



Q1 2022 Earnings Results

May 4, 2022



Legal Disclaimer

This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, expectations regarding products and solutions, business strategy and plans, objectives of management for future operations of Twilio Inc. and its subsidiaries (“Twilio” or the “Company”), market size and growth opportunities, competitive position, technological and market trends, Twilio’s outlook for the quarter ending June 30, 2022, Twilio’s goals regarding delivering non-GAAP operating profitability beginning in 2023 and meeting annual growth rates and long-term non-GAAP gross margin targets, and Twilio’s expectations regarding business benefits and financial impacts from our acquisitions and our partnerships and investments, including the associated transactions, are subject to change. 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 represent Twilio management’s current expectations and assumptions based on information available as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

The forward-looking statements contained in this presentation are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions and other factors include, but are not limited to, adverse changes in general economic or market conditions, including labor shortages, supply chain disruptions and inflation; changes in the market for communications; the impact of COVID-19 on Twilio and its customers and partners; Twilio’s ability to adapt its products to meet evolving market and customer demands and rapid technological change; Twilio’s ability to comply with modified or new industry standards, laws and regulations applying to its business; Twilio’s ability to generate sufficient revenues to achieve or sustain profitability; Twilio’s ability to retain customers and attract new customers; Twilio’s ability to effectively manage its growth; Twilio’s ability to compete effectively in an intensely competitive market; Twilio’s ability to attract and retain qualified employees; the technical reliability of Twilio’s products and platform; Twilio’s ability to successfully integrate its acquisitions and risks that the anticipated benefits of such acquisitions and partnerships and investments may not be fully realized or may take longer to realize than expected; Twilio’s ability to close the transactions associated with such partnerships and investments; the impact of recent and future privacy changes on certain third party platforms on the Company and its customers; and Twilio’s ability to manage changes in network service provider fees that it pays in connection with the delivery of communications on its platform and the impact of those fees on its gross margin. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for the Company to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements the Company may make.

This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company provides a reconciliation of certain non-GAAP measures to the most directly comparable GAAP measures, which are available in the earnings press release for the relevant period.

For further information with respect to Twilio, we refer you to our most recent annual report on Form 10-K and our most recent quarterly report on Form 10-Q, filed with the SEC. In addition, we are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly, we file periodic reports, current reports, proxy statements and other information with the SEC. These periodic reports, current reports, proxy statements and other information are available for review at the SEC’s website at <http://www.sec.gov>.



FINANCIAL OVERVIEW



Results Highlights

- First quarter revenue of \$875 million, up 48% year-over-year
- First quarter organic revenue¹ of \$780 million, up 35% year-over-year
- First quarter revenue dollar-based net expansion of 127%
- More than 268,000 active customer accounts, as of March 31, 2022
- Initiates Q2'22 guidance
 - Total revenue: \$912 million to \$922 million, up 36% to 38% year-over-year
 - Organic revenue² growth: 27% to 29% year-over-year
 - Non-GAAP loss from operations: (\$40) million to (\$35) million
 - Non-GAAP loss per share: (\$0.23) - (\$0.20)

