UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT 1934**

For the fiscal year ended December 31, 2025

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-37806

TWILIO INC.
(Exact name of registrant as specified in its charter)

Delaware	**26-2574840**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

101 Spear Street, Fifth Floor
San Francisco, California 94105
(Address of principal executive offices) (Zip Code)

(415) 390-2337
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value $0.001 per share	TWLO	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act: Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act: Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of stock held by non-affiliates as of June 30, 2025 (the last business day of the registrant's most recently completed second quarter) was $18.7 billion based upon $124.36 per share, the closing price of the registrant's Class A common stock on that date on the New York Stock Exchange. Determination of stock ownership by non-affiliates was made solely for the purpose of responding to this requirement and the registrant is not bound by this determination for any other purpose.

As of February 10, 2026, 151,513,999 shares of the registrant's Class A common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2026 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2025.

TWILIO INC.
Annual Report on Form 10-K
For the Year Ended December 31, 2025
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Special Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. 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 Annual Report on Form 10-K include, but are not limited to, statements about:

- the impact of global economic and political conditions and uncertainty and significant market volatility on our business, customers and partners;
- our future financial performance, including expectations regarding our revenue, revenue growth, cost of revenue, gross profit, gross margin, operating expenses, and stock-based compensation, our ability to generate positive cash flow and our ability to achieve, improve and sustain profitability;
- our expectations regarding the factors affecting our results of operations, the timing of future expenses, and the assumptions underlying such expectations;
- our ability to execute on our vision for our platform, including delivering new product releases and enhancements, reducing friction across our platform and streamlining cross-channel orchestration;
- our ability to successfully deliver an interoperable platform that allows businesses to harness the power of customer data and consumer insights to improve customer engagement;
- our ability to leverage artificial intelligence and machine learning, including to develop and commercialize products and features for our customers and deploy internal applications for our own operational efficiency;
- our ability to drive durable, profitable growth and increase our market share, including through product innovation, leveraging artificial intelligence, forming and enhancing relationships with independent software vendors and other partners, improving our self-service capabilities, cross-selling our products and expanding internationally;
- our ability to simplify and modernize our business processes and improve our overall operating efficiency;
- our ability to compete effectively in an intensely competitive market, including our ability to set optimal prices for our products and adapt and respond effectively to rising costs, competing offerings, rapidly changing technology and technology trends, and evolving customer needs and preferences;
- our anticipated investments in sales and marketing, research and development and additional systems and processes to support our growth;
- our ability to maintain reliable service levels for our customers;
- our ability to maintain, protect and enhance our intellectual property;
- the impact of, and our ability to comply with, modified or new industry standards, laws and regulations applying to our business, including legislative developments that may affect our tax obligations or tax expense;
- our expectations regarding changes in network service provider fees that we pay in connection with the delivery of communications on our platform, including A2P messaging fees, our ability to manage such fees and their impact on our financial results;
- investments and costs required to prevent, detect and remediate potential cybersecurity threats, incidents and breaches of ours or our customers' systems or information;
- our ability to optimize our network service provider coverage and connectivity;

- our ability to work closely with email inbox service providers to maintain deliverability rates;
- the impact and expected results from changes in our relationships with our larger customers;
- the sufficiency of our cash and cash equivalents to meet our liquidity needs;
- our expectations regarding share repurchases;
- our ability to successfully defend litigation brought against us;
- the anticipated results of our foreign currency hedging activities;
- our ability to service the interest on our 3.625% senior notes due 2029 (“2029 Notes”) and on our 3.875% notes due 2031 (“2031 Notes,” and together with the 2029 Notes, the “Notes”), and repay such Notes;
- our customers’ and other platform users’ violation of our policies or other misuse of our platform; and
- our ability to successfully integrate acquired businesses and realize the benefits of our past or future strategic acquisitions, divestitures or investments.

We caution you that the foregoing list may not contain all of the forward-looking statements made in this Annual Report on Form 10-K.

You should not rely upon forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Annual Report on Form 10-K primarily on our current expectations and projections about future events and trends that we believe may affect our business, results of operations and financial condition. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described below in Part I, Item 1A, “Risk Factors,” and elsewhere in this Annual Report on Form 10-K. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Annual Report on Form 10-K. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this Annual Report on Form 10-K relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Annual Report on Form 10-K to reflect events or circumstances after the date of this Annual Report on Form 10-K or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

Unless otherwise indicated or the context otherwise requires, all references in this Annual Report on Form 10-K to “Twilio,” the “Company,” “we,” “our,” “us,” or similar terms are to Twilio Inc. and its consolidated subsidiaries.

PART I - FINANCIAL INFORMATION

Item 1. *Business*

Overview

We envision a world in which every digital interaction is amazing. By combining our leading communications capabilities with rich contextual data and artificial intelligence ("AI"), we provide the infrastructure for businesses of all sizes to revolutionize how they engage with their customers by delivering seamless, trusted, and personalized customer experiences at scale.

We offer highly customizable communications application programming interfaces ("APIs") that enable developers to embed numerous forms of messaging, voice, email, and video interactions into their customer-facing applications, as well as software products that target specific engagement needs, including our digital engagement centers, marketing campaigns, and user authentication and identity solutions. This combination of flexible APIs and software solutions, together with our customer data capabilities, helps businesses of all sizes and across numerous industries to benefit from smarter and more streamlined engagement at every step of the customer journey, including reduced customer acquisition costs, lasting loyalty, and increased customer value. The value proposition of our offerings has become stronger and our products have become more strategic to our customers as businesses are increasingly prioritizing building more personalized and differentiated customer engagement experiences through digital channels.

We have experienced substantial growth in our business since inception, and as of December 31, 2025, we had over 402,000 Active Customer Accounts representing organizations from small and medium-sized businesses to large enterprises across a broad range of industries. Our growth has predominantly been organic as a result of new customer acquisition, as well as customers increasing their usage of our products, extending their usage of our products to new applications, or adopting new products that we offer. We have also fueled our growth through strategic acquisitions and integrations of businesses that complemented our pre-existing products and allowed us to expand our platform and to add new customer accounts.

Our Platform

The Twilio platform combines our communications channels and software solutions with contextual data and AI-powered orchestration, enabling businesses to deliver amazing customer engagement across the entire customer journey. Our platform provides a trusted, simple, and smart infrastructure foundation that customers can build on. We help enable conversations that are two-way and omnichannel by default, providing customers a tailored experience — at scale.

We offer highly customizable APIs and products to build rich contextual communications within applications, allowing developers to build orchestrated engagements with customers worldwide. We also offer solutions for user authentication and identity, and advanced compliance and regulatory management software to support success within a changing ecosystem of regulations. Additionally, our customer data capabilities enable businesses to collect, contextualize, and leverage first-party and real-time customer data to create highly personalized experiences and campaigns across multiple channels. They also allow businesses to break down data silos across their organizations and to leverage a single unified source of customer data for their various business teams. Our products can be used individually or in combination to enable more personalized, timely, and impactful communications and engagements across the customer journey.

Our platform is connected to our Super Network, a software layer that enables our customers' applications to communicate with devices globally. The Super Network interconnects communications networks and inbox services providers around the world and continually analyzes billions of data points to optimize the quality and cost of communications that flow through our platform. The Super Network also contains a set of APIs that gives our customers access to additional foundational components offered through our platform, such as phone numbers and session initiation protocol trunking.

Our key products include:

- **Messaging.** Twilio Programmable Messaging ("Messaging") is an API to send and receive SMS, MMS, RCS, and over-the-top (e.g., WhatsApp and Facebook Messenger) messages globally over a variety of sender types. Messaging uses intelligent sending features to ensure messages reliably reach end users wherever they are. Our customers use Messaging across numerous use cases, including account notifications, marketing, mass alerts, and order confirmations, as well as multi-party and conversational use cases, such as conversational marketing, sales support, and customer care.

- **Voice.** Twilio Programmable Voice ("Voice") is an API that allows developers to build solutions to make, manage, and receive phone calls globally through a browser, application, phone, or other methods. Our voice software, which works over both the traditional public switched telephone network and over Internet Protocol ("VoIP"), allows developers to incorporate advanced voice functionality such as integrations with AI-based virtual agents, text-to-speech and speech-to-text, global conferencing, emergency calling, call recording, and media streams, as well as address use cases such as contact centers, interactive voice response systems, call tracking, analytics solutions and anonymized communications.

- **Email.** Twilio SendGrid Email ("Email") is an API and no-code user interface that solves email delivery challenges at scale. Built on our proprietary mail transfer agent, Email enables customers to build customized solutions and optimize for inbox placement. Our Email API allows businesses to integrate with multiple leading development frameworks and client libraries in multiple languages as well as customize content. It also provides sender authentication, security, mailbox compliance, and delivery dashboards. Our Marketing Campaigns product, which features a no-code user interface and is built on top of our Email infrastructure, enables email campaign sending at scale. Marketing Campaigns includes email design and templates, list management, dynamic content and email testing. Businesses use our Email products for both marketing messages and transactional emails, including promotional offers, newsletters, shipping notifications, password resets, and sign-up confirmations.

- **User Authentication and Identity.** Our User Authentication and Identity solutions enable businesses to verify, authenticate, and manage users. Twilio Verify ("Verify") is a managed solution for multi-channel user verification, which effectively adds security at the point of new user activation and onwards, providing a low-friction and secure login experience. Using Verify, businesses can add an extra layer of security to their applications through a range of secure authentication methods, including one-time passwords over SMS, voice, email, push-based authentication, as well as phishing resistant authentication with passkeys. Verify includes Fraud Guard, which is aimed at automatically blocking fraudulent messages resulting from artificially inflated traffic or SMS pumping. Additionally, Twilio Lookup API provides real-time mobile-based identity intelligence that can reduce fraud risks and improve message delivery.

- **Segment.** Twilio Segment ("Segment") is our customer data platform that provides businesses with the tools to harness the power of contextual data by unifying real-time information collected throughout each customer's journey into a unique profile. Segment helps businesses create precise audiences, continuous experiences, and contextual personalization with a unified view of the customer, seamless journey orchestration, and easy-to-use AI based on trusted data to save time and achieve results. Segment offers hundreds of out-of-the-box connections to collect web and mobile app data via a single API, transform and load it into cloud warehouses, and activate it back to business tools with Reverse ETL (Extract, Transform, Load) and customizable pipelines. It also provides privacy and compliance tools, unifies cross-channel data into trusted customer profiles for enrichment and machine learning ("ML"), enables real-time personalization and journey orchestration, and uses generative and predictive AI to build targeted audiences and deliver 1:1 experiences at scale.

We generate revenue from our platform through a combination of usage-based and subscription-based fees. Revenue generated from Messaging, Voice, and User Authentication and Identity is primarily recognized on a usage basis. Revenue generated from Email and Segment is primarily recognized on a subscription basis. We experience seasonal trends due to increased consumer activity in the fourth quarter.

Our Strategy

Our strategy is rooted in streamlining our platform and delivering a trusted, intuitive customer experience. With the Twilio platform serving as the foundational infrastructure layer that embeds communications, contextual data, and AI in one place, we aim to help businesses engage more effectively with fast, relevant, and personalized interactions. We are concentrating on the highest-impact product areas for our future, and we intend to pursue the following strategies:

- **One Platform to Enable Amazing Customer Engagement.** We are focused on harnessing Twilio's foundational strengths in communication channel offerings, global scale, developer loyalty, and contextual data assets to deliver a single cohesive platform for frictionless, context-driven interactions through trust at scale, simplified complexity, and smart engagement. Our investments in platform innovation include pre-built solutions and integrations, including cross-channel orchestration capabilities. These are designed to help customers reduce friction and streamline how they add communication channels, to deliver amazing customer engagement.

- **Winning in Customer Data.** The foundation of our platform is the real-time collection of customer interactions across channels, platforms, and systems. We aim to capitalize on communications data and contextual consumer insights to offer better engagement, with more proactive and personalized experiences, fueling more effective marketing, sales, and customer support.

- **Enabling and Leveraging AI.** We believe AI and ML have the potential to increase the value and reach of our platform capabilities, and make every customer interaction more personalized and intelligent. We are continuing to invest in AI-enabled products and features for our customers, as well as internal applications to automate processes and help our business run more efficiently. We are also focused on partnering with AI companies, capitalizing on the value of our communications capabilities for building AI solutions.

- **Efficient Go-to-Market Execution.** We are focused on improving profitability and growing our market share. To achieve this, we are focused on bolstering our independent software vendor (“ISV”) and other partner relationships, improving our self-service capabilities, cross-selling our products, and expanding internationally.

- **Driving Operating Leverage Across our Business.** We are implementing several organizational initiatives targeted at simplifying, modernizing, and improving the efficiency of our business processes, introducing automation and AI into our internal operations, enhancing our fiscal discipline on all levels, and enacting workforce planning initiatives.

Competition

The markets for our products are rapidly evolving and are increasingly competitive. Our competitors are primarily (i) communications platform-as-a-service (“CPaaS”) companies that offer communications products and applications, (ii) regional network service providers that offer limited developer functionality on top of their own physical infrastructure, (iii) customer relationship management and customer experience vendors, (iv) standalone customer data platform vendors and (v) other software companies that compete with portions of our product line.

The principal competitive factors in these markets include completeness of offering, credibility with customers, ability to differentiate our products against competing offerings, global reach, ease of integration and programmability, product features, platform scalability, reliability, deliverability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, and the cost of deploying and using products.

We believe that we compete favorably on the basis of the factors listed above and that none of our competitors currently compete directly with us across all of our product offerings. With the introduction of new products and services and new market entrants, we expect competition to intensify in the future.

Research and Development

Our research and development efforts are focused on bringing communications, data, and AI together into a single platform that enables fast, relevant, and personalized interactions.

Our research and development organization is predominantly built around small development teams. Our small development teams foster greater agility, which enables us to develop new, innovative products and make rapid changes to our infrastructure that increase resiliency and operational efficiency. Our development teams designed and built much of our customer engagement platform and our core platforms stack. These teams continue to focus on the highest impact product areas for our future, which includes focusing on continued innovation in the face of rapid technological change and changing industry practices. We are continuing to invest in AI-powered capabilities, which we believe have the potential to enhance our offerings’ value to customers, as well as to automate processes and help our business run more efficiently.

As of December 31, 2025, we had 2,632 employees in our research and development organization.

Sales and Marketing

Our sales and marketing teams work closely together to drive awareness and adoption of our platform. We leverage our brand, marketing programs, and conferences, such as SIGNAL, to expand our go-to-market motions. Our go-to-market model has three motions: self-service, sales-led, and partner-led.

Developers and other technical customers are able to access our easy-to-configure APIs and tools along with our extensive self-service documentation and customer support team, to embed our products into their applications. These self-service customers can then provide their billing information to either make an upfront prepayment that is drawn down as they use our products, or subscribe to a plan, depending on the product they deploy.

Enterprises and other organizations with complex, high-scale business needs have access to our sales and solutions team to support their businesses across their customer journey. This is a direct sales motion and is supported by sales development, field marketing, solution engineers, and other specialized sales teams. This model emphasizes value-based discovery, technical proof of concept, and building strong customer relationships. Our sales organization targets technical, marketing, and business leaders who are seeking to leverage software to drive superior customer engagement and competitive differentiation. Our sales and specialist teams also support our ISV partners, who leverage our APIs to build software and services that they can resell to their customers across a varying number of use cases and verticals.

When potential customers do not have the available developer resources or expertise to build our products into their own applications, we refer them to one of our partners to help deliver their solution. Depending on their use case and available resources, we may refer them to an ISV partner who offers the solution, a consulting partner or a systems integrator who provides consulting and development services to build their solution, or our professional services team who can provide expert guidance on achieving their solution.

As of December 31, 2025, we had 2,265 employees in our sales and marketing organization.

Customer Support and Services

To make learning how to use our products straightforward, we provide all users with comprehensive documentation, how-to guides, and tutorials. These resources are further enriched by contributions from our active customer community. Additionally, we offer support options tailored to meet individual customer needs including both free and paid personalized plans.

All customers receive free support, including through our AI agents, Help Center Assistant, customer service representatives and access to technical documentation. We also maintain a status page on our website that provides real-time updates on any known incidents, outages or degradation on our API platform and external carrier connections. Customers can also sign up to receive automatic updates and notifications without needing to contact customer support. Furthermore, customers can engage with the wider Twilio community for guidance and assistance in resolving API-related issues.

Additionally, we generally offer three paid tiers of support for our communications products with increasing levels of availability and guaranteed response times. Our highest tier plan, intended for our largest customers, includes a technical account manager, duty manager coverage, and quarterly status reviews. Similarly, our subscription products generally feature a base level of customer support plus premium, paid support options. Our support model is global, with coverage available 24x7.

We also offer professional services which provide in-depth, hands-on, fee-based packages of advisory, software architecture, integration and coding services to existing and prospective customers and partners to optimize their use of the Twilio platform. For Segment, offerings include services for implementing digital engagement center solutions and customer data platform design. For other products, offerings include email implementation and deliverability, and configuration and integration of our communications channels.

Intellectual Property

We rely on a combination of patent, copyright, trademark, trade secret and other intellectual property laws in the United States and other jurisdictions, as well as license agreements, other contractual protections, and internal processes, procedures, and controls, to protect, establish, maintain, and enforce our intellectual property and other proprietary rights technology. We also rely on a number of registered trademarks, applications for trademarks and common law protections afforded to certain unregistered trademarks to protect our brand.

As of December 31, 2025, in the United States, we have been issued 382 patents, which expire between 2029 and 2044. As of such date, we also had 49 issued patents in foreign jurisdictions, all of which are related to our U.S. patents and patent applications. We have also filed various applications for protection of certain aspects of our intellectual property in the United States and internationally. In addition, as of December 31, 2025, we had 53 registered trademarks in the United States and 749 registered trademarks in foreign jurisdictions.

We seek to protect our intellectual property and other proprietary rights by, among other things, implementing, maintaining, and enforcing a policy that requires our employees, independent contractors and certain suppliers involved in developing intellectual property for us or on our behalf to enter into agreements acknowledging that all work product or other forms of intellectual property generated, created, reduced to practice, conceived, or otherwise developed by them on our behalf are owned by us such that we can use the intellectual property they develop for our business purposes.

Regulatory

We are subject to a number of U.S. federal, U.S. state and foreign laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data protection, data security, intellectual property, competition, telecommunications, broadband, VoIP, consumer protection, export controls, economic sanctions, anti-bribery, anti-corruption, anti-money laundering, taxation, or other subjects. Many of the laws and regulations to which we are subject are still evolving and we expect to become subject to additional laws and regulations in the future. The application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate.

Compliance with current and future laws and regulations, and changes in their enforcement and interpretation, may significantly increase our compliance costs and otherwise adversely affect our business and results of operations. For additional information about laws and regulations applicable to our business, see Part I, Item 1A, “Risk Factors–Risks Related to Cybersecurity, Data Privacy and Intellectual Property” and “Risk Factors–Risks Related to Legal and Regulatory Matters” in this Annual Report on Form 10-K.

The Twilio Magic

We believe there is a unique spirit to Twilio, manifested in who we are and how we work together. We value and invest in a positive culture of optimism, innovation, and accountability. Our values, which we call the Twilio Magic, remind us every day who we are at our core and guide how we act and how we make decisions.

Twilio.org

Communications play a critical role in solving some of the world’s toughest social challenges—it is the foundation for engaging individuals or communities and guiding them toward the resources they need. From empowering people affected by violence with critical resources, to streamlining staff and volunteer coordination, nonprofits leverage communication technology to help individuals build long term well-being and to help communities recover from humanitarian crises. Through Twilio.org, which is a part of our company and not a separate legal entity, we donate and sell our products at a reduced rate to nonprofits and offer grant funding to help scale these organizations’ missions. In 2015, we reserved 1% of Twilio's common stock to fund Twilio.org. As of December 31, 2025, 265,225 shares of Twilio Class A common stock were set aside for Twilio.org charitable activities. In 2025, over 30,000 social impact customers used Twilio products and funding to reach more than 803 million people worldwide.

Our Employees and Human Capital Resources

We believe that our employees are critical to our success, and in the importance of making sure they are equipped, enabled and empowered to have an impact. As of December 31, 2025, we had a total of 5,587 employees, including 2,738 employees located outside of the United States.

We are committed to delivering a comprehensive compensation and benefits program that provides support for all of our employees’ well-being. We provide competitive compensation to attract and retain talented employees, including market-competitive pay, incentive compensation in the form of bonuses or sales commissions, and equity compensation for certain employees. In addition, we offer competitive benefits packages to our full-time employees, subject to the satisfaction of certain eligibility requirements, that are aligned with industry standards and local market practices in each of the countries in which we operate. We ensure that our compensation is fair for all employees, regardless of background. We routinely run a rigorous statistical analysis to ensure compensation is fair, taking into account factors that should impact pay, like role, level, location, and performance. Twilio is an equal opportunity employer, and we are committed to ensuring that Twilio is an inclusive workplace where everyone, regardless of background, is treated fairly and has access to the opportunities, systems, and resources to do their best work.

Although we have works council, statutory and/or collective bargaining employee representation obligations in certain countries outside of the United States, none of our U.S. employees are represented by a labor union with respect to their employment. Employees in certain of our non-U.S. subsidiaries have the benefits of collective bargaining arrangements at the national level. We consider our relations with our employees to be good and have not experienced interruptions of operations or work stoppages due to labor disagreements.

Corporate Information

Twilio Inc. was incorporated in Delaware in March 2008. Our principal executive offices are located at 101 Spear Street, Fifth Floor, San Francisco, California 94105, and our telephone number is (415) 390-2337. Our website address is www.twilio.com. Information contained on, or that can be accessed through, our website does not constitute part of this Annual Report on Form 10-K.

Twilio, the Twilio logo and other trademarks or service marks of Twilio appearing in this Annual Report on Form 10-K are the intellectual property of Twilio. Trade names, trademarks and service marks of other companies appearing in this Annual Report on Form 10-K are the intellectual property of their respective holders.

Information about Geographic Revenue

Information about geographic revenue is set forth in Note 17 of our Notes to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

Available Information

Our filings are available to be viewed and downloaded free of charge through our investor relations website after we file them with the Securities and Exchange Commission ("SEC"). Our filings include our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, our Proxy Statement for our annual meeting of stockholders, Current Reports on Form 8-K and other filings with the SEC. Our investor relations website is located at http://investors.twilio.com. The SEC also maintains an Internet website that contains periodic and current reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is www.sec.gov.

We webcast our earnings calls and certain events we participate in or host with members of the investment community on our investor relations website. Additionally, we provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases, and blogs as part of our investor relations website. Further corporate governance information, including our corporate governance guidelines and code of business conduct and ethics, is also available on our investor relations website under the heading "Governance." The contents of our websites are not intended to be incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our websites herein are provided for convenience only and intended to be inactive textual references only.

