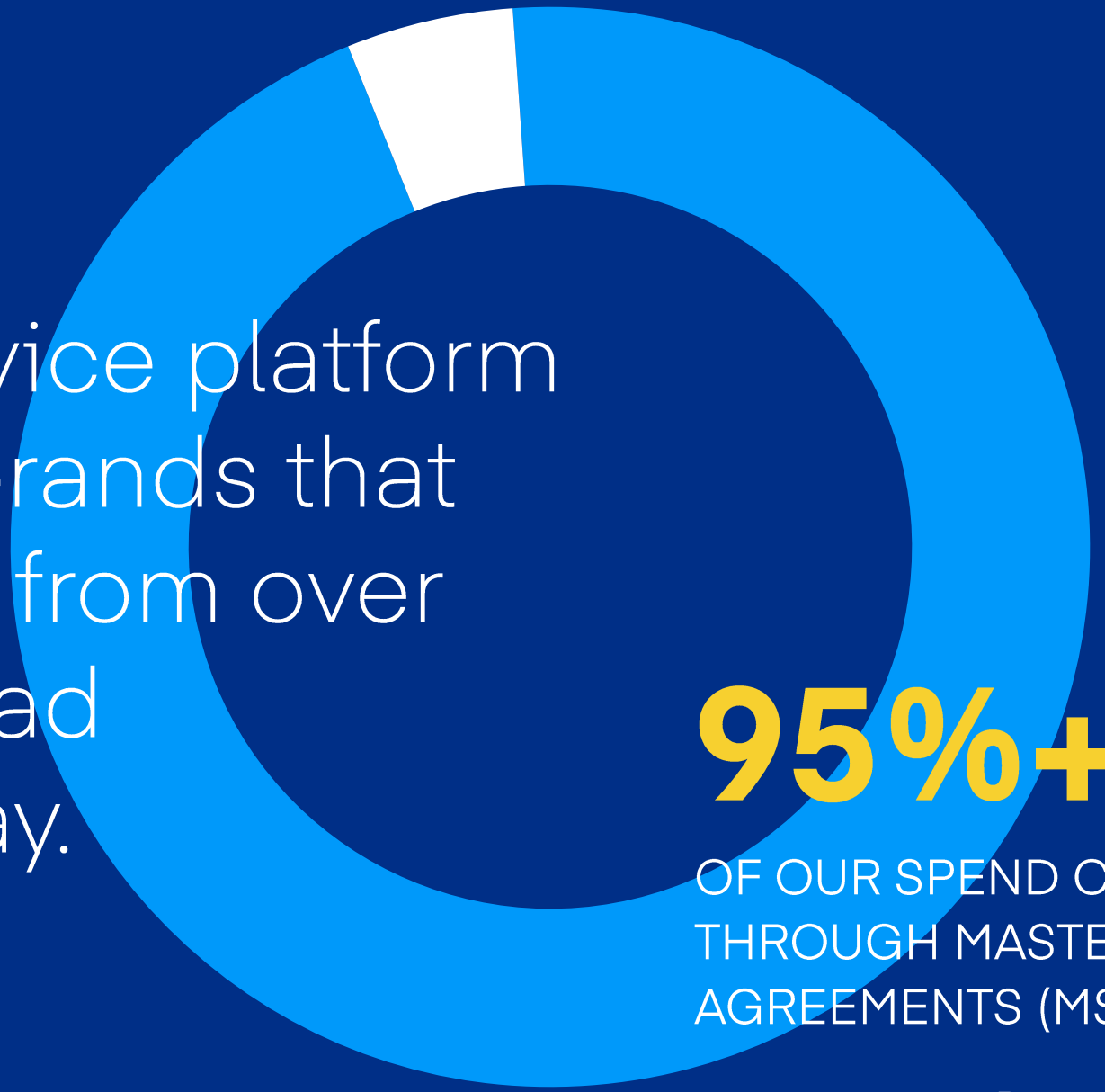
## WHAT WE DO

Provide a self-service platform to agencies and brands that deliberately picks from over 500 billion digital ad opportunities a day.



**95%+**

OF OUR SPEND COMES THROUGH MASTER SERVICE AGREEMENTS (MSAS)

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WE PROVIDE AGENCIES A

# SOFTWARE PLATFORM

**We create room for their proprietary advantage.**

**WE ARE AN ENABLER**

**NOT A DISRUPTOR**

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# We align agencies and their brands

PUBLISHER

ADVERTISER

SELL SIDE

MARKETPLACE

BUY SIDE

TECHNOLOGY

SERVICE



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# With hundreds of different players

## ADVERTISER

UNDER ARMOUR · Aflac · Marriott HOTELS · RESORTS · SUITES · TRAVELERS · NEW YORK LIFE · Vanguard

## AGENCY

WPP · OmnicomGroup · PUBLICIS GROUPE · havas media · IPG · dentsu AEGIS network

Plus hundreds of independent agencies

## DATA MANAGEMENT PLATFORM

Adobe Audience Manager · ORACLE · Nielsen · theTradeDesk · krux DIGITAL · LOTAME · salesforce DMP · AMOBEE · IGNITION ONE · WUNDERMAN DATA PRODUCTS

## DSP

adform · dataxu · AMOBEE · theTradeDesk · xandr · Display & Video 360 · Adobe · criteo · Oath: A Verizon company

## AD EXCHANGE

Microsoft · Google Ad Manager · OpenX · Oath: A Verizon company · AppNexus A Xandr Company · mopub · smaato · rubicon PROJECT · PubMatic · smartyads

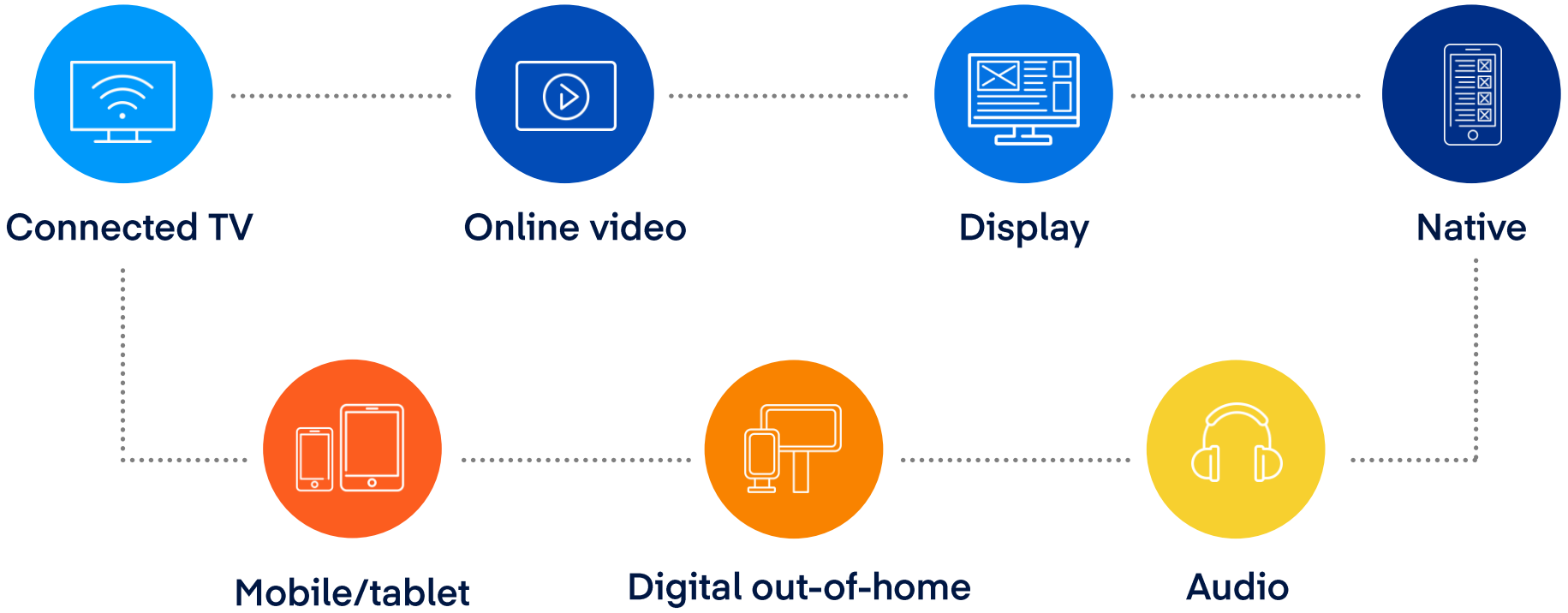
## SSP

TREMOR · Google Ad Manager · yieldmo · Magnite · TRITON · OpenX · UNRULY · SPOTX · rightmedia from YAHOO! · xandr

## PUBLISHER

The New York Times · TRAVEL+ LEISURE · CNN · CONDÉ NAST · yelp · WSJ · NATIONAL GEOGRAPHIC · ESPN · POPSUGAR.