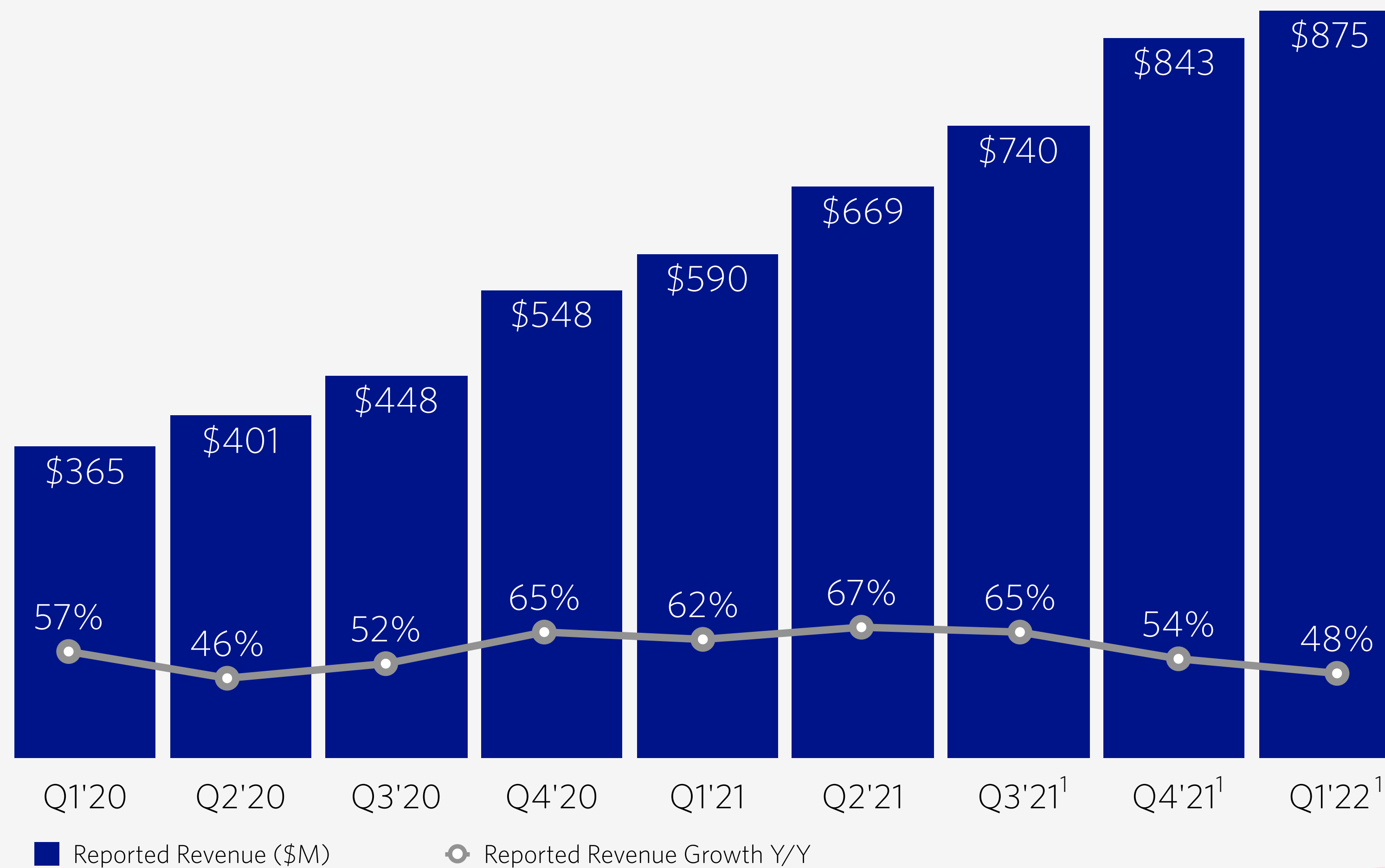
View Twilio's prepared remarks for its Q1'22 earnings [here](#).

¹ Excludes revenue from Zipwhip and all other acquisitions closed after January 1, 2021, and revenue from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business.

² Excludes revenue from Zipwhip and all other acquisitions closed after April 1, 2021, and revenue from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business.