Item 1A. *Risk Factors*

Investing in our Class A common stock ("common stock") involves a high degree of risk. A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, results of operations and financial condition could be adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.

Risk Factor Summary

Our business operations are subject to numerous risks and uncertainties, including those outside of our control, that could cause our business, results of operations, and financial condition to be harmed, including risks regarding the following:

Risks Related to Our Business and Industry

- *the impact of global economic and political conditions, including macroeconomic and political uncertainties;*
- *fluctuations in our quarterly results and our ability to meet securities analysts' and investors' expectations;*

- *fluctuations in the levels of our customers' usage of our platform;*
- *our ability to attract new customers and increase usage of our products by existing customers effectively and in a cost-efficient manner;*
- *our ability to develop new products and enhancements that achieve market acceptance and adapt to changing technology, regulations, and industry standards;*
- *our ability to integrate our products with third-party products and ensure they operate effectively;*
- *our ability to effectively manage our growth and strategic changes to our business;*
- *our ability to compete effectively in intensely competitive and rapidly evolving markets;*
- *our history of losses and uncertainty about our future profitability;*
- *our ability to hire, integrate and retain highly skilled personnel;*
- *our ability to maintain and enhance our brand and increase market awareness of our company and products;*
- *our reliance on network service providers and internet service providers for network service and connectivity;*
- *failure to set optimal prices for our products;*
- *our international operations;*
- *our ability to integrate and achieve the expected benefits of acquisitions, partnerships and investments;*

Risks Related to Cybersecurity, Data Privacy and Intellectual Property

- *any breaches of or incidents impacting our networks or systems, or those of our third-party service providers;*
- *our actual or perceived failure to comply with increasingly stringent laws, regulations and obligations relating to privacy, data protection and cybersecurity;*
- *our ability to protect our intellectual property rights;*
- *our use of open source software;*
- *our reliance on third-party technology and intellectual property;*
- *our use of AI technologies in our platform and business;*

Risks Related to Legal and Regulatory Matters

- *our ability to comply with telecommunications-related regulations, and the impact of future legislative or regulatory actions;*
- *our ability to obtain, assign or retain geographical, mobile, regional, local or toll-free numbers and to effectively process requests to port such numbers in a timely manner due to industry regulations;*
- *federal and state legislation and international laws imposing obligations on the senders of commercial emails;*
- *unwanted, fraudulent or illegal usage of or activity relating to our products;*
- *changes in laws and regulations related to the internet or its infrastructure;*
- *compliance with applicable laws and regulations, including export controls, economic sanctions, customs and anti-corruption regulations;*
- *standards imposed by private entities and inbox service providers that interfere with the effectiveness of our platform;*
- *any legal proceedings or claims against us;*

Risks Related to Financial and Accounting Matters

- *exposure to foreign currency exchange rate fluctuations;*
- *our substantial indebtedness that may decrease our business flexibility;*
- *our ability to obtain additional capital to support our business and its availability on acceptable terms;*
- *the accuracy of our metrics, and assumptions and estimates used to calculate them;*
- *the accuracy of our estimates and judgments related to our critical accounting policies;*
- *changes in accounting standards that may cause adverse financial reporting fluctuations;*
- *the possibility that our goodwill or intangible assets could become impaired;*
- *our failure to maintain an effective system of disclosure controls and internal control over financial reporting;*

Risks Related to Tax Matters

- *our ability to use our net operating losses and certain other tax attributes to offset future taxable income and taxes;*
- *additional tax liabilities or potentially adverse tax consequences of our global operations and structure;*
- *changes in tax rules and regulations;*

Risks Related to Ownership of Our Common Stock

- *volatility of the trading price of our common stock;*
- *potential decline in the market price of our common stock due to substantial future sales of shares;*
- *the possibility that we may not realize the anticipated long-term stockholder value of our share repurchase program;*
- *securities or industry analysts changing their recommendations regarding our common stock;*
- *anti-takeover provisions contained in our governing documents and the exclusive forum provision in our bylaws;*

General Risks

- *the occurrence of natural catastrophic events and other events beyond our control; and*
- *environmental, social and governance ("ESG") matters.*

Risks Related to Our Business and Our Industry

Global economic and political conditions, including macroeconomic and political uncertainties, have had, and may continue to have, an adverse impact on our business, results of operations and financial condition.

Global economic and business activities continue to face widespread macroeconomic uncertainties, including market volatility, changes in international economic and trade relations, supply chain disruptions, changes in the labor market, elevated interest rates and potential increases in inflation, foreign currency exchange rate fluctuations and recession risks, which may continue for an extended period. Additionally, the instability in the political environment in many parts of the world, including in the United States, and changes and uncertainty with respect to trade policies, actual or threatened tariffs, treaties, government regulations, executive orders, directives and enforcement priorities, as well as any ongoing or potential U.S. federal government shutdown, may adversely affect the global economy and/or our business. Given that a majority of our revenue is usage-based and therefore impacted by general consumer sentiment and activity, our business may be more immediately and severely impacted by adverse macroeconomic conditions than those that rely primarily on subscription revenue. Additionally, increased prices resulting from the effects of tariffs and inflation could increase our operating expenses.

Adverse macroeconomic conditions have in the past resulted in, and may in the future result in, decreased or delayed business spending by our current and prospective customers and business partners, reduced demand for or usage of our products, lower renewal rates by our customers, longer or delayed sales cycles, including current and prospective customers delaying contract signing or contract renewals, reduced budgets or minimum commitments related to the products that we offer, or delays in customer payments or our ability to collect accounts receivable, all of which could negatively affect revenue and revenue growth. Additionally, our customers may be affected by changes and uncertainty in the global political environment with respect to trade and other policies. For example, uncertainty regarding the impact of tariffs on certain countries by the U.S. administration, as well as potential or actual retaliatory measures taken by trade partners, have adversely affected trade relations, put increased pressure on supply chains, and led to increased market volatility, and such effects may continue. Any resulting harm to our customers' businesses could depress their usage levels and/or purchasing power and lead them to reduce their spending with us.

Macroeconomic and political conditions and uncertainties have in the past adversely affected, and may in the future adversely affect, our business, results of operations and financial condition, and could exacerbate many of the other risks described in this "Risk Factors" section.

Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future. As a result, we may fail to meet securities analysts' and investors' expectations, which could cause the price of our common stock to decline.

Our quarterly and annual results of operations have fluctuated in the past and may continue to do so in the future due to a variety of factors, many of which are outside of our control. These fluctuations and the related impacts to any earnings guidance we may issue from time to time could cause the price of our common stock to change significantly or decline. In addition to the other risks described in this “Risk Factors” section, some of the factors that may result in fluctuations to our results of operations include:

- fluctuations in demand for, pricing of, or usage of, our products;
- our ability to introduce new products, features and enhancements;
- our ability to expand our customer base and the markets that our products address, attract and retain new customers, obtain renewals from existing customers and cross-sell or otherwise increase revenue from existing customers;
- our ability to improve, automate, and leverage more of our self-service capabilities for customers;
- our ability to maintain and expand relationships with resellers, distributors, and strategic partners, including ISVs, technology partners, and systems integrators;
- our ability to combine our communications products with contextual data and AI and introduce compelling new products and enhancements that address the changing nature of our markets and customer needs and preferences;
- competition and the actions of our competitors, including pricing changes and the introduction of new technologies, products, services and geographies;
- significant security breaches or incidents impacting our platform, or interruptions to the delivery and use of our products;
- changes in cloud infrastructure, network services and other third-party technology, including the fees charged by their providers;
- the effectiveness of our sales and marketing efforts, the productivity of our sales force, and the length and complexity of the sales cycle for certain of our products or customers;
- changes in the mix or amount of products that our customers use, and that are sold in the United States versus internationally, during a particular period;
- seasonal trends, including due to increased consumer activity in the fourth quarter;
- the amount and timing of operating costs and capital expenditures related to the operations and expansion of our business;
- our ability to control costs, including our operating expenses;
- the timing of customer payments and our ability to collect accounts receivable from customers;
- the amount and timing of costs associated with recruiting, training and integrating new employees, and retaining existing employees;
- expenses in connection with mergers, acquisitions, dispositions, or other strategic transactions;
- changes in foreign currency exchange rates and our ability to effectively hedge our foreign currency exposure;
- extraordinary expenses such as litigation or other dispute-related settlement payments;
- changes in laws, industry standards and regulations that affect our business;
- sales tax and other tax determinations by authorities in the jurisdictions in which we conduct business;
- the impact of new accounting pronouncements;
- fluctuations in stock-based compensation expenses; and

- general economic conditions, including heightened inflation or interest rates, and geopolitical uncertainty or instability.

The occurrence of one or more of the foregoing and other factors may cause our results of operations to vary significantly. As such, comparing our operating results on a period-to-period basis may not be meaningful and should not be relied upon as an indication of future performance. In addition, a significant percentage of our operating expenses is fixed in nature and is based on forecasted revenue trends. Accordingly, in the event of a revenue shortfall, we may not be able to mitigate the negative impact on our net income (loss) and margins in the short term. If we fail to meet or exceed the expectations of investors or securities analysts, then the trading price of our common stock could fall substantially, and we could face costly lawsuits, including securities class action suits, which, in turn, could harm our business, results of operations and financial condition.

If our customers terminate or reduce their usage of our products, our business, results of operations and financial condition would be adversely affected.

Our revenue grows as customers increase their usage of a product, extend their usage of a product to new applications or adopt a new product that we offer. The majority of our revenue is usage-based, and if our customers do not increase their use of our products or maintain their usage of our products at existing levels, then our revenue may decline or grow at rates lower than expected. Most of our usage-based customers do not have long-term contractual financial commitments to us and, therefore, may reduce or cease their use of our products at any time without penalty or termination charges. Our subscription-based customers generally base their contract value on anticipated usage, and if their anticipated levels of usage are not met, they may reduce their contract value or choose not to renew their contract upon its expiration.

Customers may terminate or reduce their use of our products, or we may fail to attract new customers, for any number of reasons, including dissatisfaction with our products or with the value proposition of our products, our inability to meet their needs and expectations, our failure to maintain performance, reliability, security, integrity or availability of our products and infrastructure to the satisfaction of our customers, or customers' use of competitors' products. For example, prior instances of disruptions in our networks or systems, or those of our third-party service providers, have impacted our customers' ability to use products on our platform for up to several hours at a time. Such issues have had, and in the future may have, an adverse impact on customer satisfaction and our ability to retain or attract customers and have caused, and may in the future cause, us to incur certain costs associated with offering credits to our affected customers.

Additionally, we believe our ability to provide customers with high-quality, effective customer support services is a crucial component of maintaining customer satisfaction, generating increased customer usage of our products and ultimately retaining customers. If we are unable to effectively assist our customers, it could adversely affect our ability to retain existing customers and could disincentivize prospective customers from adopting our products. The resources we dedicate to customer service at a particular time may prove insufficient, such as in the event we are unable to respond quickly enough to accommodate short-term increases in demand for customer support. We also may be unable to modify the nature, scope and delivery of our customer support in order to compete with changes in the support services provided by our competitors. Our sales are highly dependent on our business reputation and on positive recommendations from our customers. If we are unable to provide high-quality customer support, or if there is a market perception that we do not maintain high-quality customer support, it could erode the trust of current and potential customers and adversely affect our reputation. Moreover, even if we succeed in providing and maintaining high-quality customer support, there is no guarantee that it will generate increased customer usage of our products or lead to long-term or meaningful customer retention.

Customer usage of our products depends on factors generally outside of our control, so it is difficult to accurately predict customers' usage levels. Our Dollar-Based Net Expansion Rate may decline for a number of reasons, including if customers are not satisfied with our products and related customer service experience, the value proposition of our products or our ability to meet their needs and expectations, due to reductions in customers' budgets or as a result of adverse macroeconomic conditions. If we lose customers, or if our customers reduce their usage levels of our products, our business, results of operations and financial condition could be adversely affected.

If we are unable to attract new customers or increase usage of our products by existing customers effectively and in a cost-efficient manner, our business, results of operations and financial condition would be adversely affected.

To grow our business, we must continue to attract new customers, increase usage of our existing products and new product adoption by existing customers, and successfully market new products, including products with higher gross margins, and do so in a cost-effective manner. Our sales and marketing teams work closely together to drive awareness and adoption of our platform. We leverage our brand, marketing programs and conferences, such as SIGNAL, to expand our go-to-market motions. Our go-to-market model has three motions: our self-service platform, primarily aimed at developers and other technical customers; our direct sales motion, primarily aimed at enterprises and other organizations with complex, high-scale business needs; and our partner-led motion, including resellers, distributors, and strategic partners, such as ISVs, technology partners and systems integrators, which is primarily aimed at customers who do not have the available developer resources or expertise to build our products into their own applications.

Our sales and marketing strategies, and their effectiveness, are influenced by numerous factors. We have made, and may in the future make, changes to the organization of our sales force and sales motions in response to changes in company strategy, new market opportunities, new products or features, sales performance or effectiveness, changes in sales headcount, changes to the compensation structure of our sales organization, or other factors. Such changes may not lead to wider adoption of our products or to the cost-effective acquisition of additional customers or increased revenue from existing customers as quickly or to the extent we expect, or at all, and have resulted, and may in the future result, in a reduction of productivity, which could negatively impact our growth rate and results of operations. For example, in recent years, we have reduced the size of our sales force to drive further efficiencies in our sales operations and are continuing to improve and rely more heavily on our use of self-service capabilities to drive sales of our products to customers that do not require direct account coverage. We are also introducing AI and automation in our self-service platform aimed at improving sales and customer support. These efforts may not continue to be as effective as we anticipate in driving adoption or increased usage of our products, or may take longer than we expect to drive growth or increase efficiency. In addition, if the costs of the marketing channels we use increase, then we may choose to use alternative or less expensive channels, which may not be as effective as the channels we currently use.

New products that we develop or markets that we pursue may require increasingly sophisticated and more costly sales efforts and result in longer sales cycles. For example, we are focusing increasingly on sales to enterprises, such as through our Segment product, which is primarily aimed at complex customer data platform implementations at larger companies, and additional product innovations combining our communications products with contextual data and AI. As we seek to increase the adoption of our products by enterprises, we expect to encounter higher costs and more complex sales efforts for these customers. For enterprises, the decision to adopt our products may require the approval of multiple technical and business decision makers, and enterprise customers may require extensive education about our products and significant customer support before they will commit to deploying our products at scale, which may place additional strain on our product and engineering resources. Enterprises may also engage in protracted pricing and contract negotiations, leading to higher costs and longer sales cycles. Enterprise customers may not use our products enough for us to generate revenue that justifies our cost to obtain such customers, or may choose to develop their own solutions that do not include our products. They may also demand reductions in pricing as their usage of our products increases, notwithstanding increased costs incurred by us to provide such products, which could have an adverse impact on our gross margin.

If our efforts to increase the adoption and usage of our products or sell additional products to existing customers are more expensive or time-consuming than we expect or are otherwise ineffective, then our business, results of operations and financial condition would be adversely affected.

We may not be able to develop new products or product enhancements that achieve market acceptance, or adapt and respond effectively to rapidly changing technology, regulations, industry standards, or customer needs and preferences.

Our ability to attract new customers and increase revenue from existing customers depends in large part on our ability to enhance and improve our existing products and to introduce compelling new products and enhancements that reflect the changing nature of our markets, technology, industry standards, and customer needs and preferences. Anticipating these factors requires that we allocate significant resources without any guarantee that our investments of these resources will result in increased adoption of our products by current and prospective customers. For example, we have committed, and expect to continue to commit, significant resources towards developing new products and enhancements by combining our communications products with contextual data and AI. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels, customer value and the ability to provide rapid time-to-value for our customers, and the emergence of competing products and services that may be delivered at lower prices, more efficiently, conveniently or securely, or render our products obsolete. For example, if user authentication practices evolve to reduce or eliminate the use of one-time passwords, our revenue could be adversely affected. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may require reworking features and capabilities, may have interoperability difficulties with our platform or other products or may not achieve the broad market acceptance necessary to generate significant revenue or increase our gross profits. Furthermore, our ability to increase the usage of our products depends, in part, on the development of new use cases for our products, which is at times driven by our developer community and may be outside of our control.

If we are unable to successfully and cost-effectively develop and drive adoption of new products, anticipate and keep pace with changes in technology, customers' needs and expectations, and industry standards, or provide rapid time-to-value to our current and prospective customers, our business, results of operations and financial condition would be adversely affected.

The success of our products depends, in part, on our ability to integrate them with third-party products used by us or our customers and to ensure that they operate effectively with evolving platforms and technologies.

The providers of third-party products with which our products are integrated may modify the features, functionality, pricing, and other terms and conditions with respect to such products in a manner adverse to us and to our customers. If we are unable to maintain the integrations between our products and such third-party products, our ability to meet the needs and expectations of our customers could be adversely affected, which could adversely affect our business. Our platform must integrate with and leverage a variety of infrastructure, network, hardware, mobile and software platforms and technologies, and we need to continuously modify and enhance our products and platform to adapt to new integrations and changes and innovation in integrated technologies which may present significant complexity, obstacles or other adverse impacts on our products or our business. For example, we recently launched a new channel using Rich Communication Services ("RCS") and we are working on a channel for Apple Messages for Business. We are also focused on the interoperability of our products across the data ecosystem. Third-party platforms may also implement changes to their policies or practices regarding privacy or other matters that may adversely impact us or our customers. In addition, our network service providers, mobile device operating system providers or inbox service providers may adopt new filtering technologies in an effort to combat spam or robocalling. For example, Apple, Google, Yahoo and other mobile device operating system providers or inbox service providers have developed, and may in the future develop, new applications or functions intended to filter spam and unwanted phone calls, messages or emails. Such technologies may inadvertently filter desired messages or calls to or from our customers. If mobile device operating system providers, inbox service providers or network service providers, our customers or their end users adopt new software platforms or infrastructure, we may be required to develop new versions of our products to work with those new platforms or infrastructure. This development effort may require significant resources, which would adversely affect our business, results of operations and financial condition. Any failure of our products and platform to operate effectively with evolving or new platforms and technologies could reduce the demand for our products. If we are unable to respond to these changes in a cost-effective manner, our products may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition could be adversely affected.

If we fail to effectively manage our growth and strategic changes to our business, then our business, results of operations and financial condition could be adversely affected.

We have experienced substantial growth in our business and operations, which has placed, and may continue to place, significant demands on our management, operational and financial resources and systems, especially as we continue to focus on improving our operating efficiency. Although we have conducted workforce reductions in the past, we may experience employee growth in the future. We have also experienced significant growth in the number of customers, usage and amount of data that our platform and associated infrastructure support. To manage our current and anticipated future growth effectively, we must continue to improve our operational, financial and management controls as well as our reporting systems and procedures, which has required, and will continue to require, us to commit substantial financial, operational, and technical resources.

We continue to scale the capacity of, and enhance the capability and reliability of, our technical infrastructure to support increased activity on our platform. Any failure to maintain performance, reliability, security, integrity and availability of our products and infrastructure to the satisfaction of our customers may harm our reputation and our ability to retain existing customers or attract new customers. If we fail to efficiently scale and manage our infrastructure, or if our customers experience service disruptions or outages, our business, financial condition and operating results may be adversely impacted.

The current and prospective markets for our products are intensely competitive and rapidly evolving, and if we do not compete effectively or if these markets fail to grow as expected, our business, results of operations and financial condition could be harmed.

The current and prospective markets for our products are rapidly evolving, significantly fragmented and highly competitive, in some cases with relatively low barriers to entry, and may fail to grow as expected or decline over time. The principal competitive factors of these markets include completeness of offering, credibility with customers, ability to differentiate our products against competing offerings, global reach, ease of integration and programmability, product features, platform scalability, reliability, deliverability, security and performance, brand awareness and reputation, the strength of sales and marketing efforts, customer support, and the cost of deploying and using products, as well as our customers' perception of the value and necessity of our products and platform. Our competitors are primarily (i) CPaaS companies that offer communications products and applications, (ii) regional network service providers that offer limited developer functionality on top of their own physical infrastructure, (iii) customer relationship management and customer experience vendors, (iv) standalone customer data platform vendors and (v) other software companies that compete with portions of our product line.

Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, larger budgets, lower operating costs, and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, customer requirements or changing economic conditions. Our competitors may also offer products or services that address one or a limited number of functions at lower prices, with greater depth than our products or in different geographies. Our current and potential competitors have in the past and may in the future develop and market products and services with comparable functionality to our products, and this could lead us to decrease prices in order to remain competitive. In addition, customers may reduce or delay spending on our products or substitute alternative solutions in response to pricing pressures, budget constraints or changing business priorities.

With the introduction of new products and services and new market entrants, we expect competition to intensify in the future. Industry developments and evolving technology, such as AI, may also impact our competitive landscape and the factors required to compete effectively in current or prospective markets. Our ability to grow will depend in part on our success in expanding the scope of our products and entering new markets, and there can be no assurance that the markets will grow or that our products will achieve meaningful adoption within them. As we expand the scope of our products, we may face additional competition and, in some cases, may find our products in competition with those of our customers, which could cause them to replace our products with competitive offerings. If one or more of our competitors were to merge or partner with another of our competitors or our suppliers, the change in the competitive landscape could also adversely affect our ability to compete effectively. For example, certain of our competitors have engaged in acquisition activity, and we expect that our competitors will continue to evaluate the acquisition of companies and technologies that could increase competition with our products in the future. In addition, some of our competitors have lower list prices than us, which may be attractive to certain customers even if those products have different or lesser functionality. Pricing pressures and increased competition generally could result in reduced revenue, reduced margins, increased losses or the failure of our products to achieve or maintain widespread market acceptance, any of which could harm our business, results of operations and financial condition.

Our business, results of operations and financial condition also depends, in part, on our ability to establish, maintain and expand relationships through resellers, distributors, and strategic partners, including ISVs, technology partners and systems integrators. A portion of our revenue is derived from sales made by these partners and any one of them may later decide to sell their own products or those of third parties that may be competitive with our products. A loss or reduction in sales of our products through these third parties could adversely affect our revenue and other results of operations.

We have a history of losses and may not achieve or sustain profitability in the future.