# Omnichannel platform with global reach

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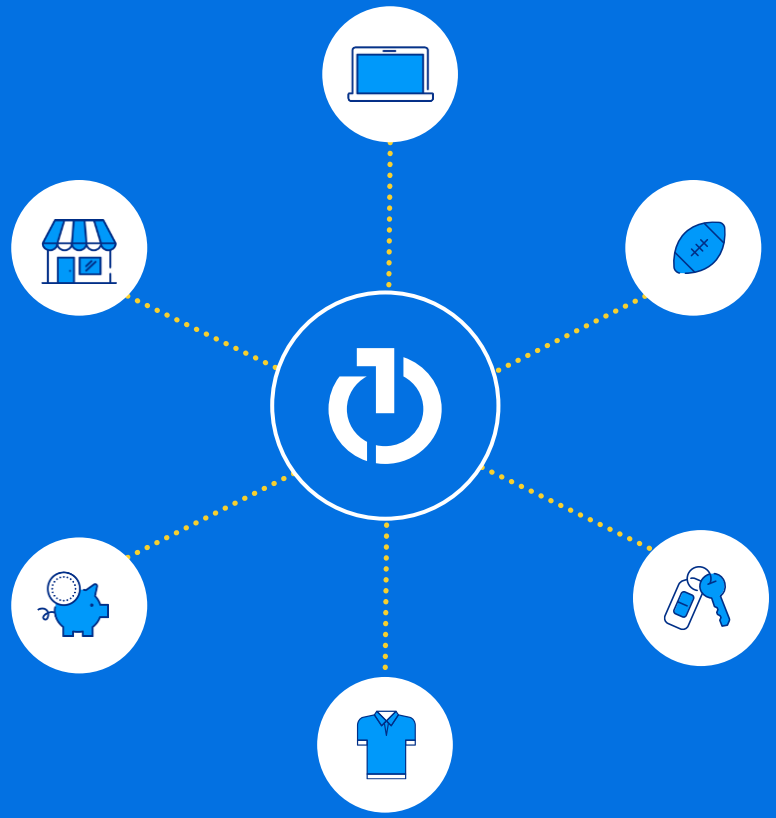
WE BUY ADVERTISING AND DATA

# We power some of the largest brands in the world...



...through their agencies and digital solutions companies.

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# Diversified across all major verticals

## 2021 SPEND BY INDUSTRY

| | |
|---|---|
| Health and fitness | 20% |
| Food and drink | 13% |
| Automotive | 10% |
| Technology and computing | 8% |
| Shopping | 8% |
| Personal finance | 8% |
| Home and garden | 7% |
| Business | 6% |
| Arts and entertainment | 4% |
| Style and fashion | 4% |
| Other | 13% |

## 2022 SPEND BY INDUSTRY

| | |
|---|---|
| Health and fitness | 16% |
| Food and drink | 16% |
| Automotive | 11% |
| Technology and computing | 9% |
| Shopping | 7% |
| Home and garden | 7% |
| Personal Finance | 6% |
| Business | 6% |
| Travel | 4% |
| Style and Fashion | 4% |
| Other | 14% |

In 2021, others above 1% of spend include style and fashion, family and parenting, travel, hobbies and interests, education, pets, sports.
In 2022, others above 1% of spend include arts and entertainment, law and government and politics, hobbies and interests, family and parenting, pets, education.

# A strong global presence

Our global footprint provides our clients with localized marketplace expertise



## NAMER

**United States:**
Boulder, CO
Chicago, IL
Denver, CO
Detroit, MI
Los Angeles/Irvine, CA
New York, NY
San Francisco/San Jose, CA
Seattle/Bellevue, WA
Ventura, CA

**Canada:**
Toronto

## EMEA

Hamburg, Germany
London, U.K.
Madrid, Spain
Milan, Italy
Paris, France
Stockholm, Sweden

## APAC

**North Asia:**
Hong Kong
Seoul, South Korea
Shanghai, China
Taiwan
Tokyo, Japan

**South Asia:**
India
Jakarta
Singapore

**Australia:**
Melbourne
Sydney

Founded in **2009**
Went public in **2016**

**Global** experience and relationships

**Over 2,750** employees
**29** offices

**Regionalized** engineering resource

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WE BUY

# THE WHOLE INTERNET

Even media that isn't digital will be transacted digitally, using the internet.




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AGENCIES (AND THEIR BRANDS) NEED A TECHNOLOGY PARTNER TO TRUST WITH THEIR DATA.

WE NEED TO ACCESS THEIR DATA TO HELP THEM.

WE ARE THE ALTERNATIVE TO THE CONFLICTED PLATFORM PROVIDERS.

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# WE BUY DATA TO MAKE BETTER DECISIONS

**We focus on being the best partner for our data providers.**




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# OUR TECHNOLOGY

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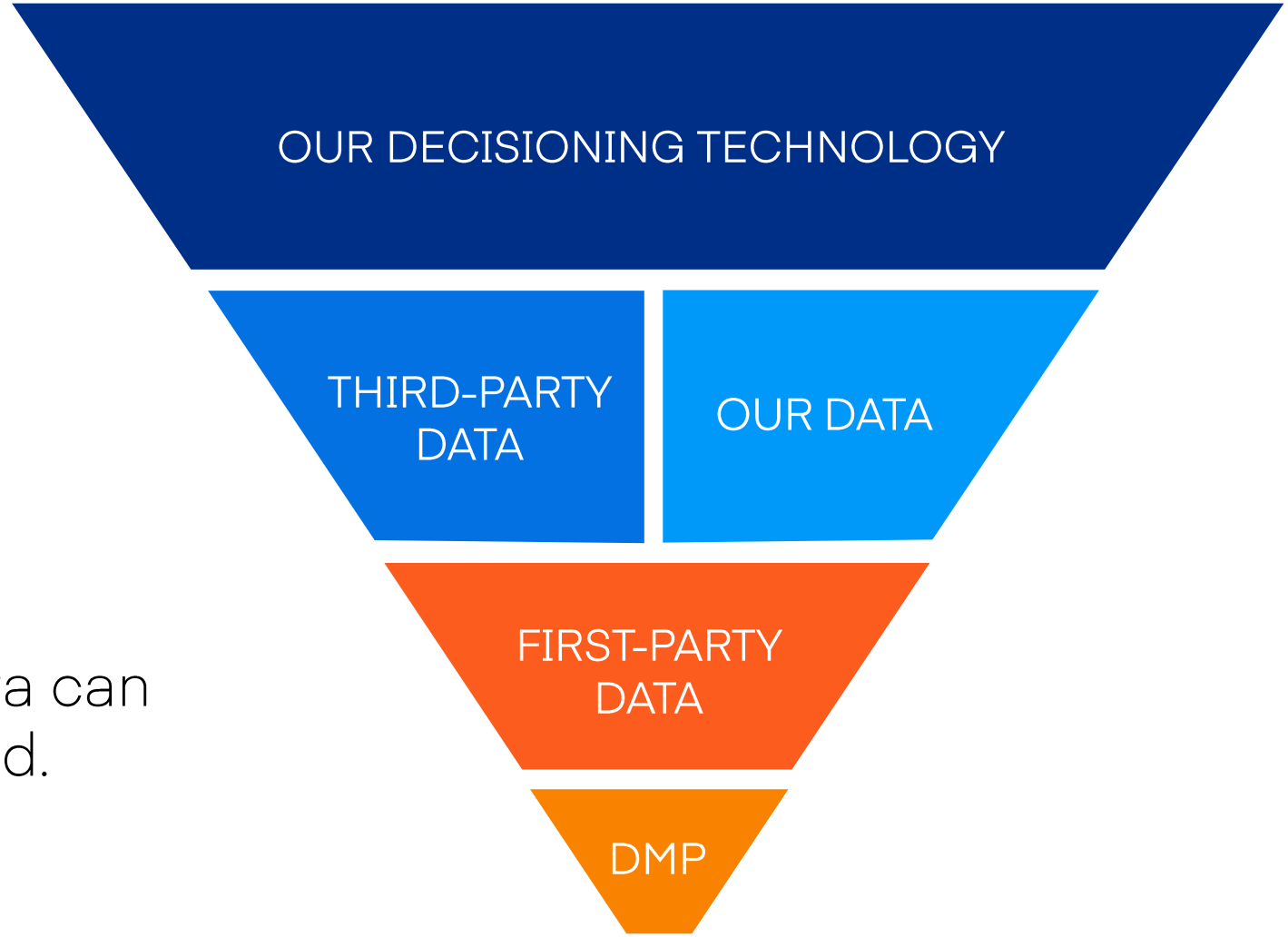
# We built a data management platform first