Quarterly Revenue

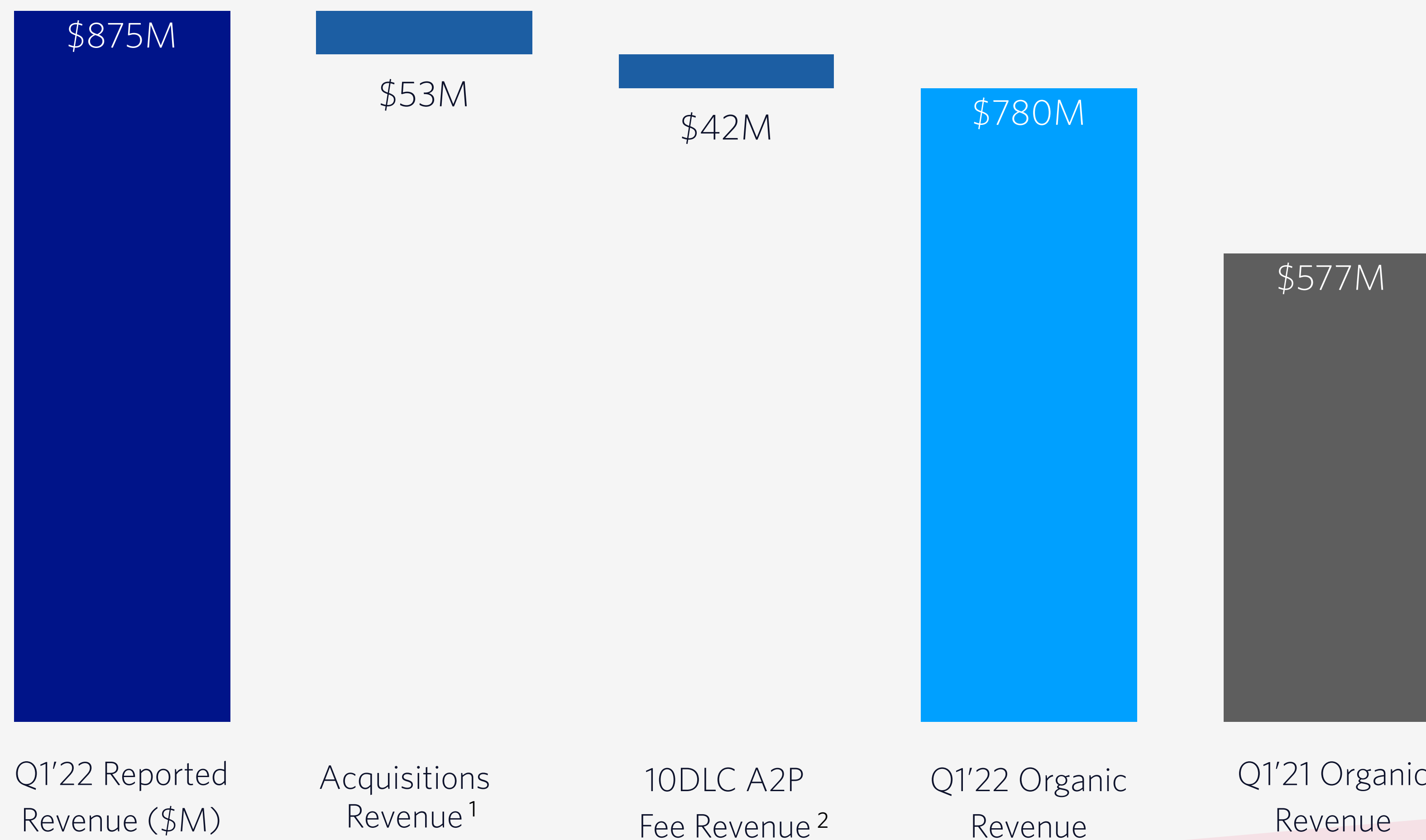


48%
Q1'22 REPORTED REVENUE
GROWTH Y/Y

¹Includes revenue from Zipwhip, which closed July 14, 2021. Q1'22 includes \$32 million, Q4'21 included \$32 million, and Q3'21 included \$24 million.