While we achieved net income of $33.8 million in the year ended December 31, 2025, we have incurred net losses in each preceding year since our inception, including net losses of $109.4 million and $1.0 billion in the years ended December 31, 2024 and 2023, respectively. In addition, while we have experienced revenue growth in prior periods, it is not indicative of future revenue growth, and our revenue and revenue growth for any quarterly or annual period should not be relied upon as an indication of our future revenue or revenue growth for any future period. If we are unable to generate and sustain increased revenue levels and manage our operating expenses, we may not achieve and sustain profitability and, even if we do, we may not be able to increase our level of profitability or achieve our stated profitability goals. As we implement additional initiatives to increase revenue, our operating expenses may continue to rise over the long term, potentially including, among other things: investments in our engineering team; improvements in security and data protection; the development of new products, features and functionality and enhancements to our platform; sales and marketing; expansion of our operations and infrastructure, both domestically and internationally; and general administration, including legal, accounting and other expenses related to being a public company. Our efforts to grow our business may be more costly than we expect, and if our revenue growth does not meet estimates, we may not be able to offset our associated operating expenses, which could prevent us from achieving and sustaining profitability, or maintaining or increasing cash flow. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays and other unknown events. If we are unable to achieve and sustain profitability, or if we incur significant losses, the value of our business and common stock may significantly decrease.

We depend largely on the continued services of highly skilled personnel, including our senior management and other key employees, and the inability to attract, integrate or retain such employees could adversely affect our business, results of operations and financial condition.

Our future performance depends on the continued services and contributions of highly skilled personnel, including our senior management and other key employees, to execute on our business plan, to develop our products and platform, to deliver our products to customers, to attract and retain customers and to identify and pursue opportunities to expand our business. We believe that there is, and will continue to be, intense competition for highly skilled management, technical, sales and other employees with experience in our industry. In addition, we have experienced and may in the future experience employee attrition, which could significantly delay or prevent the achievement of our business objectives, and any resulting influx of new employees may require us to expend time, attention and resources to recruit and retain employees, restructure parts of our organization and train and integrate new personnel. If we fail to effectively manage attrition, and to hire, integrate and adequately incentivize our personnel, our efficiency and ability to meet our financial and operational targets, as well as our corporate culture, employee morale, productivity and retention, could suffer, and our business and operating results would be adversely impacted.

Any of our executive officers may terminate employment with us at any time with no advance notice. We have experienced, and may continue to experience, high attrition among our senior management team and key employees. The replacement of any of our senior management or other key employees will involve significant time and costs, and any loss of services of any such key employee for any reason could significantly delay or prevent the achievement of our business objectives and our financial and operational targets, and could adversely affect our business, results of operations and financial condition.

Additionally, we have implemented several reductions in workforce and efforts to restructure our business in the past and may in the future implement other reductions in force. Our reductions in force may result in unintended consequences, including employee attrition beyond the intended reduction in force, damage to our corporate culture and decreased employee morale among remaining employees, diversion of management attention, damage to our reputation as an employer, which could make it more difficult for us to hire new employees in the future, delays in meeting our financial and operational targets, and the loss of institutional knowledge and expertise of departing employees.

The labor market for our business is subject to external factors that are beyond our control, including our industry’s highly competitive market for skilled workers and leaders. We must provide competitive compensation packages and a high-quality work environment to hire, retain and motivate employees. Volatility in, or the actual or perceived lack of performance of, our stock price may affect our ability to attract, motivate and retain key employees. If we are unable to retain and motivate our existing employees and attract qualified employees to fill key positions, we may be unable to manage our business effectively, including the development, marketing and sale of our products, which could adversely affect our business, results of operations and financial condition.

If we are not able to maintain and enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected.

We believe that maintaining and enhancing our brand identity and increasing market awareness of our company and products, particularly among developers and enterprises, is critical to achieving widespread acceptance of our platform, to strengthening our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand will depend largely on our continued marketing efforts, our ability to continue to offer high-quality products, and our ability to successfully differentiate our products and platform from competing products and services. Our brand promotion and thought leadership activities may not be successful or yield increased revenue. In addition, independent industry analysts often provide reviews of our products and competing products and services, which may significantly influence the perception of our products in the marketplace. If these reviews are negative or not as strong as reviews of our competitors' products and services, then our brand may be harmed.

The promotion of our brand also requires us to make substantial expenditures, and we anticipate that these expenditures will increase as our markets become more competitive and as we expand into new markets. To the extent that these activities increase revenue, this revenue still may not be enough to offset the increased expenses we incur.

To deliver our products, we rely on network service providers and internet service providers for our network service and connectivity, and disruption or deterioration in the quality of these services or changes in provider fees that we pay in connection with the delivery of communications on our platform could adversely affect our business, results of operations and financial condition.

We interconnect with fixed and mobile network service providers around the world to deliver our products. Although we have, or are in the process of acquiring, authorization to provide voice and messaging services and for direct access to phone numbers in many countries, we expect to continue to rely to some extent on network service providers for these services. Reliance on network service providers subjects us to regulatory, competitive and other industry related changes over which we have little or no control. In addition, our reliance on network service providers subjects us to fees, penalties, administrative and technical requirements, each of which are subject to change. Similarly, in some cases, we utilize intermediaries for direct access to networks. Although we have, or are in the process of securing, direct connections with network service providers in many countries, we expect to continue to rely on intermediaries for these services to some extent. These intermediaries also charge us changing fees and at times have offerings that compete directly with our products. We also interconnect with internet service providers around the world to deliver our email products, and expect to continue to rely on such providers.

Reliance on these providers poses risks to the quality of our services, primarily by limiting our control, operating flexibility, and ability to timely identify and respond to necessary service changes, and by subjecting us to service interruptions or outages. Reliance on such providers in the past has caused, and may in the future cause, errors, service outages, security incidents, or poor-quality communications on our products, and we could encounter difficulty identifying the source of the problem. This has in the past, and may in the future, cause harm to our brand, result in lost revenue, and cause us to lose existing and prospective customers.

The fees we pay to these providers also subject us to risks. We are exposed to significant fluctuations in applicable fees paid to network service providers, intermediaries, and internet service providers. These fees are outside of our control and we are not able to predict the magnitude or timing of changes to such fees. Additional or increased fees charged by such providers have resulted, and could in the future result, in increases to our costs and other impacts on our financial results. For example, recent increases to A2P messaging fees charged by major U.S. mobile carriers are expected to create a modest headwind on our margins going forward, and such fees may increase further over time. In some markets, fees charged by our network service providers change daily or weekly. We may not be able to change our customer pricing as rapidly, and absorbing these costs could adversely affect our business and results of operations. Further, even when we do pass fee increases through to customers, it typically increases revenue and cost of revenue such that while gross profit dollars are not impacted, it has a negative impact on gross margins. While historically we have responded to many fee increases through negotiating efforts, absorbing increased costs or passing fees through to customers, we may be unable to respond in these ways in the future without a material negative impact to our business. Our ability to respond to fee increases may also be constrained by equivalent increases by other providers in a particular market, fees that are disproportionately large compared to underlying prices paid by our customers, or market or other conditions limiting our ability to increase the prices we charge for our products.

We also face risks related to losing access to these services. Many of these providers do not have long-term committed contracts with us and may interrupt services or terminate their agreements with us without notice. We may not be able to replace these services on a cost-effective basis, or at all, and even if we can, replacing providers may be time-consuming, costly and result in delays.

Any of the foregoing consequences of our reliance on network service providers, intermediaries and internet service providers to deliver our products could adversely impact our business, results of operations and financial condition.

Failure to set optimal prices for our products could adversely impact our business, results of operations and financial condition.

We face risks associated with optimally pricing our products, particularly given the dynamic nature of our usage-based pricing. The fees that we pay to network service providers can vary, in some markets daily or weekly, differ across countries, and are affected by volume and other factors that may be outside of our control and which are difficult to predict. As a result, we may incur increased costs that we may be unable or unwilling to pass through to our customers. If we do pass increased fees through to our customers, it could adversely affect customer relationships or cause customers to seek lower-cost alternatives.

We periodically adjust the pricing for our products and expect to continue to. Many of our usage-based customers have contracts with negotiated pricing, and our subscription contracts also have negotiated pricing. New products or price reductions by competitors may prevent us from retaining or attracting customers based on our historical pricing, and we may otherwise be required or choose to reduce our pricing. Any such price reductions, lost customers, or other failure to optimize our pricing could adversely impact our business, results of operations and financial condition.

Our international operations expose us to risks inherent in global operations.

In the years ended December 31, 2025, 2024 and 2023, we derived 36%, 35% and 34% of our revenue from customer accounts located outside the United States, respectively. The future success of our business will depend, in part, on our ability to strategically maintain and expand our customer base worldwide. Operating in international markets requires significant resources and management attention and subjects us to regulatory, economic and political risks in addition to those we face in the United States.

In addition, we face risks in doing business internationally that could adversely affect our business, including:

- the difficulty of managing and staffing international operations and the increased operations, travel and infrastructure and other costs associated with servicing international customers and operating numerous international locations, including collecting accounts receivable and having longer payment cycles, higher or more variable network service provider fees and other costs associated with the need to adapt and localize our products and support for foreign countries;

- new and different sources of global competition affecting our ability to effectively price our products in competitive international markets;

- implementing and reconciling technical controls to address different technical standards, data privacy, data protection and telecommunications regulations, and registration and certification requirements outside the United States, which could prevent customers from deploying our products or limit their usage;

- our ability to comply with laws, regulations, customs and industry standards in countries and other regions in which we operate or do business, and the associated costs and management attention required to support such compliance, including with respect to data privacy, data protection, data localization, cybersecurity, intellectual property rights, environmental and sustainability matters, as well as export controls, sanctions, anti-bribery and anti-corruption matters;

- international tax and trade policies, tariffs, and other non-tariff barriers;

- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;

- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;

- restrictions on the transfer of funds; and

- political or social unrest, economic instability, conflict or war in a specific country or region in which we, our customers, partners or service providers operate, which could have an adverse impact on our operations in the region or otherwise have a material impact on regional or global economies, any or all of which could adversely affect our business.

Also, due to costs from our international operations and network service provider fees outside of the United States, which generally are higher than domestic rates, our gross margin for messages terminating internationally is typically lower than our gross margin for messages terminating domestically. As a result, our gross margin has been, and may continue to be, adversely impacted by our international operations. If we, or our international business partners, fail to manage any of these risks successfully, it could harm our international operations and adversely affect our business, results of operations and financial condition.

We may not realize potential benefits from our acquisitions, partnerships and investments because of difficulties related to integration, the achievement of synergies, and other challenges.

Our success will depend, in part, on our ability to expand our products and grow our business to meet the needs of current and prospective customers. In some circumstances, we may determine to do so through acquisitions, partnerships or investments in businesses and technologies that are complementary to our business. There can be no assurances that such transactions will result in the anticipated benefits, and it is possible that there could be a loss of our key employees and customers, disruption of ongoing businesses or unexpected issues, higher than expected costs, the diversion of management attention and resources from day-to-day business operations and an overall post-completion process that takes longer than originally anticipated. In addition, the following issues, among others, may need to be addressed in order to realize the anticipated benefits of any acquisitions, partnerships or investments:

- combining the acquired businesses' corporate functions with our corporate functions;
- combining acquired businesses with our existing business in a manner that permits us to achieve the synergies anticipated to result from such acquisitions, the failure of which would result in the anticipated benefits of our acquisitions not being realized in the time frame currently anticipated or at all;
- maintaining existing agreements with customers, distributors, providers, talent and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers, talent and vendors;
- determining whether and how to address possible differences in corporate cultures and management philosophies;
- integrating the companies' product, compliance, administrative and IT infrastructure;
- developing products and technology that allow value to be unlocked in the future;
- incurring significant, nonrecurring costs to integrate our operations with those of acquired businesses, including the costs to maintain employee morale and retain key employees;
- evaluating and forecasting the financial impact of such acquisitions, partnerships and investments, including accounting charges; and
- effecting potential actions that may be required in connection with obtaining regulatory approvals.

From time to time, we may also divest or stop investing in certain businesses or products. The sale of a business or product has in the past and may in the future require us to restructure operations and/or terminate employees and could expose us to unanticipated ongoing obligations and liabilities, including as a result of our indemnification obligations. During the pendency of a divestiture, we may be subject to risks related to a decline in the business, loss of employees, customers, or suppliers, and that the transaction may not close, which could have an adverse effect on the business to be divested and on us. Divestitures or winding down businesses or products can also disrupt our customer, supplier and/or employee relationships and divert the time and attention of our management and employees. Additionally, we may experience harm to our financial results, including loss of revenue, and we may not realize the expected benefits and cost savings of these actions and our operating results may be adversely impacted.

Risks Related to Cybersecurity, Data Privacy and Intellectual Property

Breaches of or other incidents impacting our networks or systems, or those of our third-party service providers, could degrade our ability to conduct our business, compromise the integrity of our products, platform and data, result in significant loss or unavailability of data and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.

We depend upon our IT systems to conduct virtually all of our business operations, ranging from our internal operations and research and development activities to our marketing and sales efforts and communications with our customers, vendors and other business partners. Moreover, our platform stores, transmits, and otherwise processes our, our customers' and our partners' proprietary, confidential, and sensitive data. We also rely on various third-party service providers – including network service providers, internet service providers, telecommunications carriers, and providers of cloud infrastructure and cloud communications – for business operations, to operate our platform and to deliver our products, as well as third-party technology and intellectual property.

We have been targeted by threat actors seeking unauthorized access to our systems or data, or that of our customers or third-party service providers, or to disrupt our operations or ability to provide our services. Our third-party service providers have also been targeted. Our platform and our underlying infrastructure, the information we store and process, and those of our third-party service providers, are subject to evolving threats and have in the past and may in the future be subject to breaches, compromises, disruptions, or other incidents, including as a result of the following:

- fraud, social-engineering attacks (such as phishing) and other third-party attempts to induce our employees, customers or partners to disclose sensitive information to gain access to our customers' data or systems, or our data or our systems;
- efforts by hackers or sophisticated groups, such as criminal organizations, state-sponsored organizations or nation-states, to launch coordinated cyberattacks on internally built infrastructure or on third-party cloud-computing platform providers, including malicious code, ransomware, destructive malware, supply chain attacks and distributed denial-of-service attacks;
- third-party attempts to abuse our marketing, advertising, messaging or products and functionalities to impersonate persons or organizations and disseminate information that is false, misleading or malicious;
- attacks on, malfunctions or unavailability of, or other vulnerabilities in, the underlying networks and services that power the internet or that our products otherwise depend on, many of which are not under our control or the control of our customers or partners;
- attacks facilitated or enhanced by AI, including deep fakes; and
- employee fraud, misconduct or error, including resulting from efforts to bribe, extort, infiltrate or otherwise compromise our or our service providers' workforce.

Cyberattacks and other malicious activity continue to become more sophisticated, targeted and inexpensive to conduct, and to increase in frequency and magnitude. These include ransomware and cyber extortion attacks, which can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. Extortion payments may reduce the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments, such as due to applicable laws or regulations prohibiting such payments. Geopolitical tensions and events may further heighten risks we and our service providers face from breaches and other incidents.

We make, and expect to continue to make, significant investments in processes and controls designed to mitigate risks associated with breaches and other incidents, including to evaluate and respond to known and potential risks. These investments are, and could increasingly be, costly, and may not be effective or prevent a material incident. Our ability to effectively mitigate these risks may be impacted by, among other factors:

- the rapidly evolving nature of techniques to breach, compromise, or disrupt IT systems and infrastructure, including increasing use of AI technologies, such that we may not be able to recognize such techniques until launched against a target, or anticipate, prevent, or timely respond to them, increasing the likelihood and magnitude of damage of a breach or other incident;

- the increasing complexity of our internal IT systems, including as we adopt new technologies, including AI solutions, and incorporate and secure IT environments from acquired companies;

- our reliance on third-party technology and service providers; and

- our limited control over customers and third-party providers (including those authorized by customers to access their data) and the processing of data by third-party providers, which may prevent us from maintaining the integrity or security of such data.

In the normal course of business, we experience, and have experienced, cyberattacks and other security incidents, which have in the past and may in the future cause harm to our business. For example, in 2022, one such incident resulted in threat actors obtaining employee credentials and accessing customer data, and required us to notify affected customers and regulators and take steps to remediate the incident. While to date the security events we have experienced have not had a material financial impact, we may experience significant and material future incidents. Any security incident can result in loss, corruption, unavailability, or other unauthorized processing of confidential information or sensitive personal information. Any such event, or the perception that it has occurred, may also result in damage to our reputation, erosion of customer trust, loss of customers, litigation, regulatory investigation, fines, penalties, and other consequences and liabilities that could adversely affect our business, results of operation and financial condition. Laws and regulations require us to maintain security measures, and we may have contractual or other legal obligations to notify customers, government agencies, impacted individuals or other relevant stakeholders of security breaches or other incidents, which disclosures are costly and may cause widespread negative publicity and resulting harm, among other adverse consequences. Further, the detection, prevention, and remediation of known and potential security incidents, including determining whether an incident is notifiable or reportable, may not be straightforward and result in additional direct or indirect costs to respond or alleviate the consequences of the actual or perceived incident, such as additional infrastructure capacity spending to mitigate system degradation or reallocation of resources from development activities. We maintain errors, omissions and cyber liability insurance policies covering certain security and privacy damages, but such insurance may not be sufficient to cover the potentially significant losses resulting from a security breach or other incident, may be denied with respect to a particular claim, or may not remain available in the future on acceptable terms or at all.

Our actual or perceived failure to comply with increasingly stringent laws, regulations and contractual obligations relating to privacy, data protection and cybersecurity could harm our reputation and subject us to significant fines and liability or loss of business.

We are subject to increasing legal, regulatory, and contractual obligations relating to privacy, data protection and cybersecurity that affect how we process personal data in the jurisdictions where we and our customers operate. Our obligations change frequently due to new or modified laws and regulations, as well as court rulings interpreting or invalidating them. These evolving obligations involve significant compliance costs and operational challenges, and increasingly expose us to enforcement actions and other proceedings or actions, sanctions, and litigation, as well as regulatory and public scrutiny of our practices relating to personal information. We expect the increasing breadth and depth, and changing nature of, these obligations to continue to require significant resources, including to review our technology, systems and processes against changing requirements. They may also limit our ability to use personal data for new products, including those relying on AI-related technologies.

In the United States, for example, the California Consumer Privacy Act (as amended by the California Privacy Rights Act of 2020, the “CCPA”) provides our customers, employees, and other individuals certain rights related to their personal information. The federal government has also proposed, and numerous other states are considering or have proposed and/or enacted, laws and regulations addressing privacy and cybersecurity. Internationally, the regulatory landscape is increasingly complex and fragmented and compliance increasingly financially burdensome. For example, in the European Union (“EU”), the General Data Protection Regulation (“GDPR”) imposes significant requirements regarding the processing of personal information, including related to transparency, individuals’ privacy rights, compliance contracting, data minimization, data breach notification, data retention, security, and international data transfers. Other international privacy and data protection laws also impose strict requirements, such as related to marketing communications and deployment of cookies. Together, this patchwork of global requirements presents significant compliance challenges, and subjects us to possible fines, sanctions, litigation, and other adverse consequences. For example, under the GDPR, regulators may impose temporary or definitive bans on data transfers or other processing, require deletion, and impose significant fines, potentially ranging up to 4% of our worldwide revenue.

We must also comply with increasing laws and regulations relating to data residency, data localization, and the transfer of data across territorial boundaries, arising from the fact that our primary data processing facilities are in the United States. For example, the GDPR restricts the transfer of personal data from the EU to the United States and other countries that are not deemed to have implemented adequate data protection measures, and other jurisdictions have proposed and enacted laws relating to cross-border data transfer or requiring personal information to be stored in the jurisdiction of origin. We use a variety of legal transfer mechanisms to transfer personal data across borders, including standard contractual clauses and the E.U.-U.S. Data Privacy Framework, whose use is subject to ongoing review and litigation, and we may not be able to continue to rely on these or other transfer mechanisms. As a result of this uncertainty, we have encountered hesitancy, reluctance or refusal by European and multinational customers to use our services. If we are unable to maintain valid mechanisms for cross-border data transfer, we and our customers may face increased exposure to regulatory actions, significant fines, or injunctions against processing or transferring personal information from Europe or elsewhere. Any inability to transfer personal information to the United States or other jurisdictions, or costly restrictions on such transfer, may also limit our ability to collaborate with partners and customers, require us to increase our data processing capabilities in Europe and/or other jurisdictions at significant expense, and/or otherwise negatively impact our business.

Additionally, as a provider of interconnected VoIP service, we must also comply with certain U.S. federal privacy laws and regulations, including Section 222 of the Communications Act of 1934, as amended, and the FCC's customer proprietary network information rules. We are also subject to state rules and obligations that have been proposed or adopted, or may be in the future. We are also subject to other rapidly changing technology- and industry-specific laws, regulations and obligations. For example, we expect increased global regulation in the use of AI and ML such as the recent AI Act in Europe, which imposes onerous obligations related to the development, placement on the market and use of AI systems. Various countries and a growing number of U.S. states are also enacting legislation regulating aspects of AI or AI generally. We may need to change our business practices to comply with obligations under these or other new and evolving regimes, and face significant compliance challenges, liability, or other risks.

We also have contractual obligations relating to privacy, data protection and cybersecurity that are increasingly stringent due to related legal and regulatory changes and the expansion of our offerings. For example, certain laws and regulations, such as the GDPR and CCPA, require our customers to impose contractual restrictions on their service providers. In addition, we support customer workloads involving the processing of protected health information and are required to sign business associate agreements with customers that subject us to certain requirements under federal and state laws governing health information, such as the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009.

Taken together, evolving legal, regulatory and contractual obligations pertaining to privacy, data protection, cybersecurity and AI may require us to expend resources to modify our practices and products, reduce demand for our platform, increase our costs, restrict our ability to store and process data, inhibit product functionality or the development of new products and features, or impact our ability to operate in certain locations, any of which could impair growth or otherwise harm our business. Further, any actual or perceived non-compliance with these laws, regulations, contractual commitments, or other actual or asserted obligations, including industry standards, pertaining to privacy, data protection , cybersecurity or AI could subject us to regulatory audits or inquiries, civil and criminal penalties, or significant fines, or lead to costly legal action, breach of contract claims, adverse publicity, significant liability, inability to process data, and decreased demand for our services, any of which could adversely affect our business, results of operations, and financial condition.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our brand and the proprietary methods and technologies that we develop under patent and other intellectual property laws. We rely on a combination of patents, copyrights, trademarks, service marks, trade secret laws and other intellectual property laws, contractual provisions, and internal processes, procedures, and controls in an effort to establish, maintain, enforce, and protect our intellectual property and proprietary rights. However, the steps we take to protect our intellectual property may be inadequate. While we have been issued patents in the United States and other countries and have additional patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, any patents issued to us in the future may not provide us with competitive advantages or may be successfully challenged by third parties. Further, the laws of some countries do not protect intellectual property or proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of such rights in some foreign countries may be inadequate. To the extent we expand our international activities, our exposure to unauthorized copying and use of our products and proprietary information may increase. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our technology and intellectual property.

