



Twilio Announces Second Quarter 2025 Results

August 7, 2025

- **Revenue of \$1.23 billion, up 13% year-over-year on both a reported and organic basis**
- **GAAP Income from Operations of \$37 million, a \$56 million improvement year-over-year**
- **Non-GAAP Income from Operations of \$221 million, up 26% year-over-year**

SAN FRANCISCO--(BUSINESS WIRE)--Aug. 7, 2025-- Twilio (NYSE: TWLO), the customer engagement platform that drives real-time, personalized experiences for today's leading brands, reported financial results for its second quarter ended June 30, 2025.

"The company's focus and execution is paying off as Q2 marked another quarter of accelerated year-over-year revenue growth as well as record non-GAAP income from operations and free cash flow," said Khozema Shipchandler, CEO of Twilio. "During the quarter, Twilio showcased our latest innovations at our user conference, Signal, further cementing our place in the ecosystem as the infrastructure layer for customer experience. We continue to combine communications, data, and AI to power amazing experiences for the world's leading brands."

Second Quarter 2025 Financial Highlights

- Total revenue of \$1.23 billion, up 13% year-over-year. Communications revenue of \$1.15 billion, up 14% year-over-year. Segment revenue of \$75.5 million, flat year-over-year.
- Total organic revenue growth of 13% year-over-year. Communications organic revenue growth of 14% year-over-year.
- GAAP income from operations of \$37.0 million, compared with GAAP loss from operations of \$19.0 million for the second quarter of 2024.
- Non-GAAP income from operations of \$220.5 million, compared with non-GAAP income from operations of \$175.3 million for the second quarter of 2024.
- GAAP net income per share attributable to common stockholders, diluted, of \$0.14 based on 159.7 million weighted average shares outstanding, compared with GAAP net loss per share attributable to common stockholders, diluted, of \$0.19 based on 170.2 million weighted average shares outstanding in the second quarter of 2024.
- Non-GAAP net income per share attributable to common stockholders, diluted, of \$1.19 based on 159.7 million non-GAAP weighted average shares outstanding, compared with non-GAAP net income per share attributable to common stockholders, diluted, of \$0.87 based on 172.1 million non-GAAP weighted average shares outstanding in the second quarter of 2024.
- Net cash provided by operating activities of \$277.1 million and free cash flow of \$263.5 million, compared with net cash provided by operating activities of \$213.3 million and free cash flow of \$197.6 million for the second quarter of 2024.

Key Metrics

- More than 349,000 Active Customer Accounts as of June 30, 2025 compared to more than 316,000 Active Customer Accounts as of June 30, 2024.
- Dollar-Based Net Expansion Rate of 108% for the second quarter of 2025 compared to Dollar-Based Net Expansion Rate of 102% for the second quarter of 2024.
- 5,466 employees as of June 30, 2025.

Dollars in millions, except per share amounts

Revenue

Y/Y Revenue Growth

Y/Y Organic Revenue Growth

**Q2 2025
Results**

\$1,228

13%

13%

	Amount	Margin
GAAP income from operations	\$37	3.0%
Non-GAAP income from operations	\$221	18.0%
Net cash provided by operating activities	\$277	23%
Free cash flow	\$263	21%
GAAP net income attributable to common stockholders	\$22	
Non-GAAP net income attributable to common stockholders	\$189	
GAAP net income per share attributable to common stockholders, diluted	\$0.14	
Non-GAAP net income per share attributable to common stockholders, diluted	\$1.19	

Share Repurchase Program

In January 2025, Twilio's Board of Directors authorized a share repurchase program pursuant to which Twilio may repurchase up to \$2.0 billion in

aggregate value of its outstanding Class A common stock. The program is set to expire on December 31, 2027. During the second quarter of 2025, Twilio repurchased \$176.7 million in aggregate value of shares of Class A common stock.

Outlook

Twilio is initiating guidance for the third quarter ending September 30, 2025. For fiscal year 2025, Twilio is raising its organic revenue target to 9% - 10% year-over-year, compared with 7.5% - 8.5% previously, and initiating a reported revenue target of 10% - 11% year-over-year. In addition, Twilio is reiterating its 2025 non-GAAP income from operations target of \$850 - \$875 million, and raising its 2025 free cash flow target to \$875 - \$900 million, compared to \$850 - \$875 million previously.