Q1'22 Organic Revenue Bridge



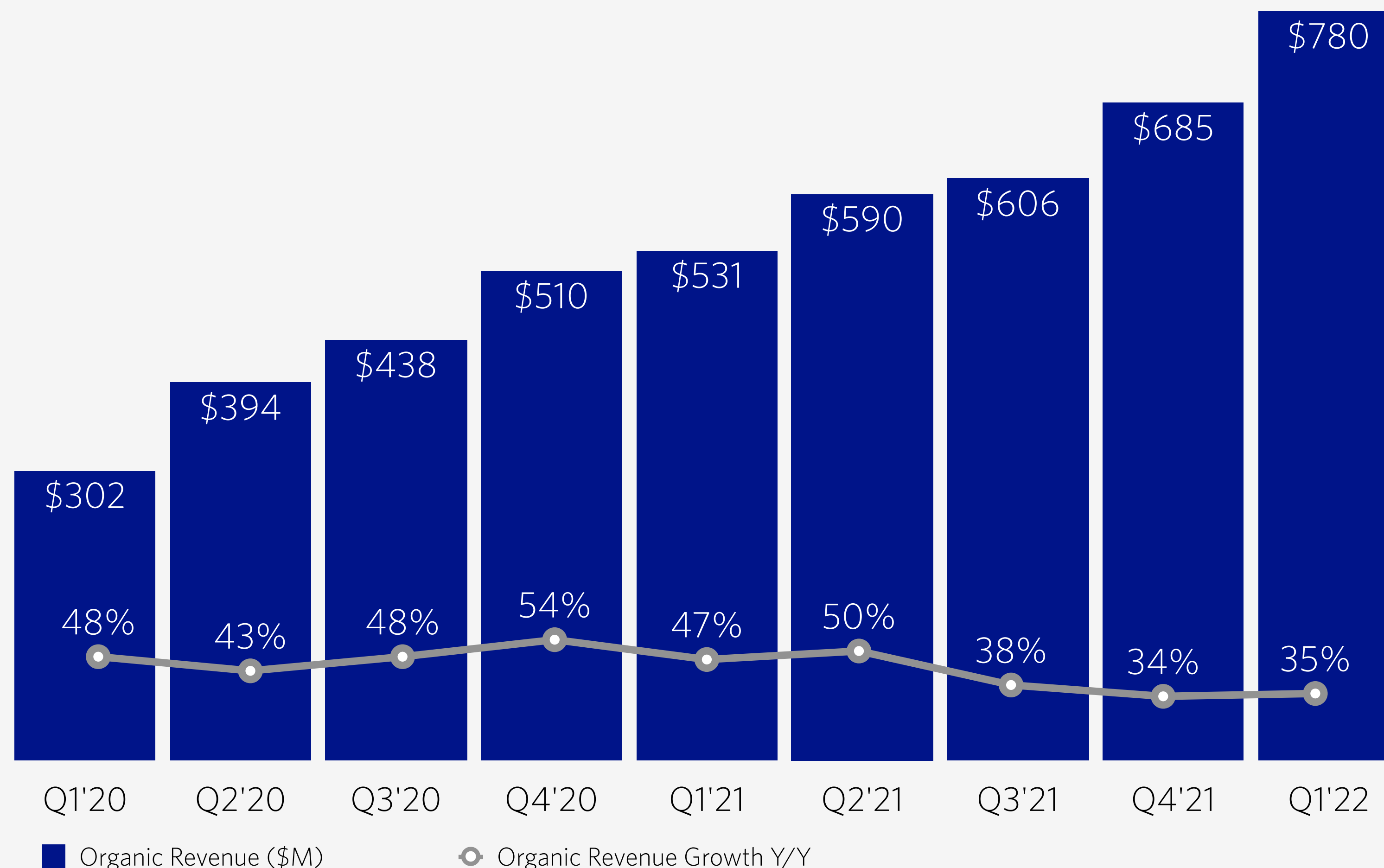
35%
Q1'22 ORGANIC REVENUE
GROWTH Y/Y

¹ Represents all acquisitions closed after January 1, 2021, including \$14M in 10DLC A2P fees related to Zipwhip.

² Represents revenues from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business and does not include revenue from fees related to Zipwhip customers.