The buyer with the most data can make the most intelligent bid.




EXPRESSIVENESS
IS CENTRAL TO OUR
TECHNOLOGICAL ADVANTAGE
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# We're built differently than everyone else in the industry

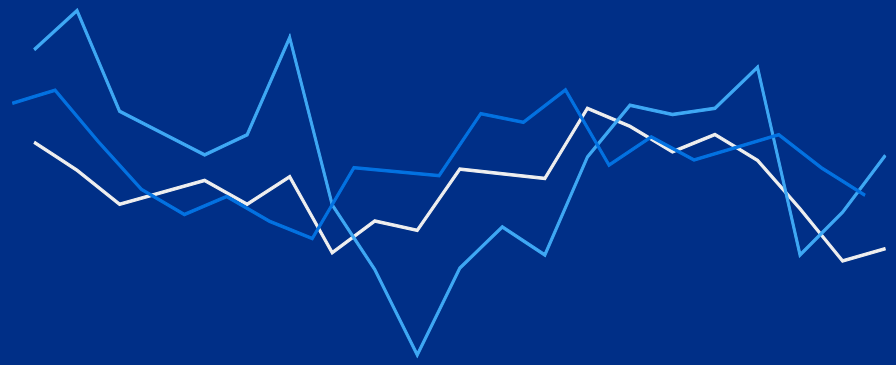
## LINE ITEMS



Limits reporting granularity, optimization options, and ability to activate data.

**versus**

## BID FACTORS



The only structure that allows for expressiveness and fine-grain reporting.

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# GOAL:
# The most transparent and most detailed reporting

## REPORTING GRAINS

**Report out on over 200 performance measures**

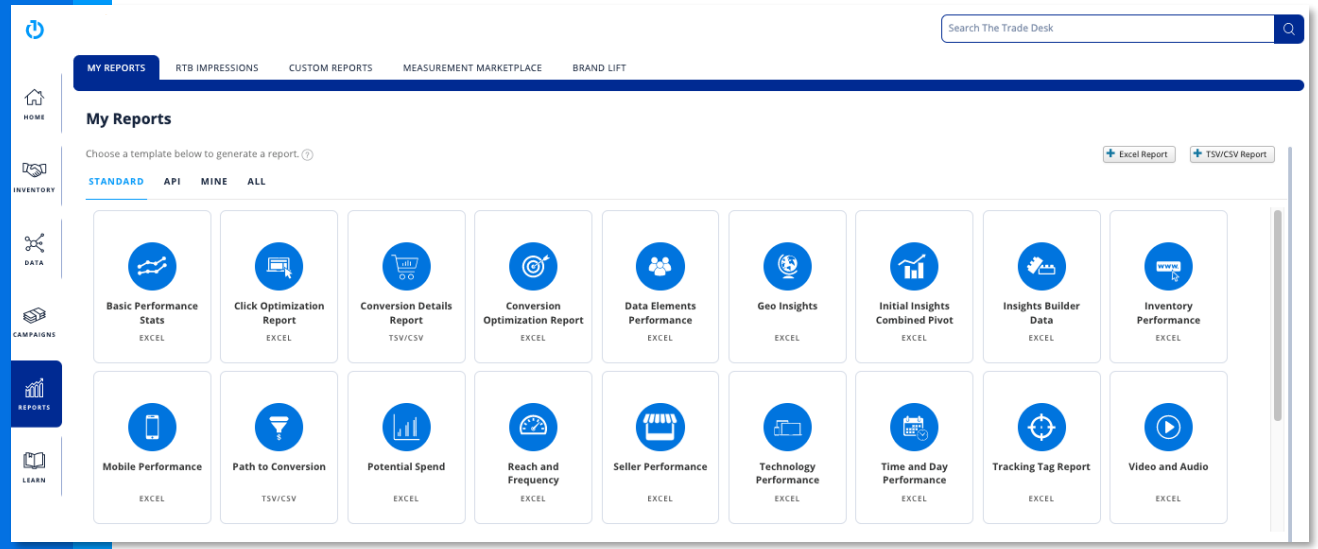
- ✓ Conversion touch
- ✓ View-through conversion
- ✓ Average bid cost per mille (CPM)
- ✓ Partner CPM
- ✓ Win rate
- ✓ Total seconds in view
- ✓ Partner viewable CPM (vCPM)
- ✓ Player audible event
- ✓ Player collapse
- ✓ Player skip
- ✓ Small player impressions
- ✓ Total audible seconds
- ✓ Win rate

**...across over 300 measurable variables**

- ✓ Ad environment
- ✓ Ad server placement ID
- ✓ App
- ✓ Audience
- ✓ Browser
- ✓ Category name
- ✓ Device type
- ✓ Factual proximity
- ✓ Inventory contract
- ✓ Site bid factor
- ✓ Third-party data full path
- ✓ User day of week and hour of day