<i>Dollars and shares in millions, except per share amounts</i>	Q3 2025 Guidance
Revenue	\$1,245 - \$1,255
Y/Y Revenue Growth	10% - 11%
Y/Y Organic Revenue Growth	8% - 9%
Non-GAAP income from operations	\$205 - \$215
Non-GAAP diluted earnings per share ⁽¹⁾	\$1.01 - \$1.06
Non-GAAP weighted average diluted shares outstanding	161

(1) Non-GAAP diluted earnings per share guidance assumes no impact from volatility of foreign exchange rates.

<i>Dollars in millions</i>	FY25 Guidance
Y/Y Revenue Growth	10% - 11%
Y/Y Organic Revenue Growth	9% - 10%
Non-GAAP income from operations	\$850 - \$875
Free cash flow	\$875 - \$900

Conference Call Information

Twilio is hosting a Q&A conference call today, August 7, 2025, to discuss its second quarter financial results. The conference call will begin at 2:00 p.m. (PT) / 5:00 p.m. (ET), and investors and analysts should register for the webcast in advance by visiting <https://edge.media-server.com/mmc/p/ozym4adz>. The live webcast of the conference call, as well as a replay, and Twilio's supplemental earnings presentation, will be available on the investor relations website.

Twilio uses its investor relations website and its X (formerly Twitter) feed (@twilio), as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

About Twilio Inc.

Today's leading companies trust Twilio's Customer Engagement Platform (CEP) to build direct, personalized relationships with their customers everywhere in the world. Twilio enables companies to use communications and data to add intelligence and security to every step of the customer journey, from sales to marketing to growth, customer service and many more engagement use cases in a flexible, programmatic way. Across 180 countries and territories, millions of developers and hundreds of thousands of businesses use Twilio to create magical experiences for their customers. For more information about Twilio (NYSE: TWLO) visit www.twilio.com.

Forward-Looking Statements

This press release and the accompanying conference call contain forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may," "can," "will," "would," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "forecasts," "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this press release and the accompanying conference call include, but are not limited to, statements about: our future financial and operating performance, including our expected financial and operating results, guidance and targets, including the assumptions underlying such guidance and targets; our anticipated strategies and business plans and our ability to successfully execute them; our ability to drive growth, profitability, free cash flow and stockholder returns and increase our market share; the timing of future investments or expenses; our expectations regarding carrier fees and the impact of such fees on our financial and operating results; our expectations regarding our gross margin, price and cost actions, product mix and growth in higher-margin products; our expectations regarding capital returns to shareholders, including share repurchases; our expectations regarding our relationships with ISVs, partners and resellers; our expectations regarding our self-service, cross-sell and upsell efforts; our ability to expand into new and existing markets, including international markets; the development, release and adoption of our products (and the timing thereof), including related to AI and machine learning; the effects of our go-to-market efforts to drive profitable growth and capture market share; our strategy for streamlining and adding value to the customer experience; our ability to deliver on our product roadmap and our focus on innovation; our expectations regarding disclosure of results by business unit; and our expectations regarding the macroeconomic environment and the impact of global economic, political and industry conditions on our business, customers and partners. You should not rely upon forward-looking statements as predictions of future events.

The outcome of the events described in these forward-looking statements is subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to differ materially from those described in the forward-looking statements, including, among other things: our ability to attract and retain customers and expand their usage of our platform; our ability to realize the anticipated benefits of changes to our operating model and organizational structure; our ability to successfully implement our cost-saving initiatives and to capture expected efficiencies; our ability to form and expand partnerships; our ability to successfully enter into new markets and manage our international expansion; the impact of macroeconomic and political conditions and market volatility; our ability to compete effectively in intensely competitive markets; our financial performance, including expectations regarding our results of operations and the assumptions underlying such expectations, and ability to achieve and sustain profitability; our ability to manage changes in network service provider fees and optimize our network service provider coverage and connectivity; and our ability to comply with modified or new industry standards, laws and regulations applying to our business, and increased costs associated with regulatory compliance.

The forward-looking statements contained in this press release and the accompanying conference call are also subject to additional risks,

uncertainties, and factors, including those more fully described in our most recent filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Should any of these risks materialize, or should our assumptions prove to be incorrect, actual financial results could differ materially from our projections or those implied by these forward-looking statements. Moreover, we operate in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could have an impact on the forward-looking statements contained in this press release and the accompanying conference call.