We also rely, in part, on contractual confidentiality obligations we impose on our business partners, employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These obligations may not effectively prevent unauthorized disclosure or use of our confidential information, and it may be possible for unauthorized parties to copy or access our software or other proprietary technology or information, or to develop similar products independently without us having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we may not be able to assert any trade secret rights against those parties.

We may be required to spend significant resources to monitor, enforce, maintain, and protect our intellectual property and proprietary rights. Litigation brought to protect and enforce our intellectual property or proprietary rights could be costly, time-consuming and distracting to management, result in a diversion of significant resources, or the narrowing or invalidation of portions of our intellectual property. Our efforts to enforce our intellectual property or proprietary rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of such rights. Our failure to meaningfully protect our intellectual property and proprietary rights could have an adverse effect on our business, results of operations and financial condition.

We have been sued and may, in the future, be sued by third parties for alleged infringement of their intellectual or other proprietary rights, which could adversely affect our business, results of operations and financial condition.

There is considerable patent and other intellectual property development activity in our industry. We may also introduce or acquire new products or technologies, including in areas where we historically have not participated, which could increase our exposure to intellectual property infringement claims brought by third parties. Our future success depends, in part, on not infringing the intellectual property or proprietary rights of others and we may be unaware of such rights that may cover some or all of our technology or intellectual property. We have from time to time been subject to claims that our products or platform and underlying technology are infringing upon third-party intellectual property or proprietary rights. We may be subject to such claims in the future and we may be found to be infringing upon such rights. Any claims or litigation could cause us to incur significant expenses (including settlement payments and costs associated with litigation) and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products, or require that we comply with other unfavorable terms.

Additionally, our agreements with customers and other third parties typically include indemnification or other provisions under which we agree to indemnify or are otherwise liable to them for losses suffered or incurred by them as a result of claims of intellectual property infringement. Although we typically limit our liability with respect to such obligations through such agreements, we may still incur substantial liability related to our indemnification obligations.

Regardless of the merits or ultimate outcome of any claims of infringement, misappropriation, or violation of intellectual or other proprietary rights that have been or may be brought against us or that we may bring against others, these types of claims, disputes, and lawsuits are time-consuming and expensive to resolve, divert management's time and attention, and could harm our reputation. Litigation is inherently unpredictable and we cannot predict the timing, nature, controversy or outcome of disputes brought against us or assure you that the results of any of these actions will not have an adverse effect on our business, results of operations or financial condition.

We rely on technology and intellectual property of third parties, the loss of which could limit the functionality of our products and disrupt our business.

We use technology and intellectual property licensed from third parties in certain of our products and our platform, and for business operations, and we expect to license additional third-party technology and intellectual property in the future. Licensed technology and intellectual property may not continue to be available on commercially reasonable terms, or at all. The loss of the right to license and distribute third-party technology could limit the functionality of our products or platform and could require us to redesign our products or platform. In addition, if the third-party technology and intellectual property we use has errors, service outages, security vulnerabilities, or otherwise malfunctions, our business operations or the functionality of our products and platform may be negatively impacted, our customers may experience outages or reduced service levels, and our business may be adversely affected.

For example, we outsource a substantial majority of our cloud infrastructure to Amazon Web Services ("AWS"), which hosts our products and platform. Our customers need to be able to reliably access our platform, without material interruption or degradation of performance. AWS runs its own platform that we access, and we are, therefore, vulnerable to service interruptions at AWS. We have experienced, and expect that we may experience interruptions, delays and outages in service and availability in the future due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Capacity constraints could be caused by a number of potential causes, including technical failures, natural disasters, public health epidemics or pandemics, fraud or security attacks. In addition, if our security, or that of AWS, is compromised, if our products, platform or customer data become unavailable, or if our users are unable to use our products within a reasonable amount of time or at all, any one of which may be due to circumstances beyond our control, then our business, results of operations and financial condition could be adversely affected. In some instances, we may encounter difficulties or otherwise not be able to identify the cause or causes of these performance problems within a period of time acceptable to our customers. It may become increasingly difficult to maintain and improve our platform performance and to troubleshoot performance issues, especially during peak usage times, as our products become more complex and the usage of our products increases. To the extent that we do not effectively address capacity constraints, either through AWS or alternative providers of cloud infrastructure, or through other factors that may result in interruptions, delays and outages in service and availability of our products and/or services, our business, results of operations and financial condition may be adversely affected. In addition, if Amazon.com, Inc. ("Amazon") requires that we comply with unfavorable terms in order to continue our use of AWS or if Amazon implements any changes in its service levels for AWS, the changes may adversely affect our ability to meet our customers' requirements, result in negative publicity which could harm our reputation and brand and may adversely affect the usage of our platform.

The substantial majority of the services we use from AWS are for cloud-based reserve service capacity and, to a lesser extent, storage and other optimization offerings. AWS enables us to order and reserve service capacity in varying amounts and sizes distributed across multiple regions. We access AWS infrastructure through standard IP connectivity protocols. AWS provides us with computing and storage capacity pursuant to an agreement that continues until terminated by either party. AWS may terminate the agreement if we fail to cure a breach of the agreement within 30 days of our being notified of the breach and, in some cases, AWS may suspend the agreement immediately for cause upon notice. Although we expect that we could procure similar services from other third parties, if any of our arrangements with AWS are terminated, we could experience interruptions to our platform and encounter difficulties in our ability to make our products reliably accessible by customers, as well as delays and additional expenses in procuring, implementing, and transitioning to alternative cloud infrastructure services. Any of the above circumstances or events may harm our reputation, erode customer trust, cause customers to stop using or reduce their usage of our products, discourage customers from renewing their contracts, impair our ability to increase revenue from existing customers, impair our ability to grow our customer base, subject us to financial penalties and liabilities under our service level agreements and otherwise harm our business, results of operations and financial condition.

Our use of open source software could negatively affect our ability to sell our products and subject us to possible litigation.

Our products and platform incorporate open source software, and we expect to continue to incorporate open source software in our products and platform in the future. Open source software presents certain risks in addition to those of third-party technology and intellectual property generally. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products and platform. Although we have implemented policies to regulate the use and incorporation of open source software into our products and platform, we cannot be certain that we have not incorporated open source software in our products or platform in a manner that is inconsistent with such policies. If we fail to comply with open source licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available the source code for any modifications or derivative works we create based upon, incorporating or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. If an author or other third-party that distributes such open source software were to allege that we had not, or have not, complied with the terms and conditions of the license for such open source software, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from generating revenue from customers using products that contained the open source software and required to comply with onerous conditions or restrictions on these products. In any of these events, we and our customers could be required to seek licenses from third parties in order to continue offering our products and platform and to re-engineer our products or platform or discontinue offering our products to customers in the event re-engineering cannot be accomplished on a timely basis. Any of the foregoing could require us to devote additional research and development resources to re-engineer our products or platform, damage our reputation, give rise to increased scrutiny regarding our use of open source software, result in customer dissatisfaction and may adversely affect our business, results of operations and financial condition.

The use of AI technologies in our platform and our business may not produce the desired benefits, and may result in increased liability, reputational harm, or other adverse consequences.

We have deployed, and continue to develop and incorporate, AI solutions and features in our platform and our business, and these solutions and features may become more important to our operations, future growth or competitiveness over time. We expect to rely on AI solutions and features to help drive future growth and efficiency in our business, but there can be no assurance that we will realize the desired or anticipated benefits from AI in a timely or cost-effective manner. For example, we are focused on continued product innovations to combine our communications products with contextual data and AI. We are also building out new AI capabilities internally, including AI automation and agents in our self-service platform and in our internal operations. We may also fail to properly implement or market our AI solutions and features. Our competitors or other third parties may incorporate AI into their products, offerings, and solutions more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Our ability to effectively implement and market our AI solutions and features will depend, in part, on our ability to attract and retain employees with AI expertise, and we expect significant competition for professionals with the skills and technical knowledge that we will require. Additionally, our offerings based on AI may expose us to additional claims, demands and proceedings by private parties and regulatory authorities and subject us to legal liability as well as brand and reputational harm. For example, our business, financial condition and results of operations may be adversely affected if content or recommendations that AI solutions or features assist in producing are or are alleged to be deficient, inaccurate, harmful, or biased, or if such content, recommendations, solutions, or features or their development or deployment (including the collection, use, or other processing of data used to train or create such AI solutions or features) are found to have or alleged to have infringed upon or misappropriated third-party intellectual property rights or violated applicable laws, regulations, or other actual or asserted legal or contractual obligations to which we are or may become subject. If we fail to obtain any required permissions to collect, use, or otherwise process data, including personal information, in relation to AI solutions or features, or if we jeopardize the privacy or security of such information, it could adversely affect our business, results of operations and financial condition. The legal, regulatory, and policy environments around AI are evolving rapidly, and we may become subject to new and evolving legal and other obligations. These and other developments may require us to make significant changes to our use of AI, including by limiting or restricting our use of AI, require us to make significant changes to our policies and practices, and necessitate expenditure of significant time, expense, and other resources. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm.

Risks Related to Legal and Regulatory Matters

Certain of our products are subject to telecommunications-related regulations, and future legislative or regulatory actions could adversely affect our business, results of operations and financial condition.

As a provider of communications products and a licensed telecommunications provider, we are required to comply with many changing federal, state and international regulations, including relating to privacy, security, telecommunications, consumer protection, fraud and scam prevention, Know Your Customer and Know Your Traffic and other requirements and obligations, which often vary across the numerous jurisdictions in which we operate. Compliance with these requirements involves significant management attention and compliance costs, and can present operational challenges, onboarding delays and friction for our customers, require us to raise prices, restructure or discontinue our products, or limit our ability to expand into certain jurisdictions. If we do not comply with such requirements, we could face enforcement actions, significant fines, remedial directions to implement audits or new processes, loss of licenses, restrictions or prohibitions on our ability to operate or offer certain of our products, eroded customer trust, and damage to our brand and reputation, and other consequences. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In the United States, at the federal level, we and/or our customers are required to comply with laws and regulations limiting telemarketing and certain technologies that enable automatic calling and/or messaging and establishing quiet hours for solicitations, such as the Telephone Consumer Protection Act of 1991 ("TCPA"), laws requiring assistance to law enforcement in electronic surveillance, requirements to pay regulatory fees and contributions to various federally administered funds, requirements to safeguard the privacy of certain customer information, and requirements aimed at mitigating illegal robocalls and robotexts, such as the implementation of call authentication technologies, and other compliance requirements. At the state level, some states have adopted, proposed or may propose, regulations that may subject us to additional registration, reporting, resiliency and/or compliance obligations, including laws similar to the TCPA.

We are also subject to varying international licensing obligations and communications regulations, including related to reporting requirements, provision of emergency services and of information to support emergency services, number portability, combatting scam and fraud, payment into universal service funds, and licensing fees, among others. As we expand into new countries, our potential regulatory and licensing obligations, and related scrutiny, increase. The international landscape continues to evolve, and in many cases involves significant uncertainties related to how the CPaaS business model fits into the communications regulatory framework. There is significant variation in requirements across international jurisdictions, including as to whether some or all of the services we offer are considered regulated telecommunications services. In addition, certain of our products may be used by customers located in countries where voice and other forms of Internet Protocol ("IP") communications may be illegal or require special licensing or in countries on a U.S. embargo list, and users in such countries may continue to use our products in those countries notwithstanding the illegality or embargo, or a local partner that we use to provide services may not comply with applicable governmental regulations, subjecting us to potential penalties or governmental actions that may be costly, harm our business and damage our brand and reputation.

Both in the United States and internationally, these requirements continue to change. For example, new federal, state, or international requirements could impose more or different robocall or robotext mitigation measures, limit the customers we are able to serve, extend telecommunications regulations to our non-interconnected VoIP services or messaging products, subject us to additional registration, reporting or resiliency compliance obligations, or subject us to other fees, taxes or obligations. The changing nature of these requirements increases the associated compliance costs, operational challenges, possibility of enforcement actions and other associated risks, and new or changed requirements, or interpretations or judicial actions related to them, may also adversely affect our business, results of operations and financial condition.

If we are unable to obtain, assign or retain geographical, mobile, regional, local or toll-free numbers, or to effectively process requests to port such numbers in a timely manner due to industry regulations, our business and results of operations may be adversely affected.

Our future success depends in part on our ability to obtain allocations of geographical, mobile, regional, local and toll-free direct inward dialing numbers or phone numbers as well as short codes and alphanumeric sender IDs (collectively, "Numbering Resources") in the United States and foreign countries at a reasonable cost and without overly burdensome restrictions. Our ability to obtain allocations of, assign and retain Numbering Resources depends on factors outside of our control, such as applicable regulations, the practices of authorities that administer national numbering plans and the requirements of network service providers from whom we can provision Numbering Resources, such as conditional minimum volume call level requirements, as well as related costs and competitive demand.

In addition, in order to obtain allocations of, assign and retain Numbering Resources in many international jurisdictions, we are often required to be licensed by local telecommunications regulatory authorities. We have obtained licenses and are in the process of obtaining licenses in various countries in which we do business, but in some countries, the regulatory regime around provisioning of Numbering Resources is unclear, subject to change over time, and sometimes may conflict from jurisdiction to jurisdiction. These regulations and governments' approach to their enforcement, as well as our products and services, are evolving and we may be unable to maintain compliance with applicable regulations, or enforce compliance by our customers, on a timely basis or without significant cost or changes in products or business practices that result in reduced revenue. In some countries where our or our customers' assignment and/or use of Numbering Resources in certain ways may violate applicable rules and regulations, we have been subjected to government inquiries and audits, and may in the future be subject to significant penalties or further governmental action, and in extreme cases, may be precluded from doing business in that particular country. We have also been required to reclaim Numbering Resources from our customers as a result of certain events of non-compliance. These reclamations result in loss of customers, loss of revenue, reputational harm, erosion of customer trust, and may also result in breach of contract claims, all of which could have an adverse effect on our business, results of operations and financial condition.

If we are unable to acquire or retain Numbering Resources, our voice and messaging products may be less attractive to potential customers. Certain popular area code prefixes have limited availability, and restrictive rules generally prevent us from obtaining or assigning certain number types. In addition, future growth in our customer base and those of other CPaaS providers may make it increasingly difficult to source larger quantities of Numbering Resources, and Numbering Resources may become more expensive or subject to more stringent regulation or conditions of usage.

Additionally, in some geographies, we support number portability, which allows our customers to transfer their existing phone numbers to us and thereby retain their existing phone numbers when subscribing to our voice and messaging products. Transferring existing numbers is a manual process that can take up to 15 business days or longer to complete. Any delay that we experience in transferring these numbers typically results from our dependency on network service providers to transfer these numbers, and these network service providers may refuse or substantially delay the transfer of these numbers to us. Number portability is an important feature to many potential customers, and failure to reduce delays may result in adverse regulatory enforcement, increased difficulty in acquiring new customers, or costs to compensate customers for certain failures in the porting process.

United States federal and state legislation and international laws impose certain obligations on the senders of commercial emails, which could minimize the effectiveness of our platform, and establish financial penalties for non-compliance, which could increase the costs of our business.

The Federal Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (the "CAN-SPAM Act") establishes certain requirements for commercial email messages and transactional email messages and specifies penalties for the transmission of email messages that are intended to deceive the recipient as to source or content. Among other things, the CAN-SPAM Act obligates the sender of commercial emails to provide recipients with the ability to "opt-out" of receiving future commercial emails from the sender. In addition, some states have passed laws regulating commercial email practices that are significantly more restrictive and difficult to comply with than the CAN-SPAM Act. For example, certain states prohibit the sending of email messages that advertise products or services that minors are prohibited by law from purchasing or that contain content harmful to minors to email addresses listed on specified registries. Some portions of these state laws may not be preempted by the CAN-SPAM Act. In addition, certain non-U.S. jurisdictions in which we operate have enacted laws regulating the sending of email that are more restrictive than U.S. laws. For example, some foreign laws prohibit sending broad categories of email unless the recipient has provided the sender advance consent (or "opted-in") to receipt of such email. If we were found to be in violation of the CAN-SPAM Act, applicable state laws governing email not preempted by the CAN-SPAM Act or foreign laws regulating the distribution of email, whether as a result of violations by our customers or our own acts or omissions, we could be required to pay large penalties, which would adversely affect our financial condition, significantly harm our business, injure our reputation and erode customer trust. The terms of any injunctions, judgments, consent decrees or settlement agreements entered into in connection with enforcement actions or investigations against our company in connection with any of the foregoing laws may also require us to change one or more aspects of the way we operate our business, which could impair our ability to attract and retain customers or could increase our operating costs.

Our customers' and others' violation of our policies or other misuse of our platform to transmit unwanted, offensive or illegal communications, spam, social engineering scams, links to harmful applications or for other fraudulent or illegal activity could damage our reputation, and we may face a risk of regulatory penalties, litigation and liability for illegal activities on our platform and unauthorized, inaccurate, or fraudulent information distributed via our platform.

The actual or perceived improper sending of text messages, voice calls, or e-mail may subject us to potential risks, including liabilities or claims relating to consumer protection laws and regulatory enforcement, including fines. For example, the TCPA restricts telemarketing and the use of text messages without prior express consent. TCPA violations can result in significant financial penalties, as businesses can incur civil or criminal penalties imposed by the FCC, FTC, state attorneys general or other state actors or through private litigation. Regulatory enforcement is often public, which would result in reputational harm.

Class action suits are the most common method for private enforcement. This has resulted in civil claims against our company and requests for information through third-party subpoenas. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages, voice calls, or e-mail are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations due to the failure of our customers to comply with these laws, we could face direct liability.

Moreover, certain customers and others have in the past, and despite our prevention efforts, may in the future, use our platform to transmit unwanted, offensive or illegal communications, spam, social engineering scams, and website links to harmful applications, reproduce and distribute copyrighted material or the trademarks of others without permission, and report inaccurate or fraudulent data or information. These actions violate our policies. Our efforts to defeat spamming attacks, illegal robocalls and other fraudulent activity will not prevent all such activity, particularly as it is facilitated or enhanced by evolving technologies, including AI. Such activity could damage our reputation and the effectiveness of our platform, and we could face claims for damages, regulatory enforcement, copyright or trademark infringement, defamation, negligence, or fraud. Furthermore, enacting more stringent controls on use of our platform to combat such activity could increase friction for our legitimate customers and decrease their use of our platform.

Similarly, our products may be subject to fraudulent usage, including but not limited to revenue share fraud, domestic traffic pumping, subscription fraud, premium text message scams and other fraudulent schemes, such as phishing. Although our customers are required to set passwords or personal identification numbers to protect their accounts, third parties have in the past been, and may in the future be, able to access customers' accounts through fraudulent means and use the accounts for fraudulent activity. Furthermore, spammers attempt to use our products to send targeted and untargeted spam communications. We cannot be certain that our efforts to defeat spamming attacks will be successful in eliminating all spam communications from being sent using our platform. In addition, a security breach of, or security incident impacting, our customers' systems could result in exposure of their authentication credentials, unauthorized access to their accounts or fraudulent calls on their accounts, any of which could adversely affect our business, results of operations and financial condition.

Our customers' and other users' promotion of their products and services through our platform might not comply with federal, state, and foreign laws or of contractual requirements imposed by carriers, such as the CTIA Shortcode Agreement, The Campaign Registry, carrier codes of conduct and similar policies. We rely on contractual representations made to us by our customers that their use of our platform will comply with our policies and applicable law, including, without limitation, our email and messaging policies. Although we retain the right to verify that customers and other users are abiding by certain contractual terms, our Acceptable Use Policy and our email and messaging policies and, in certain circumstances, to review their email, messages and distribution lists, our customers and other users are ultimately responsible for compliance with our policies, and we do not systematically audit our customers or other users to confirm compliance with our policies. We cannot predict whether our role in facilitating our customers' or other users' activities will result in violations of carrier policies which could result in fines, administrative delays, or service interruptions. We also cannot predict whether our role in facilitating our customers' or other users' activities would expose us to liability under applicable state or federal law, or whether that possibility could become more likely if changes to current laws regulating content moderation, such as Section 230 of the Communications Decency Act, are enacted. If we are found liable for our customers' or other users' activities, we could be required to pay fines or penalties, redesign business methods or otherwise expend resources to remedy any damages caused by such actions and to avoid future liability.

Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our products, and could adversely affect our business, results of operations and financial condition.

The future success of our business depends upon the continued use of the internet as a primary medium for commerce, communications and business applications. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations could require us to modify our products and platform in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally or result in reductions in the demand for internet-based products and services such as our products and platform.

The current legislative and regulatory landscape regarding the regulation of the internet is subject to uncertainty. For example, in January 2025, the U.S. Court of Appeals for the Sixth Circuit struck down the FCC's net neutrality rules, and it is unlikely that similar federal rules will be adopted. Without federal net neutrality rules, we cannot predict whether internet access service providers may be able to limit our users' ability to access our platform or make our platform a less attractive alternative to our competitors' applications. Moreover, several states have enacted or are considering state-level legislation or executive action that would implement certain net neutrality protections. State broadband regulations have been upheld by courts in certain jurisdictions, creating the potential for a patchwork of disparate regulatory regimes and operational challenges.

In a related regulatory context, while the EU requires equal access to internet content, under its Digital Single Market initiative the EU may impose additional requirements that could increase our costs. If new FCC, EU, or other rules directly or inadvertently impose costs on online providers like our business, our expenses may rise. Were any of these outcomes to occur, our ability to retain existing users or attract new users may be impaired, our costs may increase, and our business may be significantly harmed.

In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by "viruses," "worms," and similar malicious programs. If the use of the internet is reduced as a result of these or other issues, then demand for our products could decline, which could adversely affect our business, results of operations and financial condition.

Our global operations subject us to potential liability under export controls, economic sanctions, customs, anti-corruption, and other laws and regulations, and violating these laws could subject us to liability and impair our ability to compete in international markets.

Certain aspects of our business are subject to international trade laws, including U.S. export control laws and regulations, U.S. customs laws and regulations, and U.S. economic sanctions laws and regulations, as well as other similar laws and regulations in other countries in which we do business. Exports and imports of our products and the provision of our services must be made in compliance with these laws, which include varying prohibitions on the sale, export, or supply of our products and services to certain sanctioned countries, regions, governments, entities, or individuals. We take precautions to prevent our products from being imported or exported and our services from being provided in violation of these laws; however, we are aware of certain of our products and services being provided to, procured from, or that involve dealings with, a small number of individuals and entities that are the subject of, or are located in countries or regions subject to, sanctions regulations administered by U.S. and foreign governmental authorities. If we fail to comply with these laws, we and certain of our employees could be subject to substantial civil or criminal penalties, including: the possible loss of export privileges; fines, which may be imposed on us and responsible employees or managers; criminal liability, which may be imposed on us and responsible employees or managers; and, in extreme cases, the incarceration of responsible employees or managers.