## SIMPLIFIED USER INTERFACE

"Expressiveness" at work




**STANDARD REPORT TEMPLATES**

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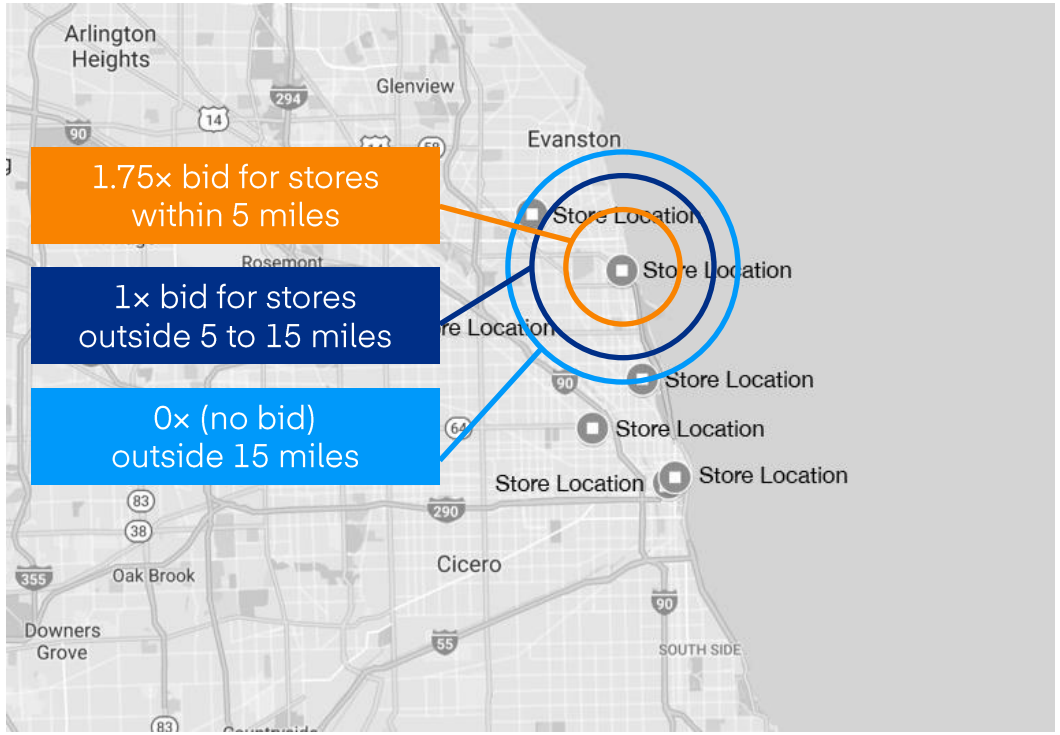
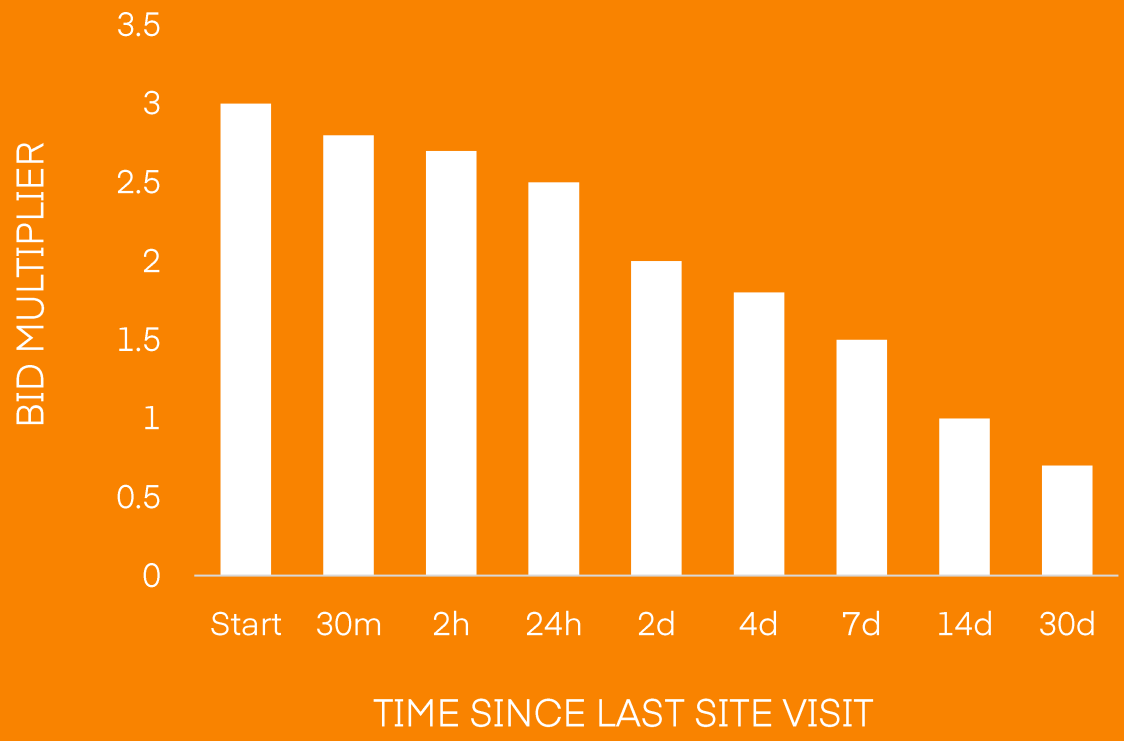
# The Trade Desk and agency reduced client's booking costs by half




EXPRESSIVENESS = 15,360 BID PERMUTATIONS

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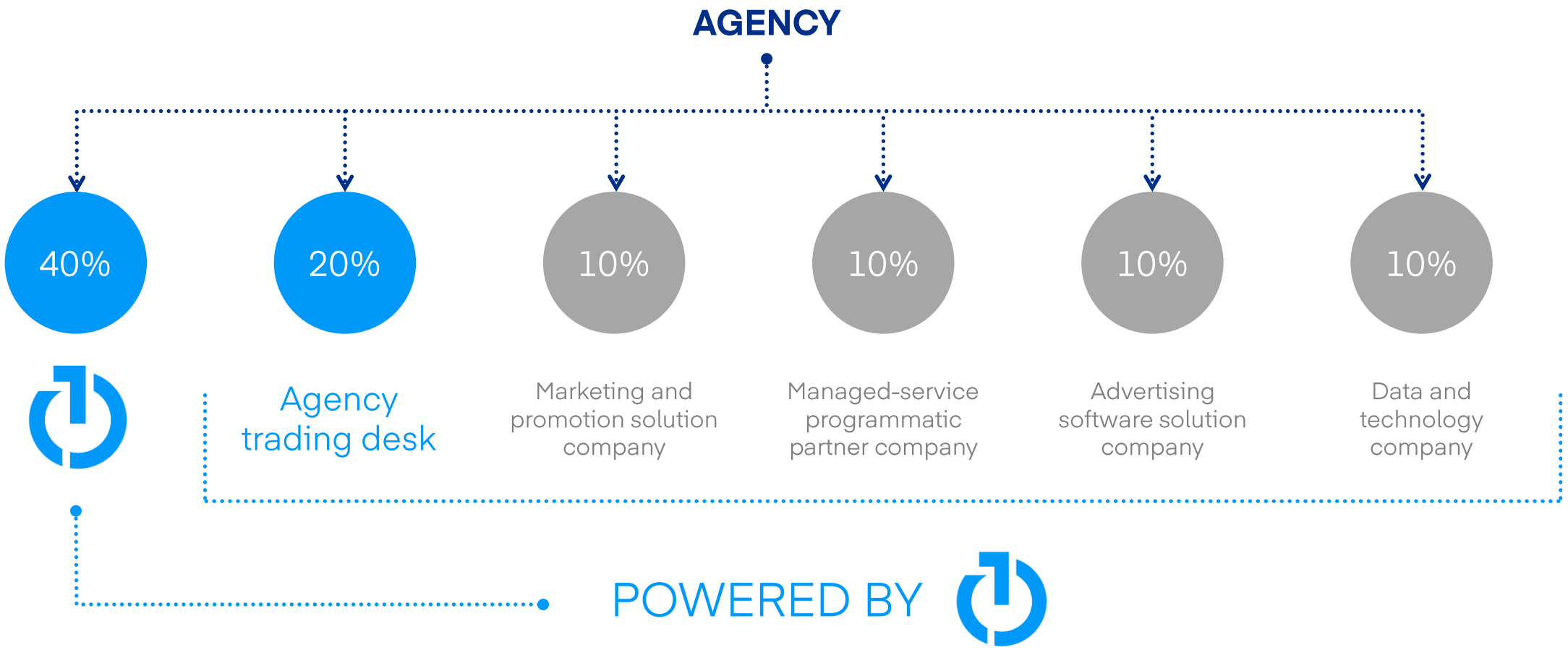
# Our platform approach wins more of the budget

An example media plan



# Unified ID 2.0

## The what and why...



We collaborate with industry organizations to operate Unified ID 2.0 (UID2) for the open internet.




We built an open-source technology to convert email address to anonymized IDs.



We dedicated internal resources to build the technology.




We believe the open internet must continue to thrive.