All forward-looking statements contained in this press release and the accompanying conference call represent our management's beliefs and assumptions only as of the date such statements are made and we do not assume any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date on which the statements were made, or to reflect new information or the occurrence of unanticipated events, except as required by law.

Non-GAAP Financial Measures

In addition to financial information presented in accordance with U.S. generally accepted accounting principles ("GAAP"), this press release and the accompanying conference call include certain non-GAAP financial measures, including those listed below. We use these non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures may be helpful to investors because they provide consistency and comparability with past financial performance, facilitate period-to-period comparisons of results of operations and assist in comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. We believe organic revenue and organic revenue growth (on a consolidated basis and for our Communications segment) are useful in understanding the ongoing results of our operations on a consolidated basis and for our Communications segment. We believe free cash flow and free cash flow margin provide useful supplemental information to help investors understand underlying trends in our business and our liquidity.

These non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered substitutes for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measures is included at the end of this press release. We have not provided the forward-looking GAAP equivalents for certain forward-looking non-GAAP measures presented in this press release and the accompanying conference call, or a GAAP reconciliation, as a result of the uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation expense. Accordingly, a reconciliation of these non-GAAP guidance metrics to their corresponding forward-looking GAAP equivalents is not available without unreasonable effort. However, it is important to note that material changes to reconciling items could have a significant effect on future GAAP results.

Non-GAAP Gross Profit and Non-GAAP Gross Margin. For the periods presented, we define non-GAAP gross profit and non-GAAP gross margin as GAAP gross profit and GAAP gross margin, respectively, adjusted to exclude stock-based compensation, amortization of acquired intangibles and payroll taxes related to stock-based compensation.

Non-GAAP Operating Expenses. For the periods presented, we define non-GAAP operating expenses (including categories of operating expenses) as GAAP operating expenses (and categories of operating expenses) adjusted to exclude, as applicable, stock-based compensation, amortization of acquired intangibles, loss on net assets divested, acquisition and divestiture related expenses, payroll taxes related to stock-based compensation, charitable contributions, restructuring costs, and impairment of long-lived assets.

Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin. For the periods presented, we define non-GAAP income (loss) from operations and non-GAAP operating margin as GAAP income (loss) from operations and GAAP operating margin, respectively, adjusted to exclude, as applicable, stock-based compensation, amortization of acquired intangibles, loss on net assets divested, acquisition and divestiture related expenses, payroll taxes related to stock-based compensation, charitable contributions, restructuring costs, and impairment of long-lived assets.

Non-GAAP Net Income Attributable to Common Stockholders and Non-GAAP Net Income Per Share Attributable to Common Stockholders. For the periods presented, we define non-GAAP net income attributable to common stockholders and non-GAAP net income per share attributable to common stockholders, diluted (which we refer to as "non-GAAP diluted earnings per share") as GAAP net income (loss) attributable to common stockholders and GAAP net income (loss) per share attributable to common stockholders, diluted, respectively, adjusted to exclude, as applicable, stock-based compensation, amortization of acquired intangibles, loss on net assets divested, acquisition and divestiture related expenses, payroll taxes related to stock-based compensation, accretion of debt discount and issuance costs, provision of income tax effects related to non-GAAP adjustments, income tax benefit related to acquisitions, charitable contributions, share of losses from equity method investment, restructuring costs, impairment of long-lived assets and gains on or impairment of strategic investments.

Organic Revenue. For the periods presented, we define organic revenue as GAAP revenue, excluding (i) revenue from each acquired business and revenue from incremental increases to application-to-person ("A2P") fees imposed by major U.S. carriers on our core messaging business, in each case until the beginning of the first full quarter following the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (ii) revenue from each divested business beginning in the quarter of the closing date of such divestiture; provided that (a) if an acquisition closes or such fees are initially charged on the first day of a quarter, such revenue will be included in organic revenue beginning on the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (b) if a divestiture closes on the last day of a quarter, such revenue will be included in organic revenue for that quarter. As used in this definition, A2P fees refers to fees imposed by U.S. mobile carriers for A2P messages delivered to their subscribers, and we pass these fees to our messaging customers at cost. Communications organic revenue is calculated using the same methodology, but using (and excluding, as applicable) only revenue attributable to the Communications segment.