Any change in these laws or other regulatory requirements affecting trade and investments, shift in the enforcement or scope of existing laws, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our products and services, or in our decreased ability to export our products or provide our services to existing or prospective customers outside of the United States. Any decreased use of our products and services or limitations on our ability to export our products and provide our services could adversely affect our business, results of operations and financial condition.

Further, we incorporate encryption technology into certain of our products. Various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our customers' ability to import our products into those countries. Encryption products and the underlying technology may also be subject to export control restrictions. Governmental regulation of encryption technology and regulation of exports of encryption products, or our failure to obtain required approval for our products, when applicable, could harm our international sales and adversely affect our revenue. Compliance with applicable regulatory requirements regarding the export of our products and provision of our services, including with respect to new releases of our products and services, may create delays in the introduction of our products and services in international markets, prevent our customers with international operations from deploying our products and using our services throughout their globally-distributed systems or, in some cases, prevent the export of our products or provision of our services to some countries altogether.

We are also subject to U.S. and foreign anti-corruption and anti-bribery laws, including the Foreign Corrupt Practices Act, as amended ("FCPA"), the UK Bribery Act 2010, and other anti-corruption laws and regulations in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and generally prohibit companies, their employees, agents, representatives, business partners, and third-party intermediaries from directly or indirectly authorizing, offering, or providing, improper payments or things of value to recipients in the public or private sector, and also require that we maintain accurate books and records and adequate internal controls and compliance procedures designed to prevent violations. We sometimes leverage third parties to sell our products and conduct our business abroad. We, our employees, agents, representatives, business partners and third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these employees, agents, representatives, business partners or third-party intermediaries even if we do not explicitly authorize such activities. It is possible that our employees, agents, representatives, business partners or third-party intermediaries could fail to comply with our policies and applicable laws and regulations, for which we may ultimately be held responsible. Any allegations or violation of the FCPA or other applicable anti-bribery and anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, sanctions, settlements, prosecution, enforcement actions, significant fines and penalties, damages, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions, or suspension or debarment from government contracts, all of which may have an adverse effect on our reputation, business, results of operations, and prospects. Responding to any investigation or action would likely result in a materially significant diversion of management's attention and resources, significant defense costs and other professional fees.

The standards imposed by private entities and inbox service providers to regulate the use and delivery of email have in the past interfered with, and may continue to interfere with, the effectiveness of our platform and our ability to conduct business.

From time to time, private entities and inbox service providers impose requirements that impact our and our customers' ability to use and deliver email. For example, some of our IP addresses have become, and we expect will continue to be, listed with one or more denylisting entities due to the messaging practices of our customers and other users. We may be at an increased risk of having our IP addresses denylisted due to our scale and volume of email processed, compared to our smaller competitors. There can be no guarantee that we will be able to successfully remove ourselves from those lists. Because we fulfill email delivery on behalf of our customers, denylisting of this type could undermine the effectiveness of our customers' transactional email, email marketing programs and other email communications, all of which could have a material negative impact on our business, financial condition and results of operations. For example, in 2024 and 2025, Google, Yahoo and Microsoft began enforcing new email sender requirements aimed at sender authentication, including Domain-based Message Authentication, Reporting and Conformance ("DMARC") record requirements, requiring us to devote time and resources toward compliance efforts. These or similar authentication requirements imposed in the future could result in reduced volumes for our email products and could adversely affect our business, financial condition and results of operations.

Additionally, inbox service providers can block emails from reaching their users or categorize certain emails as "promotional" emails and, as a result, direct them to an alternate or "tabbed" section of the recipient's inbox. The implementation of new or more restrictive policies by inbox service providers may make it more difficult to deliver our customers' emails, particularly if we are not given adequate notice of a change in policy or struggle to update our platform or services to comply with the changed policy in a reasonable amount of time. If the open rates of our customers' emails are negatively impacted by the actions of inbox service providers to block or categorize emails then customers may question the effectiveness of our platform and cancel their accounts. This, in turn, could harm our business, financial condition and results of operations.

Any legal proceedings or claims against us could be costly and time-consuming to defend and could harm our reputation regardless of the outcome.

We are and may in the future become subject to legal proceedings and claims that arise in the ordinary course of business, such as disputes or employment claims made by our current or former employees. Any litigation, whether meritorious or not, could harm our reputation, will increase our costs and may divert management's attention, time and resources, which may in turn seriously harm our business. Insurance might not cover such claims or the costs to defend such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could seriously harm our business. If we are required to make substantial payments or implement significant changes to our operations as a result of legal proceedings or claims, our business, results of operations and financial condition could be adversely affected.

Risks Related to Financial and Accounting Matters

We face exposure to foreign currency exchange rate fluctuations, and such fluctuations could adversely affect our business, results of operations and financial condition.

As our international operations expand, our exposure to the effects of fluctuations in currency exchange rates grows. For example, global geopolitical events, economic events, public health epidemics and pandemics, actual or potential tariffs and other events have caused global economic uncertainty and variability in foreign currency exchange rates. While we have primarily transacted with customers and business partners in U.S. dollars, we have also conducted business in currencies other than the U.S. dollar. We expect to expand the number of transactions with customers that are denominated in foreign currencies in the future as we continue to expand our business internationally. We also incur expenses for some of our network service provider costs outside of the United States in local currencies and for employee compensation and other operating expenses at our non-U.S. locations in the respective local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in an increase to the U.S. dollar equivalent of such expenses.

In addition, our international subsidiaries maintain net assets that are denominated in currencies other than the functional operating currencies of these entities. As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our results of operations due to transactional and translational remeasurements. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors and securities analysts who follow our stock, the trading price of our common stock could be adversely affected.

We have implemented a program to hedge transactional exposure against the Euro, and may do so in the future with respect to other foreign currencies. We also use derivative instruments, such as foreign currency forward and option contracts, to hedge certain exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

We have incurred substantial indebtedness that may decrease our business flexibility, access to capital, and/or increase our borrowing costs, and we may still incur substantially more debt, which may adversely affect our operations and financial results.

As of December 31, 2025, we had $1.0 billion of indebtedness outstanding (excluding intercompany indebtedness). Our indebtedness may:

- limit our ability to obtain additional financing to fund future working capital, capital expenditures, business opportunities, acquisitions or other general corporate requirements;
- require a portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, business opportunities, acquisitions and other general corporate purposes;
- expose us to the risk of increased interest rates as certain of our borrowings, including borrowings under a future revolving credit facility, may be at variable rates of interest; and
- increase our cost of borrowing.

In addition, the indenture which governs our 3.625% notes due 2029 (the "2029 Notes") and our 3.875% notes due 2031 (the "2031 Notes," and together with the 2029 Notes, the "Notes") contains restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could permit the trustee, or permit the holders of the Notes to cause the trustee, to declare all or part of the Notes to be immediately due and payable or to exercise any remedies provided to the trustee and/or result in the acceleration of substantially all of our indebtedness. Any such event would adversely affect our business, results of operations and financial condition.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and may be forced to reduce or delay investments and capital expenditures. We may be forced to sell assets, seek additional capital, or restructure or refinance our indebtedness, including the Notes. Our ability to restructure or refinance our debt will depend on, among other things, the condition of capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments and the indenture that governs the Notes may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness and our financial condition. In the absence of such cash flows and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations.

We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new products and enhance our platform and existing products, expand our operations, including our sales and marketing organizations and our presence outside of the United States, improve our infrastructure or acquire complementary businesses, technologies, services, products and other assets. In addition, we may use a portion of our cash to satisfy tax withholding and remittance obligations related to outstanding restricted stock units. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities, our ability to repurchase stock, and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all, particularly during times of market volatility and general economic instability. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support our business growth, scale our infrastructure, develop product enhancements and to respond to business challenges could be significantly impaired, and our business, results of operations and financial condition may be adversely affected.

We rely on assumptions and estimates to calculate certain of our business metrics, and real or perceived inaccuracies in such metrics could adversely affect our reputation and our business.

We rely on assumptions and estimates to calculate certain of our business metrics that we disclose in SEC filings, press releases and other materials, including Active Customer Accounts and Dollar-Based Net Expansion Rate. Our 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, our 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 our metrics are based on internal data and may be compiled from multiple systems, including systems that are organically developed or acquired through business combinations. 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 our business or components of our business. We regularly review our processes for calculating these metrics, and from time to time we may make adjustments to improve their accuracy or relevance. Further, as our business develops, we may revise or cease reporting metrics if we determine that such metrics are no longer appropriate measures of our performance. If investors or analysts do not perceive our metrics to be accurate representations of our business, or if they disagree with our methodologies, or if we discover material inaccuracies in our metrics, our reputation, business, results of operations, and financial condition would be harmed.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Assumptions and estimates used in preparing our consolidated financial statements include those related to revenue recognition and business combinations. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our common stock.

Changes in accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our results of operations.

A change in accounting standards or practices may have a significant effect on our results of operations and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business. For example, Accounting Standards Codification ("ASC") 842, "Leases" that became effective January 1, 2019, had a material impact on our consolidated financial statements as described in detail in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020. Adoption of these types of accounting standards and any difficulties in implementation of changes in accounting principles, including the ability to modify our accounting systems, could cause us to fail to meet our financial reporting obligations, which result in regulatory discipline and harm investors' confidence in us.

Events or changes in circumstances may require us to record impairment charges related to our intangible assets, goodwill or investments.

We review our intangible assets, goodwill and equity method investment for impairment in accordance with applicable accounting requirements. As of December 31, 2025, we carried a net $5.4 billion of goodwill and intangible assets and $301.6 million related to our equity method investment. An adverse change in market conditions or significant changes in accounting conclusions, particularly if such changes have the effect of changing one of our critical assumptions or estimates, have in the past resulted, and could in the future result, in a change to the estimation of fair value resulting in an impairment charge to the underlying asset. Our results of operations may be adversely affected as a result of any such charges. For example, during the year ended December 31, 2025, we recorded an impairment of our equity method investment totaling approximately $80.6 million, as described in additional detail in Note 12 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

Our current controls and any new controls that we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our disclosure controls and internal control over financial reporting may be discovered in the future. In addition, if we acquire additional businesses, we may not be able to successfully integrate the acquired operations and technologies and maintain internal control over financial reporting, if applicable, in accordance with the requirements of Section 404 of the Sarbanes-Oxley Act. Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, and could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

Risks Related to Tax Matters

Our ability to use our net operating losses and certain other tax attributes to offset future taxable income and taxes may be subject to certain limitations.

As of December 31, 2025, we had U.S. federal, state and foreign net operating loss carryforwards (“NOLs”), of \$2.9 billion, \$2.4 billion and \$1.0 billion, respectively. Utilization of these NOLs depends on our future taxable income, and there is risk that a portion of our existing NOLs could expire unused and the use of our unexpired NOLs could be subject to limitations, which could materially and adversely affect our operating results. Under current law, our U.S. federal NOLs can generally be carried forward indefinitely, but the deductibility of such NOLs is generally limited to 80% of taxable income. Our state NOLs may also be subject to limitations, including periods during which the use of state NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. For example, California legislation limits the use of state NOLs for taxable years beginning on or after January 1, 2024 and before January 1, 2027.

Under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the “Code”), and corresponding provisions of state law, a corporation that undergoes an “ownership change” (generally defined as a greater than 50-percentage-point cumulative change (by value) in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs and other pre-change tax attributes to offset post-change taxable income and taxes. Our existing NOLs and other tax attributes may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change in the future (which may be outside of our control), our ability to utilize NOLs and other tax attributes could be further limited.

We may have additional tax liabilities, which could harm our business, results of operations and financial condition.

In many of the jurisdictions in which we operate, non-income-based taxes, such as sales tax, value-added tax, goods and services tax, and telecommunications taxes, are assessed on our operations or our sales to customers. Such tax laws and rates vary by jurisdiction. One or more states or countries may seek to impose incremental or new indirect tax collection obligations on us. Any additional fees and taxes levied on our services by any state may adversely impact our results of operations.

Historically, we have not billed or collected indirect taxes in certain jurisdictions and, in accordance with GAAP, we have recorded a provision for our tax exposure in these jurisdictions when it is both probable that a liability has been incurred and the amount of the exposure can be reasonably estimated. We reserved \$42.8 million on our December 31, 2025 balance sheet for these tax payments. These estimates include several key assumptions, including, but not limited to, the taxability of our products, the jurisdictions in which we believe we have nexus or a permanent establishment, and the sourcing of revenues to those jurisdictions. In the event these jurisdictions challenge our assumptions and analysis, our actual exposure could differ materially from our current estimates and reserves. If the actual payments we make to any jurisdiction exceed the accrual in our balance sheet, our results of operations would be harmed. In addition, some customers may question the incremental tax charges and seek to negotiate lower pricing from us, which could adversely affect our business, results of operations and financial condition.

We are in discussions with certain jurisdictions regarding potential sales and other indirect taxes for prior periods that we may owe. If any of these jurisdictions disagree with management's assumptions and analysis, the assessment of our tax exposure could differ materially from management's current estimates, which may increase our costs of doing business and negatively affect the prices our customers pay for our products.

Our global operations and structure subject us to potentially adverse tax consequences.

We generally conduct our global operations through subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. In particular, our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. Also, our tax expense could be affected depending on the applicability of withholding and other taxes (including withholding and indirect taxes on software licenses and related intercompany transactions) under the tax laws of certain jurisdictions in which we have business operations. The relevant revenue and taxing authorities may disagree with positions we have taken generally, or our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

Changes in, or interpretations of, tax rules and regulations or our tax positions may materially and adversely affect our taxes.

We are subject to taxes in both the United States and numerous international jurisdictions. Significant judgment is required in determining our worldwide provision for taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. Our effective tax rates may fluctuate significantly on a quarterly basis because of a variety of factors, including changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in our business or structure, or the expiration of or disputes about certain tax agreements in a particular country. We are subject to audit by various tax authorities. In accordance with GAAP, we recognize income tax benefits, net of required valuation allowances and accrual for uncertain tax positions. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different than that which is reflected in our historical income tax provisions and accruals. Should additional taxes be assessed as a result of an audit or litigation, an adverse effect on our results of operations, financial condition and cash flows in the period or periods for which that determination is made could result.

Changes in tax laws, including recently enacted U.S. federal tax legislation commonly referred to as the One Big Beautiful Bill Act (the "OBBB Act"), or tax rulings, or changes in interpretations of existing laws, could cause us to be subject to additional taxes, which in turn could materially affect our financial position and results of operations. The OBBB Act could potentially increase our effective tax rate as we continue to expand our international operations in the coming years. Additionally, new, changed, modified, or newly interpreted or applied tax laws could increase our customers' and our compliance, operating and other costs, as well as the costs of our products.

As another example, the Organization for Economic Co-operation and Development (the "OECD") has proposed a global minimum tax ("Pillar Two"), contemplating a minimum tax rate of 15% for large multinational companies, and various countries have proposed or enacted implementing legislation. Notwithstanding the OECD's side-by-side elective safe harbor announced in January 2026 for U.S. parented groups, we may still face increased tax rates, compliance complexity and tax provision volatility as a result of Pillar Two.

Risks Related to Ownership of Our Common Stock

The trading price of our common stock has been volatile and may continue to be volatile, and you could lose all or part of your investment.

The trading price of our common stock has, and may continue to, fluctuate significantly in response to numerous factors, many of which are beyond our control and may not be related to our operating performance, including:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the trading prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;

- sales of shares of our common stock by our stockholders;
- our issuance or repurchase of shares of our common stock;
- short selling of our common stock or related derivatives;
- changes in financial estimates or the publication of reports or statements by securities analysts or investors who follow our company, or our failure to meet these estimates or the expectations of investors;
- the financial projections or targets we may provide to the public, any changes in those projections or targets, or our failure to meet those projections or targets;
- announcements by us or our competitors of new products or services or related to acquisitions of businesses, products or technologies;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- changes in laws, industry standards, regulations or regulatory enforcement in the United States or internationally;
- actual or anticipated changes in our results of operations or fluctuations in our results of operations or actual or anticipated changes in our strategy or the organization of our business;
- actual or anticipated developments in our business, our competitors' businesses or the competitive landscape generally;
- litigation involving us, our industry or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- any significant change in our management, including changes in the pace of hiring; and
- general political, social, economic and market conditions, in both domestic and foreign markets, and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Substantial future sales of shares of our common stock could cause the market price of our common stock to decline.

The market price of our common stock could decline as a result of substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or the perception in the market that holders of a large number of shares intend to sell their shares. Additionally, the shares of common stock subject to outstanding options and restricted stock unit awards under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans will become eligible for sale in the public market upon issuance, subject to applicable insider trading policies.

We may not realize the anticipated long-term stockholder value of our share repurchase program, and any failure to repurchase our common stock after we have announced our intention to do so may negatively impact our stock price.

In January 2025, our board of directors authorized the repurchase of up to $2.0 billion of our common stock from time to time through a share repurchase program. As of December 31, 2025, we had repurchased $854.6 million of outstanding shares of our common stock under this program, such that approximately $1.1 billion remained available for purchase as of such date. Under our share repurchase program, we may make repurchases of stock through a variety of methods, including open share market purchases, privately negotiated purchases, entering into one or more confirmations or other contractual arrangements with a financial institution counterparty to effectuate one or more accelerated stock repurchase contracts, forward purchase contracts or similar derivative instruments, Dutch auction tender offers, or through a combination of any of the foregoing, in accordance with applicable federal securities laws. Our share repurchase program terminates at 11:59 pm Pacific Time on December 31, 2027, does not obligate us to repurchase any specific number of shares, and may be suspended at any time at our discretion and without prior notice. The timing and amount of any repurchases, if any, will be subject to liquidity, stock price, market and economic conditions, compliance with applicable legal requirements such as Delaware surplus and solvency tests and other relevant factors. Any failure to repurchase stock after we have announced our intention to do so may negatively impact our reputation and investor confidence in us and may negatively impact our stock price.

The existence of our share repurchase program could cause our stock price to be higher than it otherwise would be and could potentially reduce the market liquidity for our stock. Although our share repurchase program is intended to enhance long-term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchase shares, and short-term stock price fluctuations could reduce the effectiveness of the program.

Repurchasing our common stock reduces the amount of cash we have available to fund working capital, capital expenditures, strategic acquisitions or business opportunities, and other general corporate purposes, and we may fail to realize the anticipated long-term stockholder value of any share repurchase program.

If securities or industry analysts change their recommendations regarding our common stock adversely, the trading price of our common stock and trading volume could decline.

The trading market for our common stock is influenced by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If any of the analysts who cover us change their recommendation regarding our common stock adversely, or provide more favorable relative recommendations about our competitors, the trading price of our common stock would likely decline. If any analyst who covers us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price of our common stock or trading volume to decline.

Anti-takeover provisions contained in our certificate of incorporation and bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our certificate of incorporation, bylaws and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our board of directors. Among other things, our certificate of incorporation and bylaws include provisions:

- authorizing “blank check” preferred stock, which could be issued by our board of directors without stockholder approval and may contain voting, liquidation, dividend and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- prohibiting stockholder action by written consent, instead requiring all stockholder actions to be taken at a meeting of our stockholders;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our board of directors;
- controlling the procedures for the conduct and scheduling of board of directors and stockholder meetings; and
- providing for advance notice procedures that stockholders must comply with in order to nominate candidates to our board of directors or to propose matters to be acted upon at a meeting of stockholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempting to obtain control of us.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, which prevents certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such 15% or greater stockholder.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying, preventing or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

Our bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action asserting a breach of fiduciary duty owed by our directors, officers, employees or our stockholders;
- any action asserting a claim against us arising under the Delaware General Corporation Law; and
- any action asserting a claim against us that is governed by the internal-affairs doctrine (the "Delaware Forum Provision").

The Delaware Forum Provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim under the Securities Act, for which the United States District Court for the Northern District of California has sole and exclusive jurisdiction (the "Federal Forum Provision"), as we are based in the State of California. In addition, our bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and consented to the Delaware Forum Provision and the Federal Forum Provision; provided, however, that stockholders cannot and will not be deemed to have waived our compliance with the U.S. federal securities laws and the rules and regulations thereunder.

The Delaware Forum Provision and the Federal Forum Provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or employees, which may discourage lawsuits against us and our directors, officers and employees. If a court were to find the Delaware Forum Provision and the Federal Forum Provision in our bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

General Risks

Our business is subject to the risks of pandemics, earthquakes, fire, floods and other natural catastrophic events, and to interruption by man-made problems such as power disruptions, computer viruses, security breaches and incidents, terrorism or war.

Our business operations are subject to interruption by natural disasters, flooding, fire, power shortages, public health epidemics or pandemics, terrorism, political unrest, cyber-attacks, geopolitical instability, war, the effects of climate change and other events beyond our control. For example, our corporate headquarters are located in the San Francisco Bay Area, a region known for seismic activity. A significant natural disaster, such as an earthquake, fire or flood, occurring at our headquarters, at one of our other facilities or where a business partner is located could adversely affect our business, results of operations and financial condition. Further, if a natural disaster or man-made problem were to affect our service providers, this could adversely affect the ability of our customers to use our products and platform. Natural disasters, public health epidemics or pandemics, such as the COVID-19 pandemic, and geopolitical events could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole.

We also rely on our network and third-party infrastructure and enterprise applications and internal technology systems for our engineering, sales and marketing, and operations activities. Although we maintain incident management and disaster response plans, in the event of a major disruption caused by a natural disaster or man-made problem, we may be unable to continue our operations and may endure system interruptions and outages, reputational harm, delays in our development activities, lengthy interruptions in service, security breaches and incidents and loss or unavailability of critical data, any of which could adversely affect our business, results of operations and financial condition.

In addition, computer malware, viruses and computer hacking, fraudulent use attempts and phishing attacks have become more prevalent in our industry, have occurred on our platform in the past and may occur on our platform in the future. Though it is difficult to determine what, if any, harm may directly result from any specific interruption or attack, any failure to maintain performance, reliability, security, integrity and availability of our products and technical infrastructure to the satisfaction of our customers may harm our reputation and our ability to retain existing customers and attract new customers. In addition, global climate change could result in certain types of natural disasters occurring more frequently or with more intense effects. Any such events may result in users being subject to service disruptions or outages, and we may not be able to recover our technical infrastructure in a timely manner to maintain or resume operations, which may adversely affect our financial results.