UID2 is non-proprietary and available to advertisers, publishers, DSPs, SSPs, single sign-ons (SSOs), customer data platforms (CDPs), CMPs, identity providers, and data and measurement providers that are in compliance with a code of conduct.

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IDENTITY MATTERS

# Because the future of identity matters

## A better foundation for identity

### IDENTIFY

Unified ID 2.0

**Represents an upgrade, not a cookie replacement.**

- Consistent identifier across devices and browsers
- Interoperable

SECURE AND PRIVACY-CONSCIOUS

TRANSPARENCY AND CONTROL

OPEN-SOURCE AND INTEROPERABLE

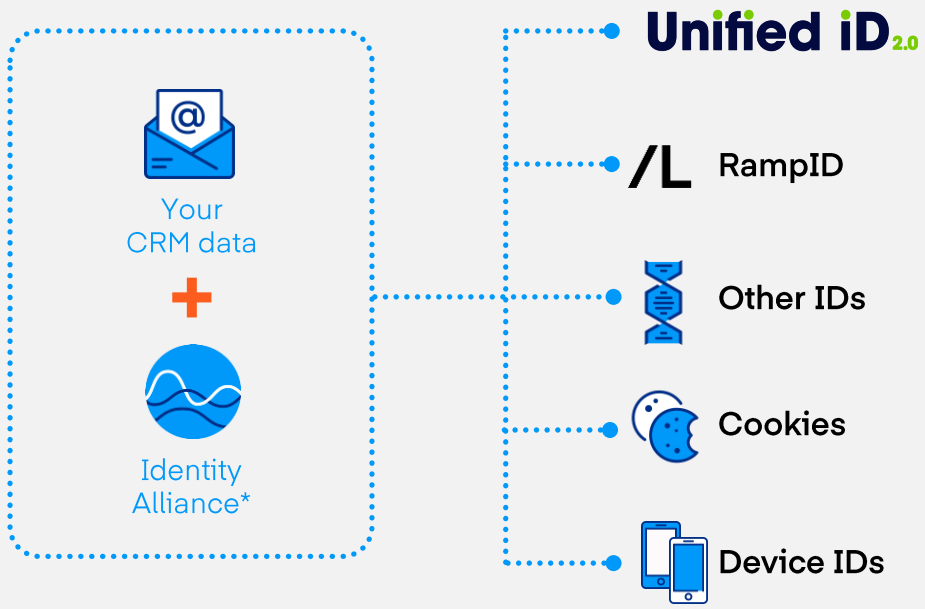
INDEPENDENT GOVERNANCE

/LiveRamp

Nielsen

Plus many more SSPs, publishers, data and measurement partners, DSPs/buyers.
*Our proprietary cross-device graph.

### ACTIVATE

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# SIGNIFICANT GROWTH DRIVERS



# 1 CONNECTED TV AND US

## THE CONVERGENCE OF THE INTERNET AND TELEVISION

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THE FUTURE OF TV IS
AD FUNDED
The cost of no ads is too great for most consumers.
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# Our story in Connected TV is resonating

You are missing out on a core audience if you're only buying broadcast TV.




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# OUR REACH IN CTV IS HUGE

**90M+**

HOUSEHOLDS

**120M+**

CTV DEVICES

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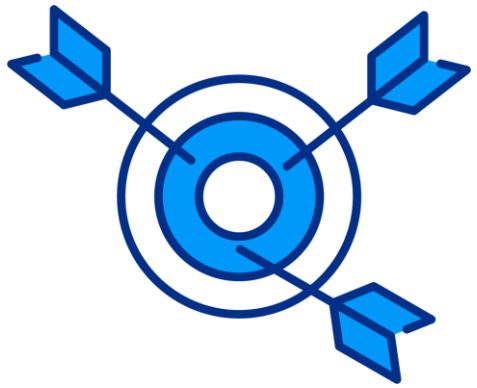
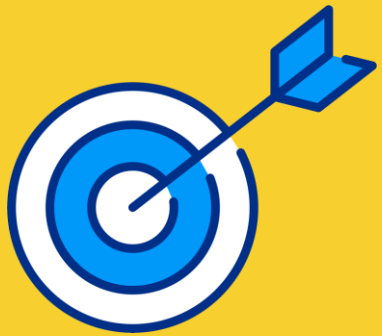
# Decisioning improves TV buying and increases CPMs for publishers

## TRADITIONAL TV BUYING
**$10 CPM**



Currently targeting broad metrics, i.e., designated market areas (DMAs), schedule, and dayparts.

## CONNECTED TV BUYING
**$20 CPM**



DSP targeting includes one-to-one targeting of valuable customers and their households in real time.

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# Connected TV measurement

Measure and analyze the impact of your Connected TV (CTV) campaigns to inform future strategies.

## KEY REPORTING METRICS INCLUDE:

- Reports across video screens (over-the-top, desktop, mobile)
- Attribution across devices
- Impressions delivered
- Reach and frequency
- Video completion rates
- Audience reporting
- Nielsen gross rating points (GRPs)/day-after recall (DAR)
- Sales lift driven by CTV

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# 2 GROWTH OUTSIDE NORTH AMERICA

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ABOUT TWO THIRDS OF GLOBAL
ADVERTISING SPEND IS OUTSIDE
OF NORTH AMERICA
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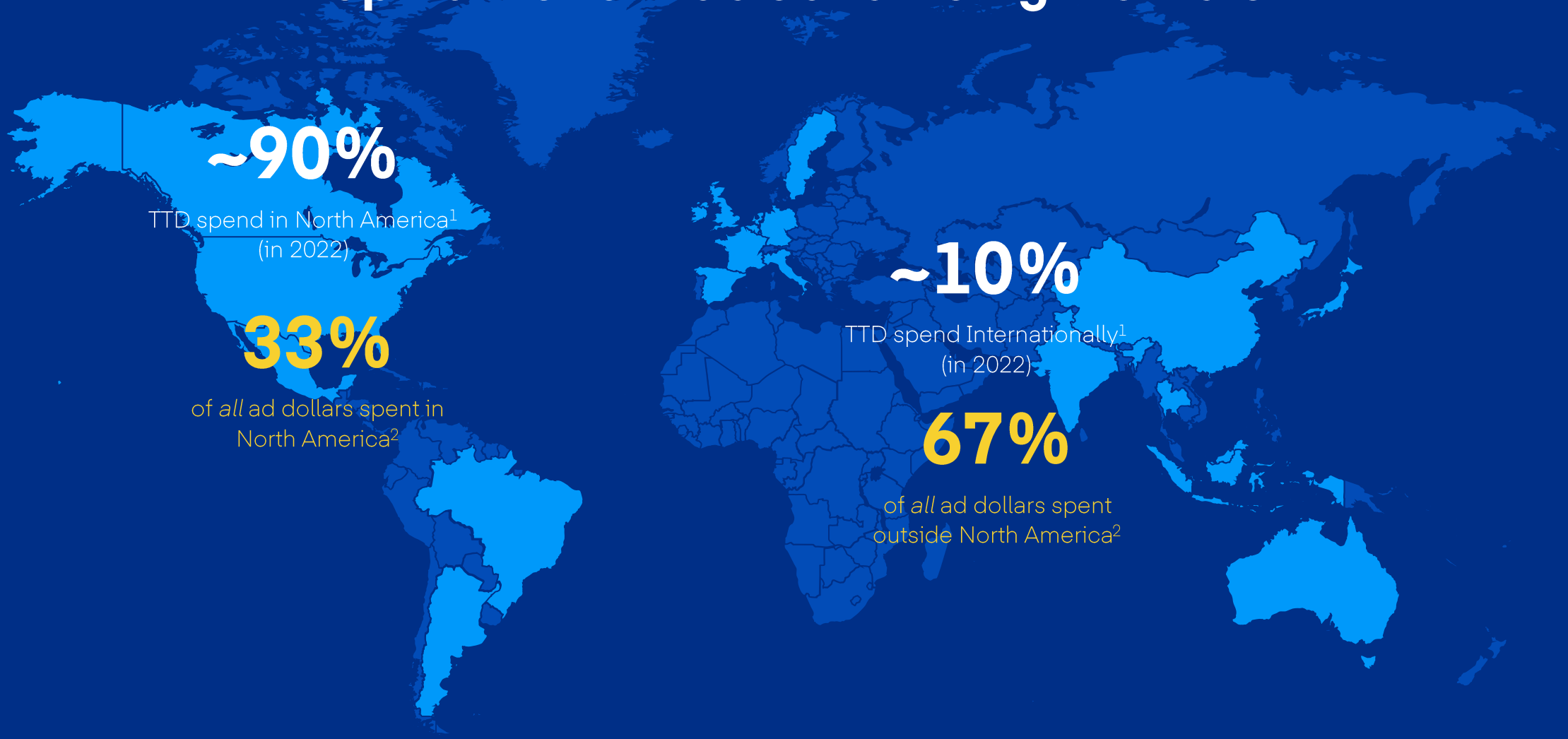
# Top 20 worldwide advertising markets