Organic Revenue Growth. For the periods presented, we calculate organic revenue growth by dividing (i) organic revenue for the period presented less organic revenue in the comparative period by (ii) organic revenue in the comparative period. If revenue from certain acquisitions, divestitures or A2P fees is included or excluded in organic revenue in the period presented, then revenue from the same acquisitions, divestitures and A2P fees is included or excluded in organic revenue in the comparative period for purposes of the organic revenue growth calculation. As a result, organic revenue used in this calculation for the comparative period will not always equal organic revenue reported for the comparative period. Communications organic revenue growth is calculated using the same methodology, but using (and excluding, as applicable) only revenue attributable to the Communications segment.

Free Cash Flow and Free Cash Flow Margin. For the periods presented, we define free cash flow as net cash provided by operating activities, excluding capitalized software development costs and purchases of long-lived and intangible assets, and we define free cash flow margin as free cash flow divided by revenue.

Operating Metrics

We review a number of operational and financial metrics, including Active Customer Accounts and Dollar-Based Net Expansion Rate, to evaluate our

business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These metrics are not based on any standardized industry methodology and are not necessarily calculated in the same manner or comparable to similarly titled measures presented by other companies. Similarly, these metrics may differ from estimates published by third parties or from similarly titled metrics of our competitors due to differences in methodology. The numbers that we use to calculate Active Customer Accounts and Dollar-Based Net Expansion Rate are based on internal data. While these numbers are based on what we believe to be reasonable judgments and estimates for the applicable period of measurement, there are inherent challenges in measuring usage. We regularly review and may adjust our processes for calculating our internal metrics to improve their accuracy. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be harmed.

Active Customer Accounts. We define an Active Customer Account at the end of any period as an individual account, as identified by a unique account identifier, for which we have recognized at least \$5 of revenue in the last month of the period. A single organization may constitute multiple unique Active Customer Accounts if it has multiple account identifiers, each of which is treated as a separate Active Customer Account. Active Customer Accounts excludes customer accounts from Zipwhip, Inc. (“Zipwhip”). Communications Active Customer Accounts and Segment Active Customer Accounts are calculated using the same methodology, but using only revenue recognized from accounts in the respective segment. The number of consolidated and Communications Active Customer Accounts is rounded down to the nearest thousand. The number of Segment Active Customer Accounts is rounded down to the nearest hundred.

Our business and customer relationships have grown since we began reporting the number of Active Customer Accounts using the above definition, which is anchored to a minimum \$5 monthly revenue figure. We have a large number of Active Customer Accounts with relatively low individual spend that in the aggregate do not drive a significant portion of our revenue. Due to this dynamic, we believe that the number of Active Customer Accounts, as currently defined, is less informative now as an indicator of the growth of our business and future revenue trends than it has been in prior periods.

Dollar-Based Net Expansion Rate. Our Dollar-Based Net Expansion Rate compares the total revenue from all Active Customer Accounts and customer accounts from Zipwhip in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, we first identify the cohort of Active Customer Accounts and customer accounts from Zipwhip that were Active Customer Accounts or customer accounts from Zipwhip in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When we calculate Dollar-Based Net Expansion Rate for periods longer than one quarter, we use the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period. Revenue from acquisitions does not impact the Dollar-Based Net Expansion Rate calculation until the quarter following the one-year anniversary of the applicable acquisition, unless the acquisition closing date is the first day of a quarter. Revenue from divestitures does not impact the Dollar-Based Net Expansion Rate calculation beginning in the quarter the divestiture closed, unless the divestiture closing date is the last day of a quarter. Communications Dollar-Based Net Expansion Rate and Segment Dollar-Based Net Expansion Rate are calculated using the same methodology, but using only revenue attributable to the respective segment and Active Customer Accounts and customer accounts from Zipwhip for that respective segment.