Our reputation and/or business could be negatively impacted by ESG matters and/or our reporting of such matters.

There has been a focus on ESG matters from governmental authorities, investors, customers and other stakeholders, whose expectations are evolving and may be contradictory. Our decisions regarding ESG-related initiatives, goals, or commitments, including whether to pursue them, and/or the extent to which we achieve them, may be scrutinized and could negatively impact our reputation, result in reduced customer demand or certain investors not purchasing or holding our stock, harm our ability to attract and retain qualified employees, or otherwise materially harm our business. Additionally, compliance with current or future legal requirements or stakeholder expectations regarding ESG matters, including disclosure and reporting obligations, may result in increased costs, and legal and operational risks.

Item 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

Our board of directors is actively involved in oversight of cybersecurity, recognizing the critical importance of maintaining the trust and confidence of our customers, clients, business partners and employees.

Risk Management and Strategy

We have policies, standards, processes and practices for assessing, identifying, and managing risk from cybersecurity threats that are integrated into our risk management systems and processes. Utilizing a cross-functional approach, we focus on preserving the confidentiality, integrity, and availability of our information systems by identifying, preventing and mitigating cybersecurity threats and effectively responding to cybersecurity incidents when they occur. As part of this approach, we have implemented controls and procedures that provide for the prompt escalation of certain cybersecurity incidents to enable timely decisions by management regarding the public disclosure and reporting of such incidents.

Our cybersecurity program is focused on the following key areas:

- *Governance.* As discussed in more detail under the heading “Governance” below, our board of directors oversees cybersecurity risk through regular interactions with our Chief Information Security Officer (“CISO”) and other members of management. In addition, our board of directors, supported by our audit committee, oversees the risk management systems and processes into which cybersecurity risk is integrated.

- *Risk Assessment.* We conduct security assessments both internally and with the assistance of third parties to identify cybersecurity threats periodically and to identify any potentially material changes in our business practices that may affect information systems that are vulnerable to such cybersecurity threats. These security assessments include identification of reasonably foreseeable internal and external risks, the likelihood and potential impact of such risks, and the sufficiency and effectiveness of existing policies, procedures, systems, and controls to manage such risks. Risk themes identified during our risk assessments guide annual cybersecurity planning activities and investments to improve security coverage, technology capabilities and processes.

- *Technical Safeguards.* We deploy, maintain, and regularly monitor the effectiveness of technical safeguards that are designed to protect our information systems from cybersecurity threats. We align our security program to recognized frameworks and industry standards. We make investments in core security capabilities, including awareness and training, identity and access, incident response, product security, cloud security, enterprise security, and risk management, in order to enable us to better identify, protect, detect, respond to, and recover from evolving security threats. Our technical safeguards include firewalls, intrusion prevention and detection systems, anti-malware functionality and access controls, which are evaluated and improved through internal and external security assessments and cybersecurity threat intelligence. We regularly assess our safeguards through internal testing by our assurance teams. We also leverage external third-party testing (e.g., penetration testing, attack surface mapping, and security maturity assessments) and seek third-party certifications (e.g., SOC2, ISO, and PCI DSS). Following our risk assessments, we evaluate whether and/or how to re-design and/or enhance our safeguards to reasonably address any identified risks or gaps.

• *Incident Response and Recovery Planning.* We have established comprehensive incident response and recovery plans that address the full lifecycle of our response to a cybersecurity incident. These plans are periodically tested and evaluated.

• *Third-Party Risk Management.* We identify and oversee cybersecurity risks presented by third parties and our supply chain, including vendors, service providers and other external users of our systems, as well as the systems of third parties that could adversely impact our business in the event of a cybersecurity incident affecting those third-party systems. As part of our risk-based approach, we perform due diligence on vendors, service providers and other third-party users of our systems at initial onboarding and periodically thereafter. We also require that third-party service providers have the ability to implement and maintain reasonable and appropriate security measures, consistent with applicable laws, in connection with their work with us, and to promptly report any actual or suspected breach of their security measures that may affect our company.

• *Security Awareness and Training.* Our security awareness program requires that employees and certain contractors complete comprehensive security training upon joining the company and annually thereafter. The training covers critical security topics to ensure our workforce stays informed about top-of-mind security areas, such as phishing. The training helps ensure that our personnel have the knowledge and skills required to protect our digital assets and critical data. In addition, we conduct awareness campaigns on cybersecurity threats as a means to equip our personnel with effective tools to address such threats and to communicate our evolving information security policies, standards, processes and practices.

We engage in the periodic assessment and testing of our cybersecurity policies, standards, processes and practices, including through audits, assessments, tabletop exercises, threat modeling, vulnerability testing, and other exercises focused on evaluating their effectiveness and informing adjustments as necessary. To assist with these exercises, we engage assessors, consultants, auditors, and other third parties, including for third-party testing and certifications (as described above under “Technical Safeguards”), information security maturity assessments, customer audits, and independent reviews of our information security control environment and operating effectiveness.

To date, cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected our company, including our business strategy, results of operations, or financial condition. For additional information regarding whether any risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, are reasonably likely to materially affect our company in the future, including our business strategy, results of operations, or financial condition, see Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K.

Governance

Our board of directors, in coordination with our audit committee, oversees the management of cybersecurity risks, and is responsible for monitoring and assessing strategic risk exposure through our risk management processes. Our management team is responsible for the day-to-day management and mitigation of the material cybersecurity risks we face.

This is carried out under the leadership of our CISO, and involves our Security Incident Response Team (“SIRT”) and other core information security operational teams, in partnership with our engineering teams, as well as management committees, including our Cyber Incident Task Force (“CITF”). During 2025, our board of directors received quarterly updates directly from management on cybersecurity risks. Management’s presentations on cybersecurity risks address a wide range of topics including recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends and information security considerations arising with respect to our peers and third parties, and risks relating to cybersecurity incidents.

Our CISO is primarily responsible for the assessment and management of our material risks from cybersecurity threats, working collaboratively and cross-functionally to design and implement our cybersecurity policies and processes, including those described in “Risk Management and Strategy” above, and for responding to any cybersecurity incidents. Our SIRT is primarily responsible for detecting, mitigating and remediating cybersecurity threats and incidents. In addition, our CITF (which includes our CISO and our Chief Financial Officer (“CFO”)) is primarily responsible for evaluating cybersecurity incidents, gathering and assessing facts relevant to applicable regulatory reporting and disclosure obligations, making recommendations to our Chief Executive Officer and CFO regarding such disclosure, and advising our board of directors and audit committee on the effectiveness of policies and procedures related to the disclosure of cybersecurity incidents.

To facilitate our cybersecurity risk management program, multidisciplinary teams throughout our company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, our CISO, and the SIRT monitor the detection, mitigation and remediation of cybersecurity threats and incidents in real time, and report such threats and incidents to the CITF when appropriate.

Our management team responsible for assessing and managing cybersecurity risks includes experienced professionals, with many years of relevant experience managing cybersecurity and other risks at the Company and at similar companies, and broad technological expertise. In particular, our CISO has over 20 years of experience managing cybersecurity risks in the technology industry, including serving as the acting chief security officer at a public company and holding other senior cybersecurity leadership and operational roles at other companies. Our CISO holds an undergraduate degree in computer engineering and graduate degrees in electrical engineering and business administration.

If one of the roles described in this Item 1C is vacant, another senior member of the applicable functional team is selected to serve on our CITF or any other applicable committees or task forces on an interim basis, as needed.

Item 2. *Properties*

We lease all of our facilities and do not own any real property. Our headquarters, which serves as our principal offices for our business segments, is located in San Francisco, California, where we actively occupy 83,372 square feet of office space at 101 Spear Street. We lease additional office space in various other locations in South America, Europe and Asia. This includes our international headquarters in Dublin, Ireland, and regional offices used for business operations, sales, support, and product development for our business segments. Additional information regarding our lease commitments is available in Note 10 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

We believe that our facilities are adequate and suitable for our current needs and that, should it be needed, suitable additional or alternative space will be available to accommodate our operations.

Item 3. *Legal Proceedings*

Refer to Note 18(b) to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a description of our current material legal proceedings.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market Information for Common Stock

Our Class A common stock (“common stock”) is traded on the New York Stock Exchange under the symbol “TWLO.”

Holders of Record

As of January 31, 2026, we had 195 holders of record of our Class A common stock. The actual number of stockholders is greater than this number of holders of record and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

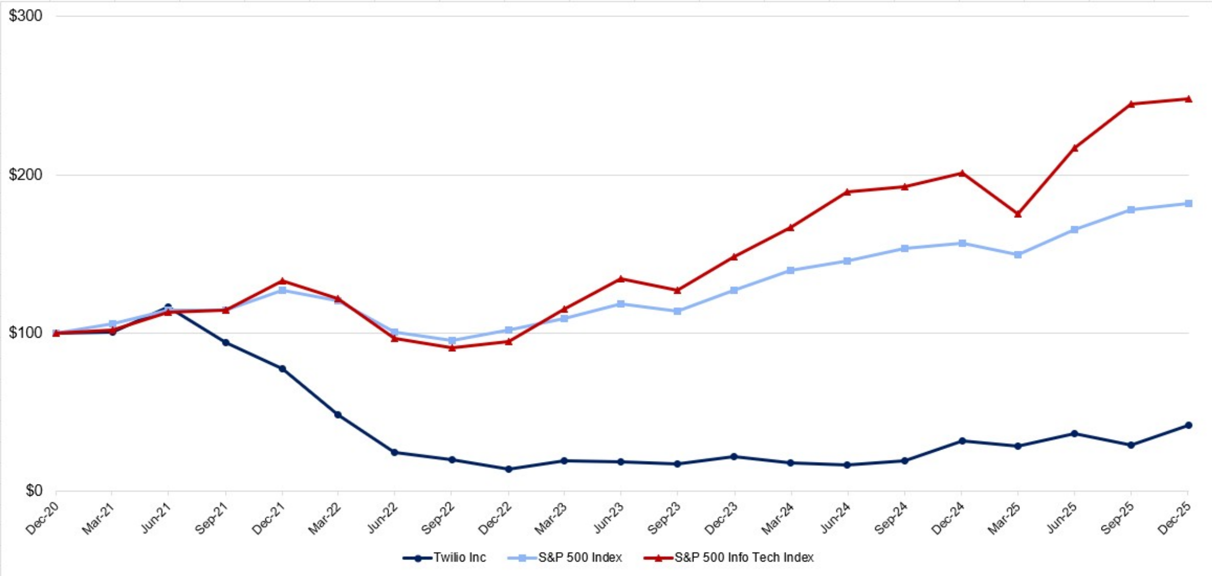
Dividend Policy

We have never declared or paid any cash dividends on our capital stock. We intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future.

Stock Performance Graph

This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Twilio Inc. under the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act.

We have presented below the cumulative five-year total return to our stockholders in comparison to the S&P 500 Index and S&P 500 Information Technology Index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each respective index at the market closing price on the last trading day for the fiscal year ended December 31, 2020, and its relative performance is tracked through the last trading day for the fiscal year ended December 31, 2025. The comparisons are based on historical data and are not indicative of, nor intended to forecast, the future performance of our common stock.



Sales of Unregistered Securities

During the year ended December 31, 2025, we issued 88,408 shares of our unregistered common stock to an independent donor advised fund to further our Twilio.org philanthropic goals. The shares were "restricted securities" for purposes of Rule 144 under the Securities Act, and had an aggregate fair market value on the date of donation of $9.9 million. The foregoing transaction did not involve any underwriters, any underwriting discounts or commissions, or any public offering. We believe the offer, sale and issuance of the above shares were exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act because the issuance of the shares did not involve a public offering.

Issuer Purchases of Equity Securities

The following table summarizes the share repurchase activity for the three months ended December 31, 2025:

	Total Number of Shares Purchased[1]	Average Price Paid Per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[1]
	(In thousands)		(In thousands)	(In millions)
October 1 - 31, 2025	716	$ 109.03	716	$ 1,265
November 1 - 30, 2025	362	$ 124.98	362	$ 1,220
December 1 - 31, 2025	550	$ 135.84	550	$ 1,145
	1,628		1,628	

[1] In January 2025, our board of directors authorized a new program to repurchase up to $2.0 billion in aggregate value of our Class A common stock, which expires on December 31, 2027. Repurchases under this program can be made through open market transactions, privately negotiated transactions and other means in compliance with applicable federal securities laws, including through Rule 10b5-1 plans. We have discretion in determining the conditions under which shares may be repurchased from time to time. Refer to Note 19 — Stockholders' Equity in Part II, Item 8, of this Annual Report on Form 10-K for additional information related to share repurchases.

[2] Average price paid per share includes costs associated with the repurchases.

Item 6. *[Reserved]*

Item 7. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. In addition to historical financial information, the following discussion contains forward-looking statements that are based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under Part I, Item 1A, “Risk Factors” in this Annual Report on Form 10-K. This Item generally discusses our results of operations for the year ended December 31, 2025, compared to the year ended December 31, 2024. For a discussion of our results of operations for the year ended December 31, 2024, compared to the year ended December 31, 2023, please refer to Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Annual Report on Form 10-K for the year ended December 31, 2024, filed with the SEC on February 26, 2025, and incorporated herein by reference.

Overview

We envision a world in which every digital interaction is amazing. By combining our leading communications capabilities with rich contextual data and AI, we provide the infrastructure for businesses of all sizes to revolutionize how they engage with their customers by delivering seamless, trusted, and personalized customer experiences at scale.

We offer highly customizable communications APIs that enable developers to embed numerous forms of messaging, voice, email, and video interactions into their customer-facing applications, as well as software products that target specific engagement needs, including our digital engagement centers, marketing campaigns, and user authentication and identity solutions. This combination of flexible APIs and software solutions, together with our customer data capabilities, helps businesses of all sizes and across numerous industries to benefit from smarter and more streamlined engagement at every step of the customer journey, including reduced customer acquisition costs, lasting loyalty, and increased customer value. The value proposition of our offerings has become stronger and our products have become more strategic to our customers as businesses are increasingly prioritizing building more personalized and differentiated customer engagement experiences through digital channels.

On January 1, 2025, we realigned our business unit structure into a functional support model under one organization. We believe that operating as one organization best positions us as we seek to deliver one trusted, smart and integrated platform that enables more personalized communications and engagements for customers. In the third quarter of 2025, we modified the presentation of the financial information that is regularly reviewed by our Chief Executive Officer, who is also our Chief

Operating Decision Maker ("CODM"), to reflect this realignment and the change in how management currently views and operates the business. These changes required us to re-evaluate our operating segment structure and resulted in the conclusion that starting with the third quarter of 2025 and as of December 31, 2025, we had one operating and reportable segment, which comprised all of the consolidated Company.

For a comprehensive overview of our business, our platform and our products refer to Part I, Item 1, "Business," included elsewhere in this Annual Report on Form 10-K.

Factors Affecting Our Results of Operations

We are focused on innovation and durable, profitable growth. To increase revenue and grow market share, we intend to drive product innovation, leverage predictive and generative AI, further enhance our independent software vendor ("ISV"), reseller and other partner relationships, improve our self-service capabilities, cross-sell our products, and expand internationally. We also intend to optimize our business and take measures to reduce costs, including simplifying and further automating our business processes, modernizing our infrastructure, leveraging AI, enacting certain workforce planning initiatives, optimizing utilization of our distributed workforce and implementing other initiatives targeted at improving efficiencies in our business. We are focused on driving leverage through these cost savings and efficiency initiatives, as well as efforts to drive growth in higher margin products.

Our revenue is primarily derived from usage-based fees, which can lead to variability in our results of operations and at times create differences between our forecasts and actual results. Our usage-based revenue is also more immediately impacted by changes in consumer spending and macroeconomic conditions than our subscription-based revenue. We also experience seasonal trends due to increased consumer activity in the fourth quarter, which may result in lower sequential revenue in the first quarter.

Our gross profit and gross margin are impacted by a number of factors, including our product mix; our ability to manage our cloud infrastructure-related and network service provider fees, including A2P messaging fees; changes in foreign exchange rates; the timing of amortization of capitalized software development costs and acquired intangibles; the extent to which we periodically choose to adjust prices of our products; and the timing and extent of our investments in our operations. Our gross margin is also impacted by the mix of U.S. messaging termination compared to international messaging termination, as international messaging has lower gross margins.

In June 2025, a major U.S. mobile carrier increased network service provider fees for A2P messages delivered to its subscribers. Other major U.S. carriers have since followed suit, with fee increases effective in January and April 2026. We pass these fees through to our customers at cost. As a result, we recognize an equal amount of revenue and cost of revenue related to these fees. The increased fees do not impact our gross profit, but they will create a modest headwind to our gross margins going forward. Such fees may increase further over time.

As of December 31, 2025, we had an accrued bonus liability of $136.2 million related to our company-wide bonus program recorded in accrued expenses and other current liabilities in our consolidated balance sheet included elsewhere in this Annual Report on Form 10-K. The bonus payout will be determined for each eligible recipient based on Company and individual performance metrics and paid in March 2026, which we expect to impact our cash flows in the first quarter of 2026.

Given our recent history of generating net income in the U.S., we believe that there is a reasonable possibility that within the next twelve months sufficient positive evidence may become available to allow us to determine that a significant portion of the valuation allowance recorded against our U.S. deferred tax assets should be released. The reversal would result in a significant income tax benefit for the period when we release the valuation allowance in the U.S. However, the exact timing and amount of the valuation allowance release are subject to change based on our actual operating results.

Our results of operations have in the past been, and could in the future be, impacted by adverse macroeconomic conditions. We are continuing to monitor actual and potential effects of recent macroeconomic and political conditions and uncertainty on our business. For additional details, see Part I, Item 1A, "Risk Factors" in this Annual Report on Form 10-K.

Key Business 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.

The following table summarizes our year-over-year revenue growth and Dollar-Based Net Expansion Rate for the years ended December 31, 2025, 2024 and 2023, and the number of Active Customer Accounts as of December 31, 2025, 2024 and 2023.

	Year Ended December 31,		
	2025	**2024**	**2023**
Active Customer Accounts	402,000	325,000	305,000
Total Revenue (in thousands)	$ 5,067,220	$ 4,458,036	$ 4,153,945
Total Revenue Growth Rate	14 %	7 %	9 %
Dollar-Based Net Expansion Rate	108 %	104 %	103 %

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”). When presented in this Annual Report on Form 10-K, the number of Active Customer Accounts is rounded down to the nearest thousand.

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. In the three years ended December 31, 2025, 2024 and 2023, revenue from Active Customer Accounts represented over 99% of total revenue in each period.

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.

We believe that measuring Dollar-Based Net Expansion Rate 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.

Key Components of Statements of Operations

Revenue

Revenue. We recognize revenue from our products on either a usage basis or a subscription basis, depending on the nature of the product and the type of customer contract.

The majority of our revenue is derived from usage-based fees. The usage-based fees are earned when customers access our cloud-based platform and start using our products. Examples of our primarily usage-based products are Messaging and Voice. For Messaging products, we primarily charge fees related to the number of text messages sent or received. For Voice products, we primarily charge fees for minutes of call duration. Examples of our primarily subscription-based products are Email and Segment. For subscription-based revenue derived from these products, we recognize revenue evenly over the contract term. When our usage-based products are embedded into our subscription-based products, or when multiple products are purchased together as a solution, we charge for each product separately on a usage or subscription basis, as applicable.

Most of our usage-based customers gain access to our platform through a self-service process, which requires an upfront prepayment via credit card that is drawn down as they use our products. Pricing is generally based on a publicly available, self-serve pricing matrix that generally allows customers to receive tiered discounts as their usage of our products increases. Many of our larger usage-based customers enter into contractual arrangements with us for a period of at least 12 months. These contracts may include negotiated terms and typically include minimum revenue commitments of varying durations. Usage-based customers subject to such contracts are typically invoiced monthly in arrears for products used. In the years ended December 31, 2025, 2024 and 2023, we generated 74%, 72% and 71% of our revenue, respectively, from usage-based fees.

Subscription-based fees are earned in accordance with subscription pricing terms. For our subscription-based products, customers generally enter into negotiated contracts, which are typically one to three years in duration. Subscription customers are generally invoiced in advance at the start of the contract term. In the years ended December 31, 2025, 2024 and 2023, we generated 26%, 28% and 29% of our revenue, respectively, from non-usage-based fees.

Amounts that have been charged via credit card or invoiced are recorded in revenue, deferred revenue or customer deposits, depending on whether the revenue recognition criteria have been met. Our deferred revenue and customer deposits liability balance is not a meaningful indicator of our future revenue at any point in time because the number of contracts with our invoiced customers that contain terms requiring any form of prepayment is not significant.

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

In the years ended December 31, 2025, 2024, and 2023, our 10 largest Active Customer Accounts generated an aggregate of 9%, 10% and 10% of our total revenue, respectively.

Cost of Revenue and Gross Profit

Cost of Revenue. Cost of revenue consists primarily of fees paid to network service providers. Cost of revenue also includes cloud infrastructure fees, direct costs of personnel, such as salaries and stock-based compensation for our customer support employees, and other non-personnel costs, such as depreciation and amortization expense related to data centers and hosting equipment, and amortization of capitalized internal-use software development costs and acquired intangible assets.

Our arrangements with network service providers require us to pay fees, including fees based on the volume of phone calls initiated or text messages sent, as well as the number of telephone numbers acquired by us to service our customers. Our arrangements with our cloud infrastructure providers require us to pay fees based on our server capacity consumption.

Gross Profit. Gross profit represents revenue less cost of revenue.

Operating Expenses

The most significant components of operating expenses are personnel costs, which consist of salaries, benefits, sales commissions, bonuses and stock-based compensation. We also incur other non-personnel costs related to our general overhead expenses.

Research and Development. Research and development expenses consist primarily of personnel costs, outsourced engineering services, cloud infrastructure fees for staging and development of our products, depreciation, amortization of capitalized internal-use software development costs and an allocation of our general overhead expenses. We capitalize the portion of our software development costs that meets the criteria for capitalization.

We are focusing our research and development investment in the highest impact product areas for our future. We are investing strategically in alignment with our focus on bringing communications, data and AI together into a single platform that enables fast, relevant and personalized interactions.

Sales and Marketing. Sales and marketing expenses consist primarily of personnel costs, including commissions and bonuses to our sales employees. Sales and marketing expenses also include expenditures related to advertising, marketing, brand awareness activities, costs related to our SIGNAL customer and developer conferences, credit card processing fees, professional services fees, depreciation, amortization of acquired intangible assets and an allocation of our general overhead expenses.