Organic Revenue Trend

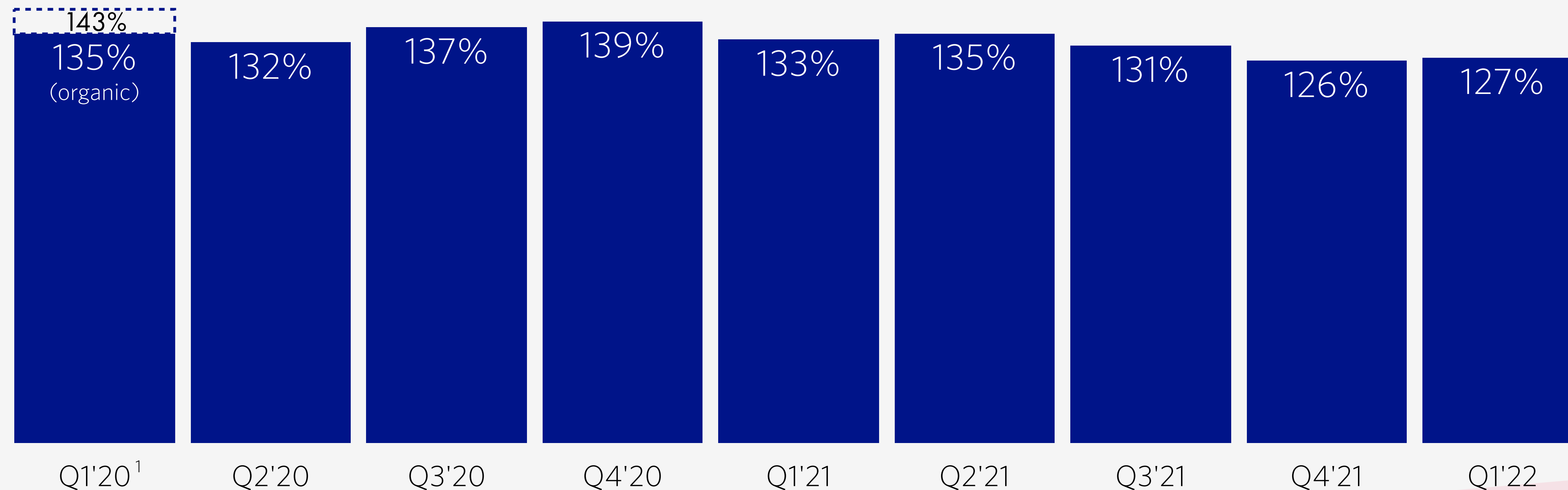


35%
Q1'22 ORGANIC REVENUE
GROWTH Y/Y

Note: Organic revenue excludes revenues from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business, and revenue from all acquisitions made after January 1, 2021. Q1'20 excludes the revenue from the SendGrid acquisition, which closed February 1, 2019. Twilio acquired Segment on Nov 2, 2020. Organic revenue from Q4'20 through Q4'21 excludes Segment revenue.



Dollar-Based Net Expansion



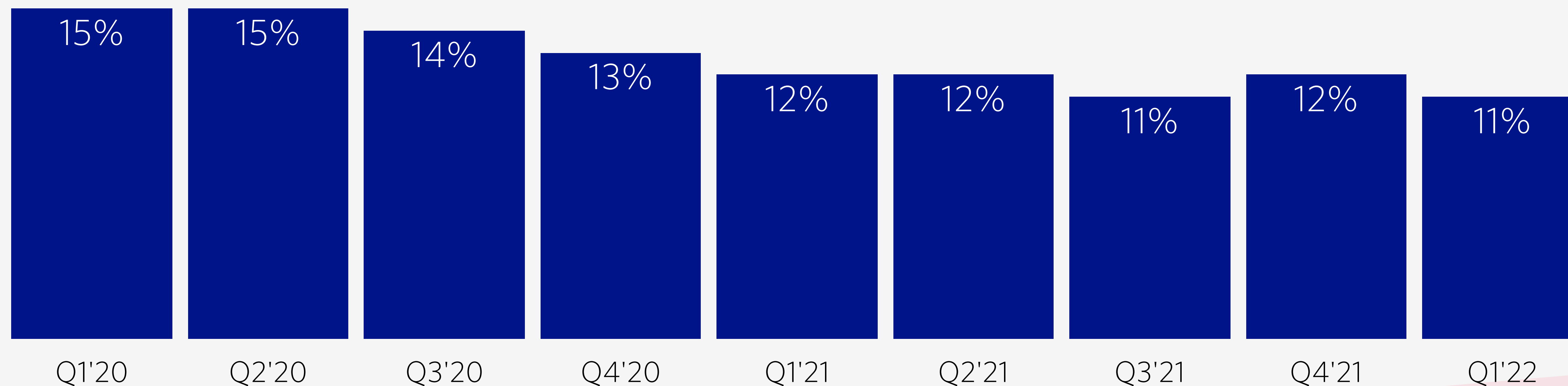
¹Includes revenue from the SendGrid acquisition, which closed Feb. 1, 2019. Excluding the contribution from SendGrid in January 2020, dollar-based net expansion rate would have been 135%.

Note: Zipwhip, which closed July 14, 2021, will not be included in the calculation until the quarter following the anniversary of the acquisition date. Segment, which closed on November 2, 2020 is excluded from the calculation until Q1 2022. For more information, refer to the appendix.