We believe that measuring Dollar-Based Net Expansion Rate, on an aggregate basis and at the segment level, provides an important indication of the performance of our efforts to increase revenue from existing customers. Our ability to drive growth and generate incremental revenue depends, in part, on our ability to maintain and grow our relationships with existing Active Customer Accounts and to increase their use of the platform. An important way in which we have historically tracked performance in this area is by measuring the Dollar-Based Net Expansion Rate for Active Customer Accounts. Our Dollar-Based Net Expansion Rate increases when such Active Customer Accounts increase their usage of a product, extend their usage of a product to new applications or adopt a new product. Our Dollar-Based Net Expansion Rate decreases when such Active Customer Accounts cease or reduce their usage of a product or when we lower usage prices on a product. As our customers grow their businesses and extend the use of our platform, they sometimes create multiple customer accounts with us for operational or other reasons. As such, when we identify a significant customer organization (defined as a single customer organization generating more than 1% of revenue in a quarterly reporting period) that has created a new Active Customer Account, this new Active Customer Account is tied to, and revenue from this new Active Customer Account is included with, the original Active Customer Account for the purposes of calculating this metric.

Source: Twilio Inc.

TWILIO INC.

Condensed Consolidated Statements of Operations

(In thousands, except share and per share amounts)

(Unaudited)

	Three Months Ended June 30,	
	2025	2024
Revenue	\$ 1,228,425	\$ 1,082,502
Cost of revenue	625,685	526,657
Gross profit	602,740	555,845
Operating expenses:		
Research and development	243,495	242,785
Sales and marketing	220,724	217,825
General and administrative	101,532	114,272
Total operating expenses	565,751	574,882
Income (loss) from operations	36,989	(19,037)
Other expenses, net:		
Share of losses from equity method investment	(25,222)	(23,940)
Other income, net	21,825	16,734
Total other expenses, net	(3,397)	(7,206)
Income (loss) before provision for income taxes	33,592	(26,243)
Provision for income taxes	(11,169)	(5,615)
Net income (loss) attributable to common stockholders	\$ 22,423	\$ (31,858)
Net income (loss) per share attributable to common stockholders:		

Basic	\$	0.15	\$	(0.19)
Diluted	\$	0.14	\$	(0.19)

Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:

Basic	153,228,766	170,222,104
Diluted	159,691,758	170,222,104

TWILIO INC.
Condensed Consolidated Balance Sheets

(In thousands)
(Unaudited)

	<u>As of June 30,</u>		<u>As of December 31,</u>	
	<u>2025</u>		<u>2024</u>	
ASSETS				
Current assets:				
Cash and cash equivalents	\$	969,229	\$	421,297
Short-term marketable securities		1,573,371		1,963,102
Accounts receivable, net		587,966		588,540
Prepaid expenses and other current assets		401,071		474,360
Total current assets		3,531,637		3,447,299
Property and equipment, net		177,957		191,042
Operating right-of-use assets		53,174		53,405
Equity method investment		439,011		485,835
Intangible assets, net		184,260		238,503
Goodwill		5,243,266		5,243,266
Other long-term assets		218,987		206,122
Total assets	\$	9,848,292	\$	9,865,472
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	\$	76,181	\$	100,169
Accrued expenses and other current liabilities		461,527		530,686
Deferred revenue and customer deposits		148,009		155,680
Operating lease liability, current		34,342		33,685
Total current liabilities		720,059		820,220
Operating lease liability, noncurrent		76,819		85,875
Long-term debt, net		991,429		990,587
Other long-term liabilities		16,063		15,824
Total liabilities		1,804,370		1,912,506
Commitments and contingencies				
Stockholders' equity:				
Preferred stock		—		—
Common stock		154		153
Additional paid-in capital		15,805,141		15,476,124
Accumulated other comprehensive income (loss)		24,716		(1,301)
Accumulated deficit		(7,786,089)		(7,522,010)
Total stockholders' equity		8,043,922		7,952,966
Total liabilities and stockholders' equity	\$	9,848,292	\$	9,865,472

TWILIO INC.
Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

	<u>Six Months Ended</u>			
	<u>June 30,</u>			
	<u>2025</u>		<u>2024</u>	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	\$	42,440	\$	(87,207)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization		99,403		105,383
Non-cash reduction to the right-of-use asset		10,516		10,064