**~90%**

TTD spend in North America[1]
(in 2022)

**33%**

of *all* ad dollars spent in
North America[2]

**~10%**

TTD spend Internationally[1]
(in 2022)

**67%**

of *all* ad dollars spent
outside North America[2]

1 FY2022 percent of spend provided at The Trade Desk's conference call for the period ended December 31, 2022, and in SEC filings.
2 Source: IDC Global Advertising Spend.

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# 3 SHOPPER MARKETING

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# Activating retail data today

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Albertsons · DRIZLY · Kroger · meijer · TARGET · Walgreens · DOLLAR GENERAL · Carrefour · macy's

AUDIENCES | MEASUREMENT

Walmart DSP

Data from #1 retailer + Tech from #1 independent DSP

AUDIENCES | MEASUREMENT

- FAMILIAR TOOLS & WORKFLOWS
- HOLISTIC FREQUENCY CONTROL
- 1P DATA SHARING

# Retail data is the solution marketers have been waiting for

- Deterministic and future-proof
- Customer lifetime data
- Increase market share
- Manage frequency holistically



# Our focus for the future...

1. Connected TV
2. Shopper Marketing
3. Kokai
4. Global Expansion
5. UID2
6. Data marketplace
7. Supply Path Optimization

OBJECTIVE.
INDEPENDENT.
TRANSPARENT.



# HOW DO WE MANAGE OUR BUSINESS?

WE FOCUS ON:



Culture



Customer retention



Spend growth



Efficiency

# Strong financial model

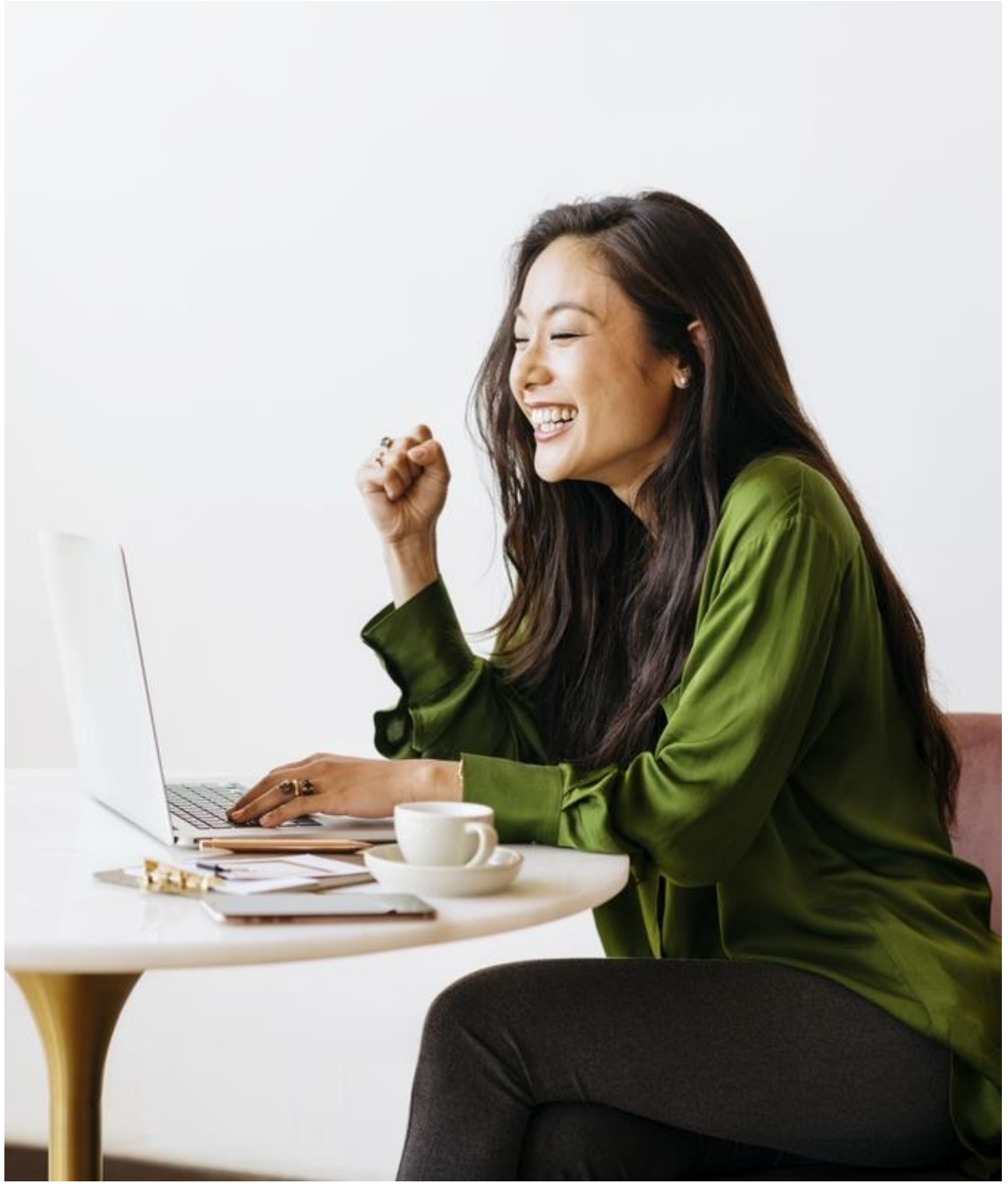
Exceptional **top-line growth**

**Joint Business Plan and MSA-based** model with **ongoing, established** customer relationships

**Self-serve** software model drives strong **operating leverage**

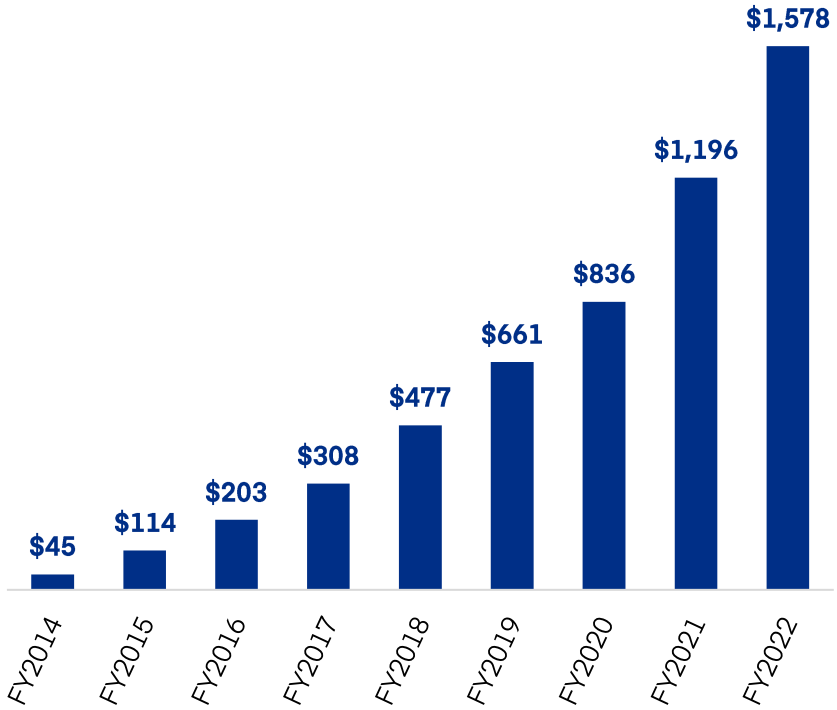
Proven **profitability**

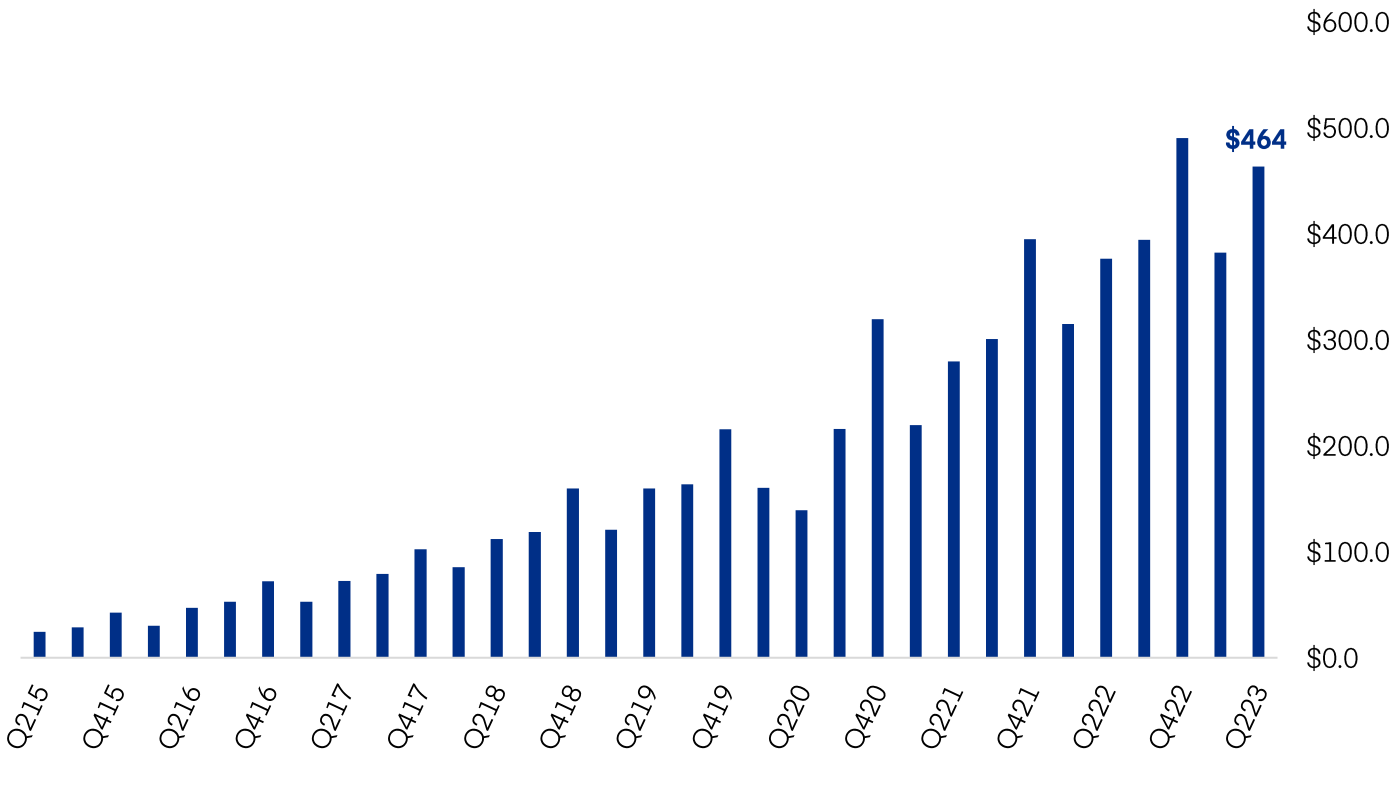
Significant **free-cash-flow**



# Robust revenue growth...

## REVENUE
## ($ IN MILLIONS)




Source: The Trade Desk SEC filings.

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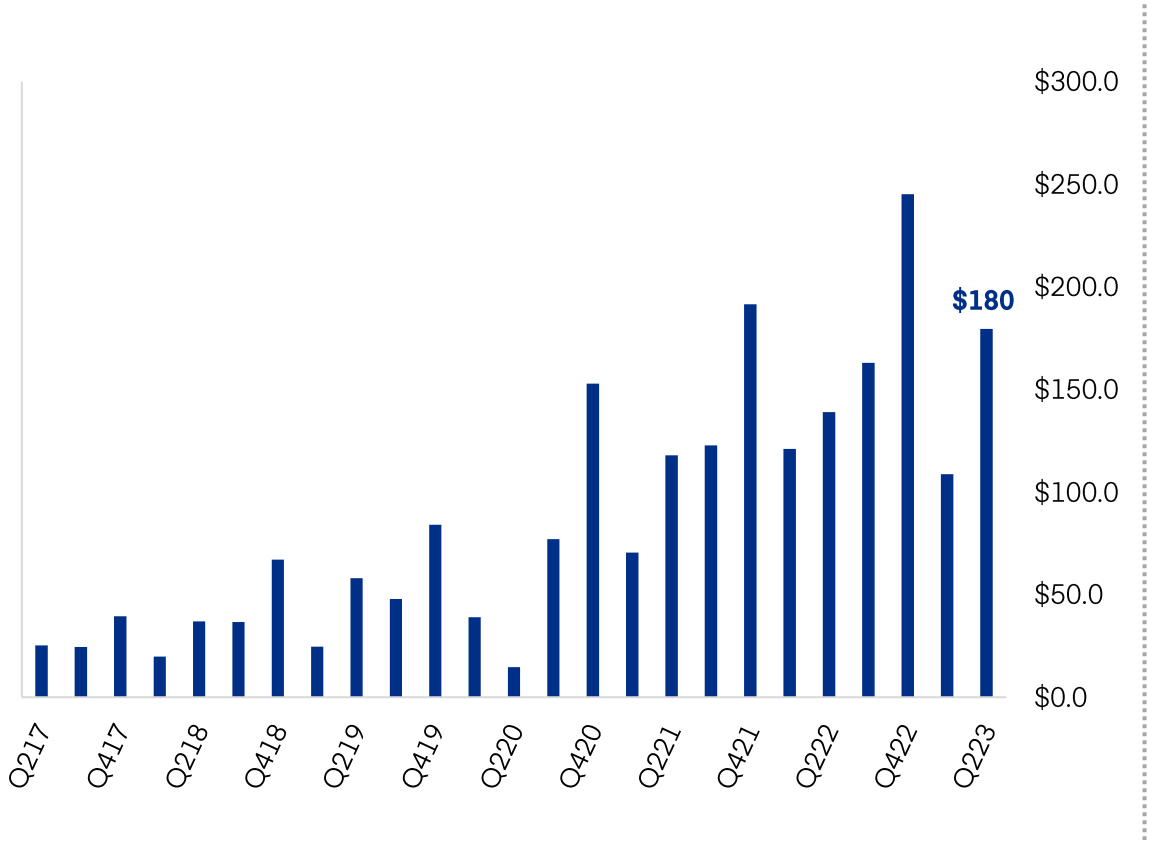
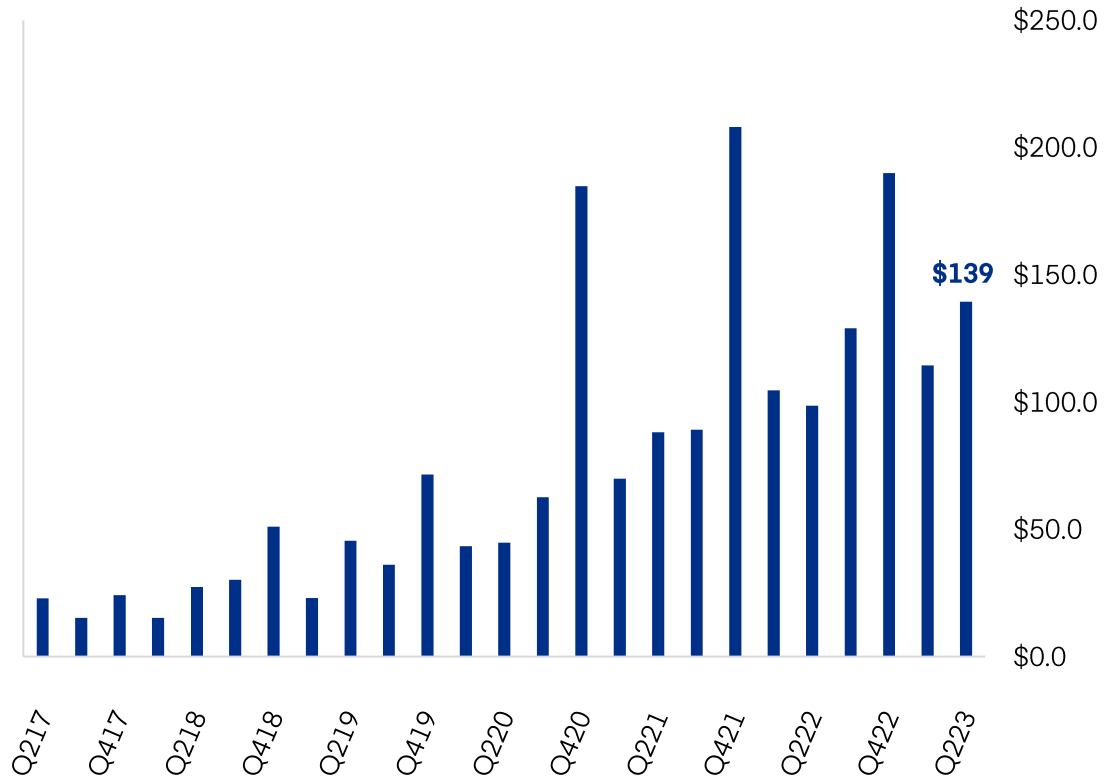
# ...with substantial profitability