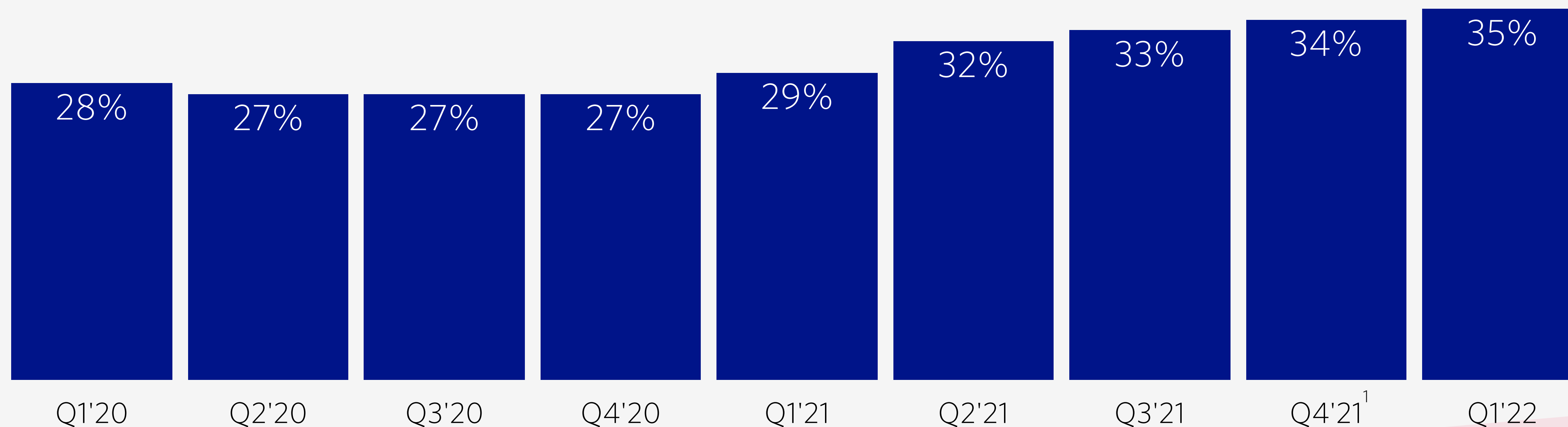
Top 10 Customer Accounts

Represents top 10 customer accounts as a percentage of total revenue in the respective quarter