We focus our sales and marketing efforts on generating awareness of our company, platform and products, creating sales leads, expanding relationships with existing customers and establishing and promoting our brand, both domestically and internationally.

General and Administrative. General and administrative expenses consist primarily of personnel costs for our accounting, finance, legal, human resources and administrative support personnel. General and administrative expenses also include costs related to business acquisitions and dispositions, legal and other professional services fees, certain taxes, depreciation and amortization, charitable contributions and an allocation of our general overhead expenses.

Restructuring Costs. Restructuring costs consist primarily of personnel costs, such as employee severance payments, benefits and certain facilitation costs, associated with our workforce reductions. Restructuring costs also include stock-based compensation expense related to vesting of stock-based awards of the impacted employees.

Impairment of Long-Lived Assets. Impairment of long-lived assets consists of impairments of intangible assets and certain operating right-of-use assets and the associated leasehold improvements and property and equipment when the carrying amounts of these assets exceed their respective fair values.

Other Expenses, Net

Our other expenses, net, consist primarily of our share of losses from our equity method investment, impairment charges related to our equity method investment, impairment charges and gains and losses related to our strategic investments, realized gains and losses from marketable securities, interest income and expense and debt-related costs.

Provision for Income Taxes

Our provision for income taxes consists primarily of federal, state and foreign income taxes and withholding taxes in foreign jurisdictions in which the Company conducts business. From time to time, we may recognize tax benefits arising from various matters, including newly enacted legislations. Benefits from income taxes may fully or partially offset the provision for income taxes within a reporting period.

The primary difference between our effective tax rate and the federal statutory rate relates to the valuation allowance the Company established on the federal, state and certain foreign net operating losses and credits.

Results of Operations

The following table sets forth our results of operations for the periods presented. The period-to-period comparison of our historical results are not indicative of the results that may be expected in the future.

	Year Ended December 31,		
	2025	2024	2023
Consolidated Statements of Operations Data:	(In thousands, except share and per share amounts)		
Revenue	$ 5,067,220	$ 4,458,036	$ 4,153,945
Cost of revenue [1] [2]	2,588,486	2,179,824	2,110,015
Gross profit	2,478,734	2,278,212	2,043,930
Operating expenses:			
Research and development [1] [2]	1,020,159	1,008,747	942,790
Sales and marketing [1] [2]	873,216	860,821	1,022,985
General and administrative [1] [2]	410,678	449,079	468,459
Restructuring costs [1]	15,030	13,273	165,733
Impairment of long-lived assets	1,849	—	320,504
Total operating expenses	2,320,932	2,331,920	2,920,471
Income (loss) from operations	157,802	(53,708)	(876,541)
Other expenses, net:			
Share of losses from equity method investment	(101,217)	(108,481)	(121,897)
Impairment of equity method investment	(80,629)	—	—
Impairment of strategic investments	—	(8,220)	(46,154)
Other income, net	79,138	81,796	47,863
Total other expenses, net	(102,708)	(34,905)	(120,188)
Income (loss) before provision for income taxes	55,094	(88,613)	(996,729)
Provision for income taxes	(21,260)	(20,790)	(18,712)
Net income (loss) attributable to common stockholders	$ 33,834	$ (109,403)	$ (1,015,441)
Net income (loss) per share:			
Basic	$ 0.22	$ (0.66)	$ (5.54)
Diluted	$ 0.21	$ (0.66)	$ (5.54)
Weighted-average shares used to compute net income (loss) per share:			
Basic	152,986,390	165,925,128	183,327,844
Diluted	159,788,944	165,925,128	183,327,844

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

	Year Ended December 31,		
	2025	2024	2023
	(In thousands)		
Cost of revenue	$ 16,570	$ 22,001	$ 26,343
Research and development	326,767	330,933	331,526
Sales and marketing	136,998	135,331	183,389
General and administrative	118,319	125,164	121,584
Restructuring costs	1,753	3,178	13,015
Total	$ 600,407	$ 616,607	$ 675,857

[2] Includes amortization of acquired intangibles as follows:

	Year Ended December 31,		
	2025	2024	2023
	(In thousands)		
Cost of revenue	$ 62,467	$ 62,728	$ 113,266
Research and development	—	1,867	1,913
Sales and marketing	45,607	47,248	77,128
General and administrative	—	8	—
Total	$ 108,074	$ 111,851	$ 192,307

The following table sets forth our results of operations for each of the periods presented as a percentage of our total revenue:

	Year Ended December 31,		
	2025	2024	2023
**Consolidated Statements of Operations, as a percentage of revenue: ** **			
Revenue	100%	100%	100%
Cost of revenue	51	49	51
Gross profit	49	51	49
Operating expenses:			
Research and development	20	23	23
Sales and marketing	17	19	25
General and administrative	8	10	11
Restructuring costs	*	*	4
Impairment of long-lived assets	*	—	8
Total operating expenses	46	52	70
Income (loss) from operations	3	(1)	(21)
Other expenses, net			
Share of losses from equity method investment	(2)	(2)	(3)
Impairment of equity method investment	(2)	—	—
Impairment of strategic investments	—	*	(1)
Other income, net	2	2	1
Total other expenses, net	(2)	(1)	(3)
Income (loss) before provision for income taxes	1	(2)	(24)
Provision for income taxes	*	*	*
Net income (loss) attributable to common stockholders	1%	(2%)	(24%)

* Less than 0.5% of revenue.
** Columns may not add up to 100% due to rounding.

Comparison of Fiscal Years Ended December 31, 2025, 2024 and 2023

Revenue

	Year Ended December 31,						
	2025	2024	2023	2024 to 2025 Change		2023 to 2024 Change	
	(Dollars in thousands)						
Revenue	$ 5,067,220	$ 4,458,036	$ 4,153,945	$ 609,184	14 %	$ 304,091	7 %

In 2025, revenue increased by $609.2 million, or 14%, compared to the same period last year. This increase was primarily attributable to the increased usage of our products by our existing customers, as reflected in our Dollar-Based Net Expansion Rate of 108%, as well as an increase of $242.0 million in revenue derived from our new Active Customer Accounts. The increase also reflects $49.5 million in revenue related to the incremental A2P fees introduced by a major US carrier in June 2025.

Cost of Revenue and Gross Profit

	Year Ended December 31,						
	2025	2024	2023	2024 to 2025 Change		2023 to 2024 Change	
	(Dollars in thousands)						
Cost of revenue	$ 2,588,486	$ 2,179,824	$ 2,110,015	$ 408,662	19 %	$ 69,809	3 %
Gross profit	$ 2,478,734	$ 2,278,212	$ 2,043,930	$ 200,522	9 %	$ 234,282	11 %

In 2025, cost of revenue increased by $408.7 million, or 19%, compared to the same period last year. This increase was primarily attributable to a $362.4 million increase in network service providers' costs, net of the impact of the hedging instruments, which includes $49.5 million of the incremental A2P fees introduced by a major U.S. carrier during 2025.

In 2025, gross profit increased by $200.5 million, or 9%, compared to the same period last year. This increase was attributable to the factors impacting our revenue and cost of revenue, as described above.

Operating Expenses

	Year Ended December 31,										
	2025		2024		2023		2024 to 2025 Change			2023 to 2024 Change	
	(Dollars in thousands)										
Research and development	$	1,020,159	$	1,008,747	$	942,790	$	11,412	1 %	$ 65,957	7 %
Sales and marketing		873,216		860,821		1,022,985		12,395	1 %	(162,164)	(16)%
General and administrative		410,678		449,079		468,459		(38,401)	(9)%	(19,380)	(4)%
Restructuring costs		15,030		13,273		165,733		1,757	13 %	(152,460)	(92)%
Impairment of long-lived assets		1,849		—		320,504		1,849	100 %	(320,504)	(100)%
Total operating expenses	$	2,320,932	$	2,331,920	$	2,920,471	$	(10,988)	— %	$ (588,551)	(20)%

In 2025, research and development expenses increased by $11.4 million, or 1%, compared to the same period last year. Fluctuations in the various research and development expense categories were not significant either individually or in the aggregate.

In 2025, sales and marketing expenses increased by $12.4 million, or 1%, compared to the same period last year. Fluctuations in the various sales and marketing expense categories were not significant either individually or in the aggregate.

In 2025, general and administrative expenses decreased by $38.4 million, or 9%, compared to the same period last year. The decrease was primarily attributable to a $27.2 million decrease in the provision for doubtful accounts due to strong collections and an improved aging profile of our accounts receivable, and a $13.2 million decrease in professional services fees.

In 2025, restructuring costs increased by $1.8 million, or 13%, compared to the same period last year. The restructuring activities in both periods were not significant.

In 2025, impairment of long-lived assets increased by $1.8 million, or 100%, compared to the same period last year. The impairment amount was not significant.

Other Expenses, net

	Year Ended December 31,										
	2025		2024		2023		2024 to 2025 Change			2023 to 2024 Change	
	(Dollars in thousands)										
Share of losses from equity method investment	$	101,217	$	108,481	$	121,897	$	(7,264)	(7)%	$ (13,416)	(11)%
Impairment of equity method investment		80,629		—		—		80,629	100 %	—	— %
Impairment of strategic investments		—		8,220	$	46,154		(8,220)	(100)%	(37,934)	(82)%
Other income, net		(79,138)		(81,796)		(47,863)		2,658	(3)%	(33,933)	71 %
Total other expenses, net	$	102,708	$	34,905	$	120,188	$	67,803	194 %	$ (85,283)	(71)%

In 2025, other expenses, net, increased by $67.8 million, or 194%, compared to the same period last year. The increase was primarily attributable to an $80.6 million impairment of our equity method investment described in Note 12 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K. This increase was partially offset by an $8.2 million decrease in impairment of our strategic investments and a $7.3 million decrease in our share of losses from our equity method investment.

Non-GAAP Financial Measures

We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information may be helpful to investors because it provides consistency and comparability with past financial performance, facilitates period-to-period comparisons of results of operations and assists in comparisons with other companies, many of which use similar non-GAAP financial information to supplement their results of operations reported in accordance with generally accepted accounting principles ("GAAP"). 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.

Non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. Whenever we use a non-GAAP financial measure, a reconciliation is provided to the most closely applicable financial measure stated in accordance with GAAP. The users of our consolidated financial statements are encouraged to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures.

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, as applicable, certain expenses as presented in the table below:

	Year Ended December 31,		
	2025	**2024**	**2023**
Reconciliation:		(In thousands)	
GAAP gross profit	$ 2,478,734	$ 2,278,212	$ 2,043,930
GAAP gross margin	49 %	51 %	49 %
Non-GAAP adjustments:			
Stock-based compensation	16,570	22,001	26,343
Amortization of acquired intangibles	62,467	62,728	113,266
Payroll taxes related to stock-based compensation	1,466	1,133	699
Non-GAAP gross profit	$ 2,559,237	$ 2,364,074	$ 2,184,238
Non-GAAP gross margin	51 %	53 %	53 %

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, certain expenses as presented in the table below:

	Year Ended December 31,		
	2025	**2024**	**2023**
Reconciliation:	(In thousands)		
GAAP operating expenses	$ 2,320,932	$ 2,331,920	$ 2,920,471
Non-GAAP adjustments:			
Stock-based compensation	(582,084)	(591,428)	(636,499)
Amortization of acquired intangibles	(45,607)	(49,123)	(79,041)
Acquisition and divestiture related expenses	(486)	—	(5,555)
Loss on net assets divested	—	—	(32,277)
Payroll taxes related to stock-based compensation	(23,288)	(8,509)	(12,286)
Charitable contributions	(18,940)	(19,907)	(17,346)
Restructuring costs	(15,030)	(13,273)	(165,733)
Impairment of long-lived assets	(1,849)	—	(320,504)
Gain on lease termination	1,556	—	—
Non-GAAP operating expenses	$ 1,635,204	$ 1,649,680	$ 1,651,230

Non-GAAP Income from Operations and Non-GAAP Operating Margin

For the periods presented, we define non-GAAP income from operations and non-GAAP operating margin as GAAP income (loss) from operations and GAAP operating margin, respectively, adjusted to exclude, as applicable, certain expenses as presented in the table below:

	Year Ended December 31,		
	2025	**2024**	**2023**
Reconciliation:	(In thousands)		
GAAP income (loss) from operations	$ 157,802	$ (53,708)	$ (876,541)
GAAP operating margin	3 %	(1)%	(21)%
Non-GAAP adjustments:			
Stock-based compensation	598,654	613,429	662,842
Amortization of acquired intangibles	108,074	111,851	192,307
Acquisition and divestiture related expenses	486	—	5,555
Loss on net assets divested	—	—	32,277
Payroll taxes related to stock-based compensation	24,754	9,642	12,985
Charitable contributions	18,940	19,907	17,346
Restructuring costs	15,030	13,273	165,733
Impairment of long-lived assets	1,849	—	320,504
Gain on lease termination	(1,556)	—	—
Non-GAAP income from operations	$ 924,033	$ 714,394	$ 533,008
Non-GAAP operating margin	18 %	16 %	13 %

Free Cash Flow and Free Cash Flow Margin

For the periods presented, we define free cash flow as net cash provided by operating activities less 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, as presented in the table below:

	Year Ended December 31,		
	2025	2024	2023
Reconciliation:	(In thousands)		
Net cash provided by operating activities	$ 1,003,244	$ 716,241	$ 414,752
Operating cash flow margin	20 %	16 %	10 %
Non-GAAP adjustments:			
Capitalized software development costs	(51,969)	(51,808)	(39,925)
Purchases of long-lived and intangible assets	(5,848)	(6,978)	(11,310)
Free cash flow	$ 945,427	$ 657,455	$ 363,517
Free cash flow margin	19 %	15 %	9 %
Net cash provided by investing activities	$ 80,948	$ 1,370,837	$ 228,603
Net cash used in financing activities	$ (833,095)	$ (2,311,572)	$ (643,610)

Liquidity and Capital Resources

As of December 31, 2025, we had cash and cash equivalents of $682.3 million and short-term marketable securities of $1.8 billion. Cash equivalents consist of money market funds and commercial paper. Short-term marketable securities consist primarily of U.S. treasury securities, high credit quality corporate debt securities and commercial paper. The cash and cash equivalents and short-term marketable securities are held for working capital purposes.

Our principal sources of liquidity have been (i) the payments received from customers using our products; (ii) public equity offerings, most recently in February 2021; and (iii) debt financings, most recently the issuance of our 2029 Notes and 2031 Notes (each, as defined below) in March 2021.

Our primary uses of cash include operating costs, such as personnel-related costs, network service provider costs, cloud infrastructure costs, facility-related spending, acquisitions and investments we may make from time to time, and repurchases of common stock under our share repurchase program. Our principal contractual and other commitments consist of obligations under our 2029 Notes and 2031 Notes, our operating leases for office space that we occupy, sublease or hold to sublease, and contractual commitments to our cloud infrastructure and network service providers. Refer to Note 10, Note 15 and Note 18(a) to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for discussions of our obligations and commitments related to leases, debt and other purchase obligations.

We may, from time to time, consider acquisitions of, or investments in, complementary businesses, products, services, capital infrastructure or technologies which might affect our liquidity requirements or cause us to secure additional financing or issue additional equity or debt securities. There can be no assurance that additional credit lines or financing instruments will be available in amounts or on terms acceptable to us, if at all.

We believe that our cash, cash equivalents and marketable securities balances, as well as the cash flows generated by our operations, will be sufficient to satisfy our anticipated cash needs for working capital, capital expenditures, and authorized share repurchases, for the next 12 months and beyond. However, our belief may prove to be incorrect, and we could utilize our available financial resources sooner than we currently expect. We may be required to seek additional equity or debt financing in order to meet our future capital requirements. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us, or at all. If we are unable to raise additional capital when desired, our business, results of operations and financial condition would be adversely affected. Our future capital requirements, the adequacy of our available funds and our cash from operations depend on many factors and are affected by various risks and uncertainties, including those set forth in Part I, Item 1A, “Risk Factors.”

Share Repurchase Program

In January 2025, our board of directors authorized the repurchase of up to $2.0 billion in aggregate value of our Class A common stock. Repurchases under this program can be made through open market, private transactions or other means, in compliance with applicable federal securities laws, and can include repurchases pursuant to Rule 10b5-1 trading plans. We have discretion in determining the conditions under which shares may be repurchased from time to time. The program expires on December 31, 2027.

In the year ended December 31, 2025, we repurchased $854.6 million in aggregate value, or 8.0 million shares, of our Class A common stock.

2029 Notes and 2031 Notes

In March 2021, we issued and sold $1.0 billion aggregate principal amount of senior notes, consisting of $500.0 million principal amount of 3.625% notes due 2029 (the “2029 Notes”) and $500.0 million principal amount of 3.875% notes due 2031 (the “2031 Notes,” and together with the 2029 Notes, the “Notes”). These Notes are described in detail in Note 15 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Cash Flows

The following table summarizes our cash flows:

	Year Ended December 31,		
	2025	**2024**	**2023**
		(In thousands)	
Cash provided by operating activities	$ 1,003,244	$ 716,241	$ 414,752
Cash provided by investing activities	80,948	1,370,837	228,603
Cash used in financing activities	(833,095)	(2,311,572)	(643,610)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	108
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 251,097	$ (224,494)	$ (147)

Cash Flows from Operating Activities

In 2025, cash provided by operating activities consisted primarily of our net income of $33.8 million adjusted for non-cash items, including $600.4 million of stock-based compensation expense, $195.4 million of depreciation and amortization expense, $101.2 million of our share of losses from equity method investment, $80.6 million of impairment related to our equity method investment, $74.5 million in amortization of deferred commissions, $22.0 million of non-cash reductions in our operating right-of-use asset and $113.9 million of cumulative changes in operating assets and liabilities. With respect to changes in operating assets and liabilities, accounts receivable and prepaid expenses increased $44.5 million primarily due to revenue growth, timing of cash receipts and pre-payments of our cloud infrastructure fees and certain operating expenses. Other long-term assets increased $122.2 million primarily due to an increase in long-term prepayments to support our business and an increase in deferred sales commissions related to the growth of our business. Accrued expenses and other current liabilities increased $102.7 million primarily driven by a $53.1 million increase related to our accrued network service providers’ costs and hosting fees and a $45.5 million increase in accruals related to payroll and our company-wide bonus program. Operating lease liabilities decreased $35.6 million due to payments made against our operating lease obligations.

In 2024, cash provided by operating activities consisted primarily of our net loss of $109.4 million adjusted for non-cash items, including $616.6 million of stock-based compensation expense, $206.0 million of depreciation and amortization expense, $76.3 million amortization of deferred commissions, $19.1 million of non-cash reduction in our operating right-of-use asset, $108.5 million of share of losses from equity method investments, $35.4 million of provision for doubtful accounts and $234.1 million of cumulative changes in operating assets and liabilities. With respect to changes in operating assets and liabilities, accounts receivable and prepaid expenses increased $214.6 million primarily due to revenue growth, timing of cash receipts and pre-payments of our cloud infrastructure fees and certain operating expenses. Accrued expenses and other current liabilities increased $87.4 million primarily driven by a $109.8 million accrual related to our company-wide bonus program introduced in 2024, offset by a $28.8 million decrease in our restructuring liability. Operating lease liabilities decreased $48.8 million due to payments made against our operating lease obligations.

Cash Flows from Investing Activities

In 2025, cash provided by investing activities was $80.9 million primarily consisting of $200.3 million of maturities and sales of marketable securities and other investments, net of purchases, partially offset by $61.5 million of net cash paid to acquire other businesses as described in Note 11 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K, $52.0 million related to capitalized software development costs and $5.8 million related to purchases of long-lived assets.

In 2024, cash provided by investing activities was $1.4 billion primarily consisting of $1.4 billion of maturities and sales of marketable securities and other investments, net of purchases, partially offset by $51.8 million related to capitalized software development costs and $7.0 million related to purchases of long-lived assets.

Cash Flows from Financing Activities

In 2025, cash used in financing activities was $833.1 million primarily consisting of $868.9 million of cash paid to repurchase 8.0 million shares of our common stock, including related costs, offset by $41.4 million in proceeds from stock options exercised by our employees and shares issued under our employee stock purchase plan.

In 2024, cash used in financing activities was $2.3 billion primarily consisting of $2.3 billion of cash paid to repurchase 36.8 million shares of our common stock, including related costs, offset by $37.4 million in proceeds from stock options exercised by our employees and shares issued under our employee stock purchase plan.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the accounting policies, assumptions and estimates associated with revenue recognition have the greatest potential impact on our consolidated financial statements. Therefore, we consider these to be our critical accounting policies and estimates.

See Note 2 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a discussion of our accounting policies.

Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for credits and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Our revenue is derived from usage and non-usage based fees. Our usage-based fees are earned from certain of our communications products when customers access our platform. Platform usage is considered a monthly series comprising one performance obligation and usage-based fees are recognized as revenue in the period in which the usage occurs.

Our subscription-based fees are derived from our software products, such as Segment, Email and Marketing Campaigns, and certain other non-usage-based contracts, such as with the sales of short codes. Non-usage-based contracts revenue is recognized on a ratable basis over the contractual term which is generally from one to three years.

Our arrangements do not contain general rights of return. However, credits may be issued on a case-by-case basis. Credits are accounted for as variable consideration, are estimated based on historical trends and are recorded against revenue. The contracts do not provide customers with the right to take possession of the software supporting the applications. Amounts that have been invoiced are recorded in accounts receivable and in revenue or deferred revenue depending on whether the revenue recognition criteria have been met.

Recent Accounting Pronouncements Not Yet Adopted

See Note 2(af) to the consolidated financial statements included elsewhere in this Annual Report on Form 10-K for a discussion of recent accounting pronouncements not yet adopted.

Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*

We are exposed to certain market risks in the ordinary course of our business, including sensitivities as follows:

Interest Rate Risk

We had cash and cash equivalents of $682.3 million and marketable securities of $1.8 billion as of December 31, 2025. In any given period, cash, cash equivalents and restricted cash may consist of bank deposits, money market funds, reverse repurchase agreements and commercial paper. Marketable securities consist primarily of U.S. treasury securities, high credit quality corporate debt securities and commercial paper. The cash and cash equivalents and marketable securities are held for working capital purposes. Such interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. In March 2021, we issued $1.0 billion aggregate principal amount of our 2029 Notes and 2031 Notes carrying fixed interest rates of 3.625% and 3.875%, respectively. Due to the short-term nature of our investments and fixed rate nature of our debt, we have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Currency Exchange Risks

The functional currency of most of our foreign subsidiaries is the U.S. dollar. The local currencies of our foreign subsidiaries are the Australian dollar, the Brazilian real, the British pound, the Canadian dollar, the Colombian peso, the Euro, the Hong Kong dollar, the Indian rupee, the Japanese yen, the Mexican peso, the Polish zloty, the Singapore dollar and the Swedish krona.

