

# Twitter revenue, earnings reportedly fell 40% shortly after Musk buyout

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Twitter's revenue and adjusted earnings reportedly fell about 40 percent year over year in December 2022 amid an advertiser exodus following Elon Musk's takeover.

Twitter no longer reports earnings publicly since Musk bought the company and took it private in late October. But Twitter reported the December 2022 revenue and earnings declines in an update to investors, according to "people familiar with the matter" cited in a Wall Street Journal report on Friday.

Many big companies cut advertising spending on Twitter shortly after Musk's acquisition, largely over concerns about content moderation. Twitter offered special deals to advertisers throughout December 2022, but it wasn't enough to prevent the 40 percent revenue and earnings declines.

Halfway through December, about 70 percent of Twitter's top 100 ad spenders from before the Musk buyout reportedly weren't advertising on the platform. Some advertisers have returned, in part thanks to deals offered for the Super Bowl in February, so revenue numbers in the early months of 2023 could

be better.

It's not clear what the exact revenue and earnings numbers were for either December 2021 or December 2022 because Twitter reported quarterly earnings when it was a public company. Its Q4 2021 revenue was \$1.57 billion and net income was \$182 million. Despite the Q4 2021 profit, Twitter reported a net loss of \$221 million for the full year of 2021.

"Twitter posted a net loss in eight out of the 10 years from 2012 to 2021 and hasn't booked an annual profit since 2019," the WSJ wrote. Twitter's last public earnings report before Musk bought the company was for Q2 2022. Twitter reported revenue of \$1.18 billion and a net loss of \$270 million in that quarter.

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## **Musk said he saved Twitter from bankruptcy**

A week after his buyout, Musk said that Twitter was losing over \$4 million a day. He cut costs by laying off half of Twitter's staff, terminating thousands of contractors, and issuing an ultimatum that caused many employees to resign. In early February, Musk said he had an "extremely tough" three months because he "had to save Twitter from bankruptcy... Twitter still has challenges, but is now trending to breakeven if we keep at it."

Musk used \$13 billion of debt to fund his takeover, which resulted in interest payments reportedly totaling \$1.5 billion a year. Twitter reportedly made the first interest payment of about \$300 million in January. "Some of Twitter's debt carries an annual interest rate of almost 15 percent," the WSJ article said.

Musk seems to have long-term plans to bring payment

functionality to Twitter and thus compete against services like PayPal, but for now it relies on advertising and subscriptions for revenue. His revamped Twitter Blue service hasn't attracted many paying subscribers, leaving Twitter far short of Musk's goal for "roughly half of our revenue to be subscription."

Another problem is how to keep Twitter running smoothly with a much smaller staff thanks to Musk's cost-cutting. That challenge seemed clear today when an API change apparently broke all links on Twitter for 45 minutes or so. Musk wrote that a "small API change had massive ramifications," while claiming that Twitter's "code stack is extremely brittle for no good reason" and will "need a complete rewrite."

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