International Revenue Mix

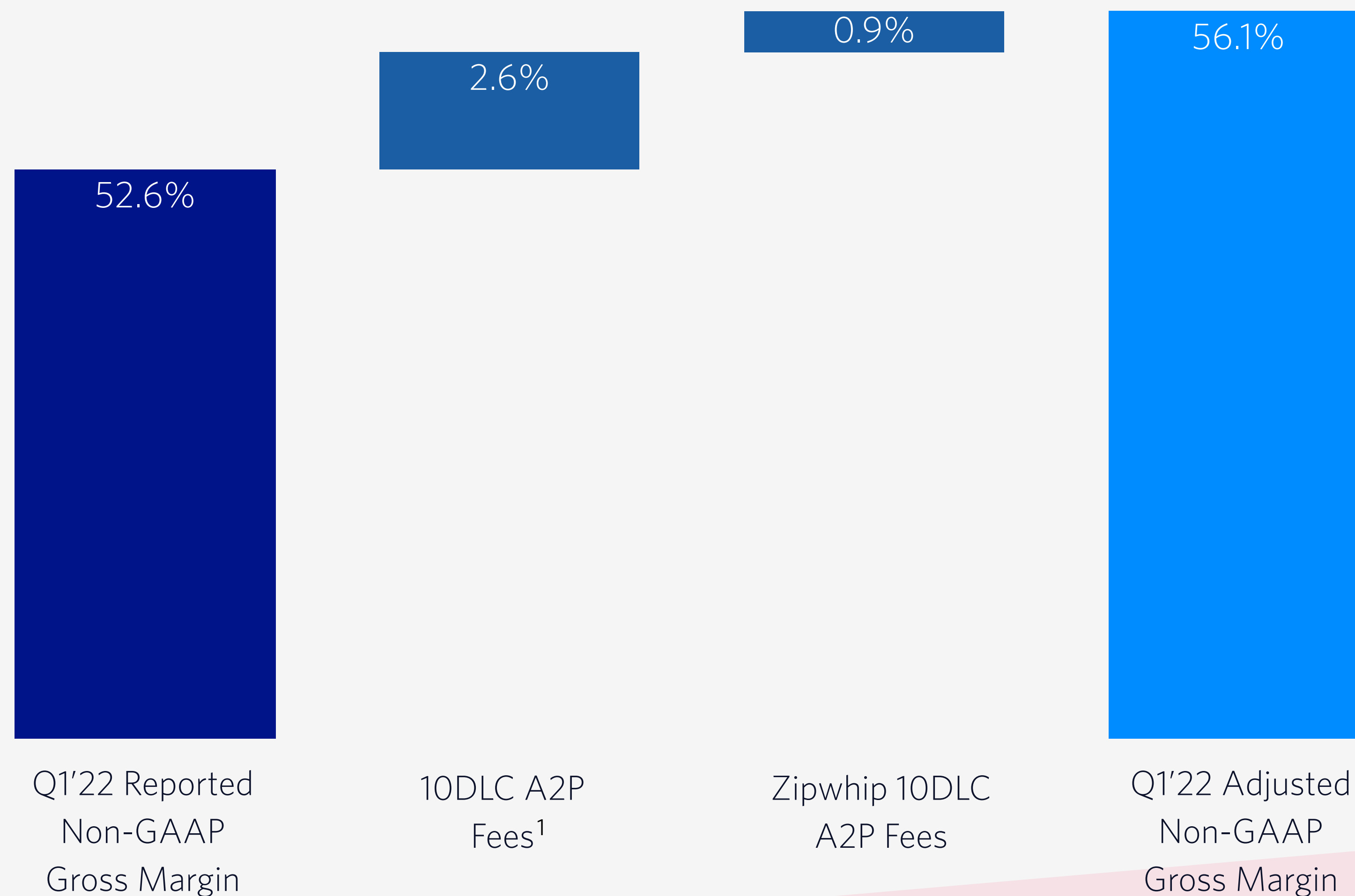


¹ Revised from previous misclassification of domestic customer revenue as reported in Q4 2021. For more information, refer to the appendix.

Note: We define U.S. revenue as revenue from customers with IP addresses or mailing addresses at the time of registration in the United States, and we define international revenue as revenue from customers with IP addresses or mailing addresses at the time of registration outside of the United States.