## ADJ. EBITDA ($MILLIONS)




## NON-GAAP NET INCOME ($MILLIONS)




Source: Company filings. Adjusted EBITDA excludes depreciation and amortization expense, interest expense, income taxes, stock-based compensation, and preferred stock warrant liabilities. Reconciliations of GAAP to non-GAAP amounts for the periods presented herein are provided in schedules accompanying this presentation.

# Investment highlights

1. Q2 revenue grew 23% YOY, accelerating sequentially.
    - Significant outperformance vs ad-funded peers and high growth companies over the last 12 months.
2. In addition to high growth, strong EBITDA margins and free cash flow generation.
3. Total advertising TAM heading toward $1 trillion.
4. CTV is our largest and fastest growing channel and will be for the foreseeable future.
5. Still early in tapping into the large Retail Media opportunity.
    - Hundreds of millions in spend in 2022
6. Significant opportunity for international growth.
7. Objectivity is our greatest asset: we align our interests with the buy-side

**THE TRADE DESK IS AN INVESTMENT IN THE OPEN INTERNET.**

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# Q2 2023 GAAP Financial Information

**THE TRADE DESK, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Amounts in thousands, except per share amounts)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Revenue | $ 464,254 | $ 376,962 | $ 847,057 | $ 692,285 |
| Operating expenses [1]: | | | | |
| Platform operations | 86,654 | 67,490 | 171,521 | 131,380 |
| Sales and marketing | 111,489 | 89,420 | 208,711 | 160,108 |
| Technology and development | 98,308 | 83,483 | 192,018 | 155,482 |
| General and administrative | 126,130 | 134,826 | 256,442 | 260,625 |
| Total operating expenses | 422,581 | 375,219 | 828,692 | 707,595 |
| Income (loss) from operations | 41,673 | 1,743 | 18,365 | (15,310) |
| Total other income, net | (18,254) | (339) | (31,954) | (58) |
| Income (loss) before income taxes | 59,927 | 2,082 | 50,319 | (15,252) |
| Provision for income taxes | 26,988 | 21,155 | 8,054 | 18,419 |
| Net income (loss) | $ 32,939 | $ (19,073) | $ 42,265 | $ (33,671) |
| Earnings (loss) per share: | | | | |
| Basic | $ 0.07 | $ (0.04) | $ 0.09 | $ (0.07) |
| Diluted | $ 0.07 | $ (0.04) | $ 0.08 | $ (0.07) |
| Weighted-average shares outstanding: | | | | |
| Basic | 488,431 | 486,310 | 489,068 | 485,256 |
| Diluted | 499,349 | 486,310 | 499,570 | 485,256 |

[1] Includes stock-based compensation expense as follows:

**STOCK-BASED COMPENSATION EXPENSE**
**(Amounts in thousands)**
**(Unaudited)**

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Platform operations | $ 4,967 | $ 4,787 | $ 8,913 | $ 10,737 |
| Sales and marketing | 18,800 | 17,332 | 32,923 | 33,857 |
| Technology and development | 26,689 | 22,224 | 47,556 | 44,617 |
| General and administrative [1] | 66,627 | 80,870 | 141,161 | 160,897 |
| Total | $ 117,083 | $ 125,213 | $ 230,553 | $ 250,108 |

[1] Includes stock-based compensation expense related to a long-term CEO performance grant of $48 million and $66 million for the three months ended June 30, 2023 and 2022, respectively, as well as $108 million and $131 million for the six months ended June 30, 2023 and 2022, respectively.

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# Supplemental Non-GAAP Information

**Non-GAAP Financial Metrics**
(Amounts in thousands, except per share amounts)

The following tables show the Company's non-GAAP financial metrics reconciled to the comparable GAAP financial metrics included in this release.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Net income (loss) | $ 32,939 | $ (19,073) | $ 42,265 | $ (33,671) |
| Add back: | | | | |
| Depreciation and amortization expense | 20,066 | 12,274 | 39,359 | 24,624 |
| Stock-based compensation expense | 117,083 | 125,213 | 230,553 | 250,108 |
| Interest expense (income), net | (17,507) | (656) | (31,930) | 420 |
| Provision for income taxes | 26,988 | 21,155 | 8,054 | 18,419 |
| Adjusted EBITDA | $ 179,569 | $ 138,913 | $ 288,301 | $ 259,900 |

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| GAAP net income (loss) | $ 32,939 | $ (19,073) | $ 42,265 | $ (33,671) |
| Add back (deduct): | | | | |
| Stock-based compensation expense | 117,083 | 125,213 | 230,553 | 250,108 |
| Adjustment for income taxes | (10,525) | (7,500) | (18,824) | (13,135) |
| Non-GAAP net income | $ 139,497 | $ 98,640 | $ 253,994 | $ 203,302 |
| GAAP diluted earnings (loss) per share | $ 0.07 | $ (0.04) | $ 0.08 | $ (0.07) |
| GAAP weighted-average shares outstanding—diluted | 499,349 | 486,310 | 499,570 | 485,256 |
| Non-GAAP diluted earnings per share | $ 0.28 | $ 0.20 | $ 0.51 | $ 0.41 |
| Non-GAAP weighted-average shares used in computing Non-GAAP earnings per share, diluted [1] | 499,349 | 499,155 | 499,570 | 499,477 |

[1] Includes an additional 12.8 million and 14.2 million of dilutive securities for the three and six months ended June 30, 2022, respectively, which are not included in GAAP diluted weighted-average shares outstanding due to the Company's net loss position for the three and six months ended June 30, 2022.

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