Net amortization of investment premium and discount	(8,182)	(12,572)
Stock-based compensation including restructuring	288,524	306,263
Amortization of deferred commissions	38,387	37,788
Provision for doubtful accounts	3,686	14,365
Share of losses from equity method investment	44,693	53,515
Other adjustments	8,500	8,591
Changes in operating assets and liabilities:		
Accounts receivable	(3,112)	11,094
Prepaid expenses and other current assets	84,662	19,752
Other long-term assets	(51,420)	2,396
Accounts payable	(24,323)	(59,027)
Accrued expenses and other current liabilities	(40,086)	23,655
Deferred revenue and customer deposits	(7,671)	(5,755)
Operating lease liabilities	(18,693)	(24,177)
Other long-term liabilities	802	(662)
Net cash provided by operating activities	468,126	403,466
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities and other investments	(408,836)	(589,995)
Proceeds from sales and maturities of marketable securities	818,034	1,592,970
Capitalized software development costs	(24,152)	(25,835)
Purchases of long-lived and intangible assets	(2,167)	(2,756)
Net cash provided by investing activities	382,879	974,384
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on finance leases	(4,228)	(7,060)
Value of equity awards withheld for tax liabilities	(138)	(1,963)
Repurchases of shares of Class A common stock and related costs	(323,249)	(1,273,699)
Proceeds from exercises of stock options and shares of Class A common stock issued under ESPP	25,907	21,700
Net cash used in financing activities	(301,708)	(1,261,022)
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	549,297	116,828
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	431,437	655,931
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period	\$ 980,734	\$ 772,759

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Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

(In thousands, except shares, per share amounts and percentages)

(Unaudited)

	Three Months Ended June 30,	
	2025	2024
GAAP gross profit	\$ 602,740	\$ 555,845
GAAP gross margin	49.1%	51.3%
Non-GAAP adjustments:		
Stock-based compensation	4,087	5,503
Amortization of acquired intangibles	15,594	15,682
Payroll taxes related to stock-based compensation	481	283
Non-GAAP gross profit	\$ 622,902	\$ 577,313
Non-GAAP gross margin	50.7%	53.3%
GAAP research and development	\$ 243,495	\$ 242,785
Non-GAAP adjustments:		
Stock-based compensation	(80,590)	(80,790)
Amortization of acquired intangibles	—	(747)
Restructuring costs	6	867
Payroll taxes related to stock-based compensation	(2,530)	(2,130)
Non-GAAP research and development	\$ 160,381	\$ 159,985
Non-GAAP research and development as % of revenue	13.1%	14.8%
GAAP sales and marketing	\$ 220,724	\$ 217,825
Non-GAAP adjustments:		
Stock-based compensation	(34,413)	(33,449)
Amortization of acquired intangibles	(11,411)	(11,755)
Restructuring costs	22	(269)
Payroll taxes related to stock-based compensation	(952)	(674)

Non-GAAP sales and marketing	\$ 173,970	\$ 171,678
Non-GAAP sales and marketing as % of revenue	14.2%	15.9%
GAAP general and administrative	\$ 101,532	\$ 114,272
Non-GAAP adjustments:		
Stock-based compensation	(30,161)	(27,915)
Restructuring costs	(168)	(288)
Payroll taxes related to stock-based compensation	(958)	(423)
Charitable contributions	(2,237)	(15,315)
Non-GAAP general and administrative	<u>\$ 68,008</u>	<u>\$ 70,331</u>
Non-GAAP general and administrative as % of revenue	5.5%	6.5%

TWILIO INC.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

(In thousands, except shares, per share amounts and percentages)

(Unaudited)

	Three Months Ended June 30,	
	2025	2024
GAAP income (loss) from operations	\$ 36,989	\$ (19,037)
GAAP operating margin	3.0%	(1.8)%
Non-GAAP adjustments:		
Stock-based compensation	149,251	147,657
Amortization of acquired intangibles	27,005	28,184
Payroll taxes related to stock-based compensation	4,921	3,510
Charitable contributions	2,237	15,315
Restructuring costs	140	(310)
Non-GAAP income from operations	<u>\$ 220,543</u>	<u>\$ 175,319</u>
Non-GAAP operating margin	18.0%	16.2%
GAAP net income (loss) attributable to common stockholders	\$ 22,423	\$ (31,858)
GAAP net income (loss) attributable to common stockholders as % of revenue	1.8%	(2.9)%
Non-GAAP adjustments:		
Stock-based compensation	149,251	147,657
Amortization of acquired intangibles	27,005	28,184
Payroll taxes related to stock-based compensation	4,921	3,510
Accretion of debt discount and issuance costs	423	407
Provision of income tax effects related to non-GAAP adjustments	(42,245)	(36,726)
Charitable contributions	2,237	15,315
Share of losses from equity method investment	25,222	23,940
Restructuring costs	140	(310)
Non-GAAP net income attributable to common stockholders	<u>\$ 189,377</u>	<u>\$ 150,119</u>
Non-GAAP net income attributable to common stockholders as % of revenue	15.4%	13.9%

TWILIO INC.

Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures

(In thousands, except shares, per share amounts and percentages)

(Unaudited)

	Three Months Ended June 30,	
	2025	2024
GAAP net income (loss) per share attributable to common stockholders, diluted*	\$ 0.14	\$ (0.19)
Non-GAAP adjustments:		
Stock-based compensation	0.93	0.86
Amortization of acquired intangibles	0.17	0.16
Payroll taxes related to stock-based compensation	0.03	0.02
Accretion of debt discount and issuance costs	—	—
Provision of income tax effects related to non-GAAP adjustments	(0.26)	(0.21)
Charitable contributions	0.01	0.09
Share of losses from equity method investment	0.16	0.14
Restructuring costs	—	—
Non-GAAP net income per share attributable to common stockholders, diluted	<u>\$ 1.19</u>	<u>\$ 0.87</u>

Weighted-average shares used to compute net income per share attributable to common stockholders, diluted

159,691,758

172,065,764

* Some columns may not add due to rounding

TWILIO INC.

Reconciliation to Non-GAAP Financial Measures

(In thousands, except percentages)

(Unaudited)

	Three Months Ended June 30, 2025
Organic Revenue	
GAAP Revenue	\$ 1,228,425
A2P Revenue	(6,161)
Organic Revenue	\$ 1,222,264
GAAP Revenue Y/Y Growth	13%
Organic Revenue Y/Y Growth	13%¹

¹ Organic revenue for the three months ended June 30, 2024, when used as the denominator for Organic Revenue Growth for the three months ended June 30, 2025, is equal to reported revenue. Revenue for the three months ended June 30, 2024 was \$1.08 billion.

	Three Months Ended June 30, 2025
Communications Organic Revenue	
GAAP Communications Revenue	\$ 1,152,955
A2P Revenue	(6,161)
Communications Organic Revenue	\$ 1,146,794
GAAP Communications Revenue Y/Y Growth	14%
Communications Organic Revenue Y/Y Growth	14%¹

¹ Communications organic revenue for the three months ended June 30, 2024, when used as the denominator for Communications Organic Revenue Growth for the three months ended June 30, 2025, is equal to reported revenue. Communications revenue for the three months ended June 30, 2024 was \$1.01 billion.

	Three Months Ended June 30,	
	2025	2024
Free cash flow		
Net cash provided by operating activities	\$ 277,084	\$ 213,343
Operating cash flow margin	23%	20%
Non-GAAP adjustments:		
Capitalized software development costs	(12,588)	(14,681)
Purchase of long-lived and intangible assets	(1,004)	(1,085)
Free cash flow	\$ 263,492	\$ 197,577
Free cash flow margin	21%	18%
Net cash provided by investing activities	\$ 402,019	\$ 784,614
Net cash used in financing activities	\$ (175,914)	\$ (897,793)

TWILIO INC.

Operating Results by Segment

(In thousands)

(Unaudited)

	Three Months Ended June 30, 2025		
	Communications	Segment	Total
Revenue	\$ 1,152,955	\$ 75,470	\$ 1,228,425
Cost of revenue attributable to segments	586,146	19,377	605,523
Operating expenses attributable to segments	286,196	50,084	336,280
Segment non-GAAP income from operations	\$ 280,613	\$ 6,009	\$ 286,622

Reconciliation of total segment non-GAAP income from operations to income from operations:

Total segment non-GAAP income from operations	\$	286,622
Corporate costs not allocated to segments		(66,079)
Stock-based compensation		(149,251)
Amortization of acquired intangibles		(27,005)
Payroll taxes related to stock-based compensation		(4,921)
Charitable contributions		(2,237)
Restructuring costs		(140)
Income from operations		<u>36,989</u>
Other expenses, net		<u>(3,397)</u>
Income before provision for income taxes	\$	<u>33,592</u>

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