Non-GAAP Gross Margin Bridge

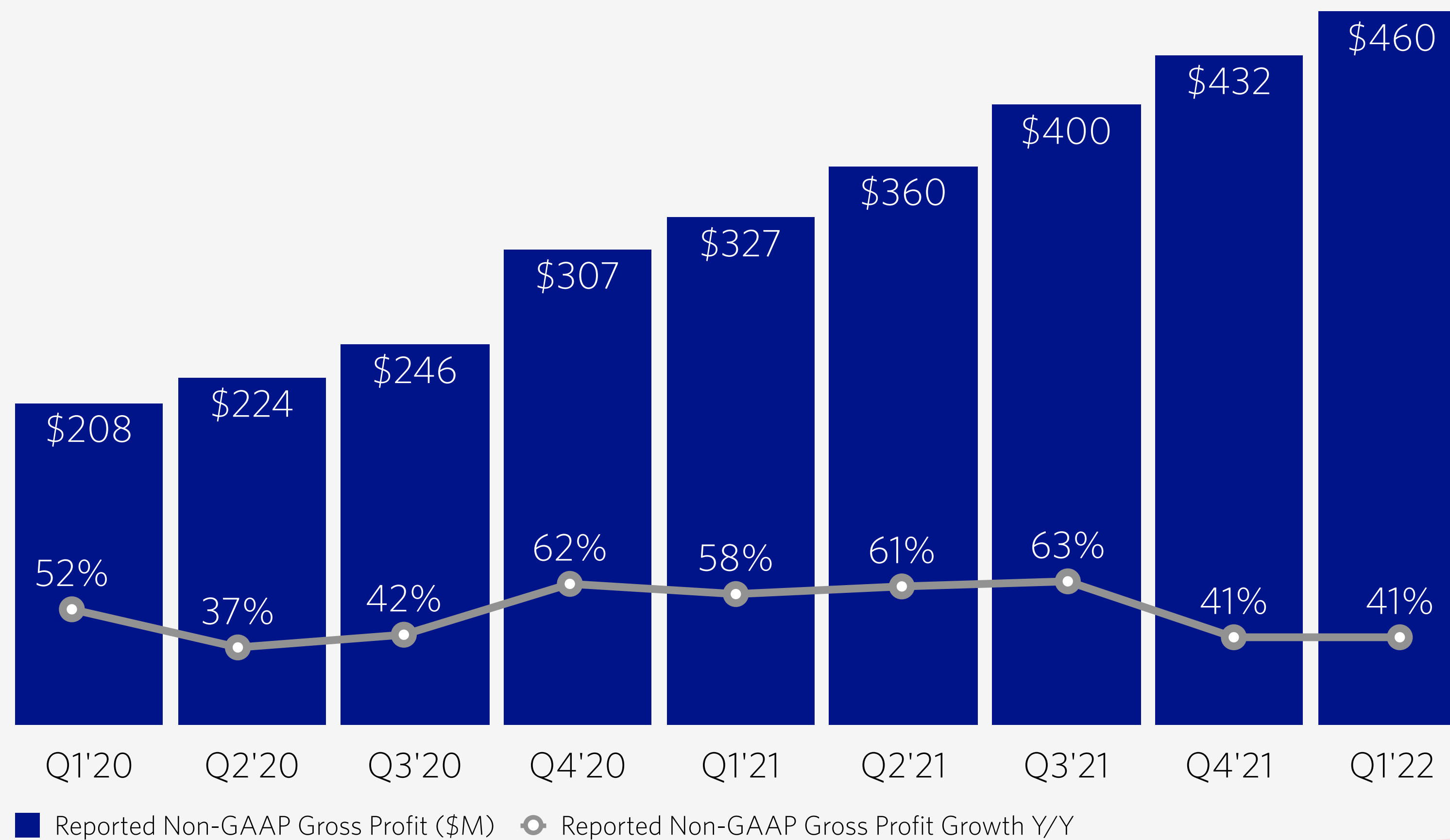


56.1%
Q1'22 ADJUSTED GM %
EXCLUDING 10DLC A2P FEES

¹Represents 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business and does not include revenue from fees related to Zipwhip customers.



Quarterly Non-GAAP Gross Profit



41%

Q1'22 NON-GAAP GROSS
PROFIT GROWTH Y/Y

THANK YOU





APPENDIX



Operating Metrics

Dollar-Based Net Expansion Rate. Twilio's ability to drive growth and generate incremental revenue depends, in part, on the Company's ability to maintain and grow its relationships with existing Active Customer Accounts and to increase their use of the platform. An important way in which Twilio has historically tracked performance in this area is by measuring the Dollar-Based Net Expansion Rate for Active Customer Accounts. Twilio's 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. Twilio's Dollar-Based Net Expansion Rate decreases when such Active Customer Accounts cease or reduce their usage of a product or when Twilio lowers usage prices on a product. As Twilio's 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 Twilio identifies 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. Twilio believes that measuring Dollar-Based Net Expansion Rate provides a more meaningful indication of the performance of the Company's efforts to increase revenue from existing customers.

Twilio's Dollar-Based Net Expansion Rate compares the total revenue from all Active Customer Accounts in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, Twilio first identifies the cohort of Active Customer Accounts that were Active Customer Accounts 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 Twilio calculates Dollar-Based Net Expansion Rate for periods longer than one quarter, it uses 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.

Number of Active Customer Accounts. Twilio believes that the number of Active Customer Accounts is an important indicator of the growth of its business, the market acceptance of its platform and future revenue trends. Twilio defines an Active Customer Account at the end of any period as an individual account, as identified by a unique account identifier, for which Twilio has recognized at least \$5 of revenue in the last month of the period. Twilio believes that use of its platform by customers at or above the \$5 per month threshold is a stronger indicator of potential future engagement than trial usage of its platform or usage at levels below \$5 per month. 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.

International Customer Revenue: During our closing process for Q1 2022, we identified a misclassification of some of our domestic customers for Q4 2021, which impacted the reported domestic versus international revenue split in that quarter. While this didn't impact overall revenue or any other reported financial results, it did overstate the international mix and understate the domestic mix for Q4 2021. We have updated the revenue mix and the 34% referenced for Q4 2021 is the revised international revenue share number.