The majority of our subsidiaries remeasure monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenue and expense accounts are remeasured at the average exchange rate in effect during the month in which a transaction occurs. If there is a change in foreign currency exchange rates, the conversion of our foreign subsidiaries’ financial statements into U.S. dollars would result in a realized gain or loss which is recorded in our consolidated statements of operations included elsewhere in this Annual Report on Form 10-K.

We enter into foreign currency derivative hedging transactions to mitigate our exposure to market risks that may result from changes in foreign currency exchange rates. For further information, refer to Note 9 to our consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

A hypothetical 10% change in foreign exchange rates during any of the periods presented would not have had a material impact on our consolidated financial statements.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Twilio Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Twilio Inc. and subsidiaries (the Company) as of December 31, 2025 and 2024, the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2025, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2025, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of the sufficiency of audit evidence over revenue recognition

As discussed in Note 2(e) to the consolidated financial statements, the Company's revenue is derived from usage and non-usage-based fees earned from customers accessing the Company's cloud-based platform. As of December 31, 2025, the Company recorded $5.1 billion in revenues, a portion of which related to Messaging and Voice APIs. The Company’s revenue recognition process is highly automated, and revenue is recorded within the Company’s general ledger through reliance on customized and proprietary information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over revenue recognition related to the Company’s Messaging and Voice APIs as a critical audit matter. This matter required especially subjective auditor judgment because of the large number of information technology (IT) applications involved in the revenue recognition process. Auditor judgment was required in determining the nature and extent of audit evidence obtained over these information systems that process revenue transactions. Involvement of IT professionals with specialized skills and knowledge was required to assist with the performance and evaluation of certain procedures and determination of IT applications subject to testing.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over revenue recognition. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company’s Messaging and Voice revenue recognition process. We involved IT professionals with specialized skills and knowledge, who assisted in testing controls related to the Company’s general information technology and application controls related to the systems utilized within the Company’s Messaging and Voice revenue recognition process. For a sample of customer agreements, we compared the pricing reflected in the Company’s revenue IT system to the contractually agreed upon pricing with the customer. For a sample of revenue transactions, we compared the amounts recognized for consistency with underlying documentation, including contracts with customers. We assessed the recorded revenue by comparing revenue to underlying cash receipts. We evaluated credits issued after year end to assess the revenue recorded within the period. In addition, we evaluated the overall sufficiency of audit evidence obtained by assessing the results of procedures performed, including appropriateness of the nature and extent of such evidence.

/s/ KPMG LLP

We have served as the Company’s auditor since 2013.

San Francisco, California
February 24, 2026

TWILIO INC.
Consolidated Balance Sheets

	As of December 31, 2025	As of December 31, 2024
	(In thousands, except share and per share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 682,335	$ 421,297
Short-term marketable securities	1,788,007	1,963,102
Accounts receivable, net	636,736	588,540
Prepaid expenses and other current assets	469,650	474,360
Total current assets	3,576,728	3,447,299
Property and equipment, net	176,963	191,042
Operating right-of-use assets	39,031	53,405
Equity method investment	301,642	485,835
Intangible assets, net	142,065	238,503
Goodwill	5,291,787	5,243,266
Other long-term assets	242,674	206,122
Total assets	$ 9,770,890	$ 9,865,472
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 85,089	$ 100,169
Accrued expenses and other current liabilities	608,119	530,686
Deferred revenue and customer deposits	158,677	155,680
Operating lease liability, current	35,123	33,685
Total current liabilities	887,008	820,220
Operating lease liability, noncurrent	54,162	85,875
Long-term debt, net	992,287	990,587
Other long-term liabilities	15,887	15,824
Total liabilities	1,949,344	1,912,506
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, $0.001 par value, 100,000,000 shares authorized, none issued	—	—
Class A common stock, $0.001 par value per share		
Authorized shares 1,000,000,000 as of December 31, 2025 and 2024; Issued and outstanding shares 152,411,346 and 152,610,697 as of December 31, 2025 and 2024	152	153
Additional paid-in capital	16,148,190	15,476,124
Accumulated other comprehensive income (loss)	15,668	(1,301)
Accumulated deficit	(8,342,464)	(7,522,010)
Total stockholders' equity	7,821,546	7,952,966
Total liabilities and stockholders' equity	$ 9,770,890	$ 9,865,472

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Operations

	Year Ended December 31,		
	2025	2024	2023
	(In thousands, except share and per share amounts)		
Revenue	$ 5,067,220	$ 4,458,036	$ 4,153,945
Cost of revenue	2,588,486	2,179,824	2,110,015
Gross profit	2,478,734	2,278,212	2,043,930
Operating expenses:			
Research and development	1,020,159	1,008,747	942,790
Sales and marketing	873,216	860,821	1,022,985
General and administrative	410,678	449,079	468,459
Restructuring costs	15,030	13,273	165,733
Impairment of long-lived assets	1,849	—	320,504
Total operating expenses	2,320,932	2,331,920	2,920,471
Income (loss) from operations	157,802	(53,708)	(876,541)
Other expenses, net:			
Share of losses from equity method investment	(101,217)	(108,481)	(121,897)
Impairment of equity method investment	(80,629)	—	—
Impairment of strategic investments	—	(8,220)	(46,154)
Other income, net	79,138	81,796	47,863
Total other expenses, net	(102,708)	(34,905)	(120,188)
Income (loss) before provision for income taxes	55,094	(88,613)	(996,729)
Provision for income taxes	(21,260)	(20,790)	(18,712)
Net income (loss) attributable to common stockholders	$ 33,834	$ (109,403)	$ (1,015,441)
Net income (loss) per share attributable to common stockholders:			
Basic	$ 0.22	$ (0.66)	$ (5.54)
Diluted	$ 0.21	$ (0.66)	$ (5.54)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders:			
Basic	152,986,390	165,925,128	183,327,844
Diluted	159,788,944	165,925,128	183,327,844

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Comprehensive Income (Loss)

	Year Ended December 31,		
	2025	2024	2023
	(In thousands)		
Net income (loss)	$ 33,834	$ (109,403)	$ (1,015,441)
Other comprehensive income (loss):			
Unrealized gain on marketable securities	5,273	7,332	99,742
Foreign currency translation	—	—	5,587
Net change in market value of effective foreign currency forward exchange contracts	14,043	(9,986)	898
Share of other comprehensive (loss) income from equity method investment	(2,347)	734	15,553
Total other comprehensive income (loss)	16,969	(1,920)	121,780
Comprehensive income (loss) attributable to common stockholders	$ 50,803	$ (111,323)	$ (893,661)

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Stockholders' Equity

	Common Stock Class A		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
	(In thousands, except share amounts)					
Balance as of December 31, 2024	**152,610,697**	**$ 153**	**$ 15,476,124**	**$ (1,301)**	**$ (7,522,010)**	**$ 7,952,966**
Net income	—	—	—	—	33,834	33,834
Exercises of vested stock options	420,056	—	6,248	—	—	6,248
Vesting of restricted stock units	6,944,005	8	(8)	—	—	—
Value of equity awards withheld for tax liability	(1,665)	—	(213)	—	—	(213)
Shares of Class A common stock issued and donated to charity	88,408	—	9,935	—	—	9,935
Unrealized gain on marketable securities	—	—	—	5,273	—	5,273
Repurchases of shares of Class A common stock including related costs	(8,048,649)	(9)	—	—	(854,288)	(854,297)
Shares issued under ESPP	398,494	—	35,115	—	—	35,115
Net change in market value of effective foreign currency forward exchange contracts	—	—	—	14,043	—	14,043
Share of other comprehensive loss from equity method investment	—	—	—	(2,347)	—	(2,347)
Stock-based compensation	—	—	619,236	—	—	619,236
Stock-based compensation - restructuring	—	—	1,753	—	—	1,753
Balance as of December 31, 2025	**152,411,346**	**$ 152**	**$ 16,148,190**	**$ 15,668**	**$ (8,342,464)**	**$ 7,821,546**

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Stockholders' Equity

	Common Stock Class A		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
	(In thousands, except share amounts)					
Balance as of December 31, 2023	**181,945,771**	**$ 182**	**$14,797,723**	**$ 619**	**$ (5,065,972)**	**$ 9,732,552**
Net loss	—	—	—	—	(109,403)	(109,403)
Exercises of vested stock options	181,818	—	4,341	—	—	4,341
Vesting of restricted stock units	6,639,672	7	(7)	—	—	—
Value of equity awards withheld for tax liability	(28,006)	—	(2,000)	—	—	(2,000)
Shares of Class A common stock issued and donated to charity	88,408	—	5,907	—	—	5,907
Unrealized gain on marketable securities	—	—	—	7,332	—	7,332
Repurchases of shares of Class A common stock including related costs	(36,848,645)	(36)	—	—	(2,346,635)	(2,346,671)
Shares returned from escrow	(696)	—	(192)	—	—	(192)
Shares issued under ESPP	632,375	—	33,045	—	—	33,045
Net change in market value of effective foreign currency forward exchange contracts	—	—	—	(9,986)	—	(9,986)
Share of other comprehensive income from equity method investment	—	—	—	734	—	734
Stock-based compensation	—	—	634,129	—	—	634,129
Stock-based compensation - restructuring	—	—	3,178	—	—	3,178
Balance as of December 31, 2024	**152,610,697**	**$ 153**	**$15,476,124**	**$ (1,301)**	**$ (7,522,010)**	**$ 7,952,966**

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Stockholders' Equity

	Common Stock Class A		Common Stock Class B					
	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	(In thousands, except share amounts)							
Balance as of December 31, 2022	**176,358,104**	**$ 174**	**9,617,605**	**$ 12**	**$14,055,853**	**$ (121,161)**	**$ (3,375,836)**	**$ 10,559,042**
Net loss	—	—	—	—	—	—	(1,015,441)	(1,015,441)
Exercises of vested stock options	238,474	—	127,982	—	7,344	—	—	7,344
Vesting of restricted stock units	5,939,641	7	—	—	(7)	—	—	—
Value of equity awards withheld for tax liability	(38,655)	—	—	—	(2,565)	—	—	(2,565)
Conversion of shares of Class B common stock into shares of Class A common stock	9,745,587	12	(9,745,587)	(12)	—	—	—	—
Shares of Class A common stock issued and donated to charity	88,408	—	—	—	5,346	—	—	5,346
Unrealized gain on marketable securities	—	—	—	—	—	99,742	—	99,742
Repurchases of shares of Class A common stock including related costs	(11,292,516)	(11)	—	—	—	—	(674,695)	(674,706)
Foreign currency translation	—	—	—	—	—	5,587	—	5,587
Shares issued under ESPP	906,728	—	—	—	36,496	—	—	36,496
Net change in market value of effective foreign currency forward exchange contracts	—	—	—	—	—	898	—	898
Share of other comprehensive income from equity method investment	—	—	—	—	—	15,553	—	15,553
Stock-based compensation	—	—	—	—	682,241	—	—	682,241
Stock-based compensation - restructuring	—	—	—	—	13,015	—	—	13,015
Balance as of December 31, 2023	**181,945,771**	**$ 182**	**—**	**$ —**	**$14,797,723**	**$ 619**	**$ (5,065,972)**	**$ 9,732,552**

See accompanying notes to consolidated financial statements.

TWILIO INC.
Consolidated Statements of Cash Flows

	Year Ended December 31,		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		(In thousands)	
Net income (loss)	$ 33,834	$ (109,403)	$ (1,015,441)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	195,444	205,984	284,413
Non-cash reduction to the right-of-use asset	22,000	19,095	26,971
Net amortization of investment premium and discount	(14,132)	(22,940)	(44)
Impairment of long-lived assets	1,849	—	320,504
Stock-based compensation	600,407	616,607	675,857
Amortization of deferred commissions	74,533	76,348	72,892
Realized and unrealized (gains) losses on equity securities	(1,016)	1,681	8,043
Provision for doubtful accounts	8,230	35,393	51,859
Value of shares of Class A common stock issued and donated to charity	9,935	5,907	5,346
Share of losses from equity method investment	101,217	108,481	121,897
Impairment of equity method investment	80,629	—	—
Impairment of strategic investments	—	8,220	46,154
Loss on net assets divested	—	—	32,277
Other adjustments	4,182	5,009	14,669
Changes in operating assets and liabilities:			
Accounts receivable	(55,067)	(61,160)	(85,093)
Prepaid expenses and other current assets	10,552	(153,470)	(56,283)
Other long-term assets	(122,203)	(47,077)	(2,328)
Accounts payable	(14,973)	(20,256)	12,370
Accrued expenses and other current liabilities	102,652	87,434	(51,816)
Deferred revenue and customer deposits	2,038	11,181	5,371
Operating lease liabilities	(35,592)	(48,759)	(56,340)
Other long-term liabilities	(1,275)	(2,034)	3,474
Net cash provided by operating activities	1,003,244	716,241	414,752
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions, net of cash acquired and payments related to prior period acquisitions	(61,496)	—	(5,770)
Divestitures, net of cash divested	—	—	38,194
Purchases of marketable securities and other investments	(1,050,858)	(923,863)	(1,953,003)
Proceeds from sales and maturities of marketable securities and other investments	1,251,119	2,353,486	2,200,417
Capitalized software development costs	(51,969)	(51,808)	(39,925)
Purchases of long-lived and intangible assets	(5,848)	(6,978)	(11,310)
Net cash provided by investing activities	80,948	1,370,837	228,603
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on finance leases	(5,306)	(12,558)	(16,134)
Value of equity awards withheld for tax liabilities	(213)	(2,000)	(2,565)
Repurchases of shares of Class A common stock and related costs	(868,939)	(2,334,400)	(668,751)
Proceeds from exercises of stock options and shares of Class A common stock issued under ESPP	41,363	37,386	43,840
Net cash used in financing activities	(833,095)	(2,311,572)	(643,610)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	—	—	108
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	251,097	(224,494)	(147)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH—Beginning of period	431,437	655,931	656,078
CASH, CASH EQUIVALENTS AND RESTRICTED CASH —End of period	$ 682,534	$ 431,437	$ 655,931
Cash paid for income taxes, net	$ 17,711	$ 36,547	$ 37,818
Cash paid for interest	$ 37,578	$ 37,904	$ 38,389
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS			
Cash and cash equivalents	$ 682,335	$ 421,297	$ 655,931
Restricted cash in other current assets	199	—	—
Restricted cash in other long-term assets	—	10,140	—
Total cash, cash equivalents and restricted cash	$ 682,534	$ 431,437	$ 655,931

See accompanying notes to consolidated financial statements.

TWILIO INC.
Notes to Consolidated Financial Statements

1. Organization and Description of Business

Twilio Inc. (the "Company") was incorporated in the state of Delaware on March 13, 2008. Today's leading companies trust Twilio's Customer Engagement Platform 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 their customers' journey, from sales to marketing to growth, customer service and many more engagement use cases in a flexible, programmatic way.

The Company's headquarters are located in San Francisco, California, and the Company has subsidiaries across North America, South America, Europe, Asia and Australia.

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

(b) Principles of Consolidation

The consolidated financial statements include the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

(c) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are used for, but not limited to, revenue allowances and sales credit reserves; recoverability of long-lived and intangible assets; capitalization and useful life of the Company's capitalized internal-use software development costs; fair values of acquired intangible assets, goodwill and equity method investments; accruals and contingencies. Estimates are based on historical experience and on various assumptions that the Company believes are reasonable under current circumstances. However, future events are subject to change and best estimates and judgments may require further adjustments, therefore, actual results could differ materially from those estimates. Management periodically evaluates such estimates and they are adjusted prospectively based upon such periodic evaluation.

(d) Concentration of Credit Risk

Financial instruments that potentially expose the Company to a concentration of credit risk consist primarily of cash, cash equivalents, restricted cash, marketable securities and accounts receivable. The Company maintains cash, restricted cash, cash equivalents and marketable securities with financial institutions. Certain balances held by such financial institutions exceed insured limits.

The Company sells its services to a wide variety of customers. If the financial condition or results of operations of any significant customer deteriorate substantially, operating results could be adversely affected. To reduce credit risk, management performs credit evaluations of the financial condition of significant customers and periodic re-evaluations, as needed, of existing customers. The Company does not require collateral from its credit customers and maintains reserves for estimated credit losses on customer accounts when considered necessary. Actual credit losses may differ from the Company's estimates.

During the years ended December 31, 2025, 2024 and 2023, no customer organization accounted for more than 10% of the Company's total revenue.

As of December 31, 2025 and 2024, no customer organization represented more than 10% of the Company's gross accounts receivable.

(e) Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for credits and any taxes collected from customers, which are subsequently remitted to governmental authorities.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and,
- Recognition of revenue when, or as, the Company satisfies a performance obligation.

Nature of Products and Services

The Company recognizes revenue from its products on either a usage basis or a subscription basis, depending on the nature of the product and the type of customer contract.

The majority of the Company’s revenue is derived from usage-based fees. These fees are earned when customers access the Company’s cloud-based platform and start using the Company’s products. Platform access is considered a monthly series comprised of one performance obligation and usage-based fees are recognized as revenue in the period in which the usage occurs. Some examples of the usage-based products are Messaging and Voice. For the Messaging products, the fees relate to the number of text messages sent or received. For the Voice products, the fees primarily relate to minutes of call duration. In the years ended December 31, 2025, 2024 and 2023, the revenue from usage-based fees represented 74%, 72%, and 71% of total revenue, respectively.

Subscription-based fees are derived from various products such as Segment, Email and others. Subscription-based contracts revenue is recognized on a ratable basis over the contractual term which is generally between one to three years. In the years ended December 31, 2025, 2024 and 2023, the revenue from non-usage-based fees represented 26%, 28%, and 29% of total revenue, respectively.

When our usage-based products are embedded into our subscription-based products, or when multiple products are purchased together as a solution, we charge for each product separately on a usage or a subscription basis, as applicable.

No significant judgments are required in determining whether products and services are considered distinct performance obligations and should be accounted for separately versus together, or to determine the stand-alone selling price.

The Company's arrangements do not contain general rights of return. However, credits may be issued on a case-by-case basis. The contracts do not provide customers with the right to take possession of the software supporting the applications. Amounts that have been charged via credit card or invoiced are recorded in accounts receivable and in revenue or deferred revenue depending on whether the revenue recognition criteria have been met.

The Company defines U.S. revenue as revenue from customers with IP addresses or mailing addresses at the time of registration in the United States. The Company defines international revenue as revenue from customers with IP addresses or mailing addresses at the time of registration outside of the United States.

Remaining Performance Obligations

Revenue allocated to remaining performance obligations represents deferred revenue and amounts that were and will be invoiced and recognized as revenue in future periods for non-cancelable subscription arrangements with terms greater than one year. The Company applies the optional exemption of not disclosing the transaction price allocated to the remaining performance obligations for its usage-based contracts and contracts with original duration of less than one year. Revenue allocated to remaining performance obligations for contracts with durations of greater than one year was $175.2 million as of December 31, 2025, of which 65% is expected to be recognized over the next 12 months and 96% is expected to be recognized over the next 24 months.

(f) Deferred Revenue and Customer Deposits

Deferred revenue is recorded when a non-cancellable contractual right to bill exists or when cash payments are received in advance of future usage on non-cancelable contracts. Customer refundable prepayments are recorded as customer deposits. As of December 31, 2025 and 2024, the Company recorded $158.7 million and $155.7 million as its deferred revenue and customer deposits, respectively, that are included in deferred revenue and customer deposits in the accompanying consolidated balance sheets. During the years ended December 31, 2025, 2024 and 2023, the Company recognized $134.1 million, $120.7 million, and $120.5 million of revenue, respectively, that was included in its deferred revenue and customer deposits balances as of the end of the previous year.

(g) Deferred Sales Commissions

The Company records an asset for the incremental costs of obtaining a contract with a customer, such as sales commissions, that are earned upon execution of contracts. The Company uses the portfolio of data method to determine the estimated period of benefit of capitalized commissions which is generally determined to be up to five years. Amortization expense related to these capitalized costs are recognized on a straight line basis over the estimated period of benefit. The Company applies the optional exemption of expensing these costs as incurred with amortization periods of one year or less.

Total net capitalized commission costs as of December 31, 2025 and 2024 were $147.7 million and $166.0 million, respectively, and are included in prepaid expenses and other current assets and other long-term assets in the accompanying consolidated balance sheets. Amortization of these assets was $74.5 million, $76.3 million and $72.9 million in the years ended December 31, 2025, 2024 and 2023, respectively, and is included in sales and marketing expense in the accompanying consolidated statements of operations.

(h) Cost of Revenue

Cost of revenue consists primarily of fees paid to network service providers. Cost of revenue also includes cloud infrastructure fees, direct costs of personnel, such as salaries and stock-based compensation for customer support employees, and other non-personnel costs, such as depreciation and amortization expense related to data centers and hosting equipment, amortization of capitalized internal-use software development costs and acquired intangible assets.

(i) Research and Development Expense

Research and development expenses consist primarily of personnel costs, outsourced engineering services, cloud infrastructure fees for staging and development of the Company’s products, depreciation, amortization of capitalized internal-use software development costs and an allocation of general overhead expenses. The Company capitalizes the portion of its software development costs that meets the criteria for capitalization.

(j) Internal-Use Software Development Costs

Certain costs of platform and other software applications developed for internal use are capitalized. The Company capitalizes qualifying internal-use software development costs that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed and (ii) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional functionality. Costs incurred for maintenance, minor upgrades and enhancements are expensed. Costs related to preliminary project activities and post-implementation operating activities are also expensed as incurred.

Capitalized costs of platform and other software applications are included in property and equipment. These costs are amortized over the estimated useful life of the software on a straight-line basis over three years. Management periodically evaluates the useful life of these assets and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. The amortization of costs related to the platform applications is included in cost of revenue, while the amortization of costs related to software applications developed for internal use is included in operating expenses.

(k) Advertising Costs

Advertising costs are expensed as incurred and were $39.8 million, $48.7 million and $71.1 million in the years ended December 31, 2025, 2024 and 2023, respectively. Advertising costs are included in sales and marketing expenses in the accompanying consolidated statements of operations.

(l) Restructuring Costs

The Company records restructuring expenses when management commits to a restructuring plan, the restructuring plan identifies all significant actions, the period of time to complete the restructuring plan indicates that significant changes to the plan are not likely and employees who are impacted have been notified of the pending involuntary termination.

(m) Stock-Based Compensation

All stock-based compensation to employees is measured on the grant date based on the fair value of the awards on that date. These costs are recognized in expense following a straight-line attribution method over the requisite service period. For performance-based restricted stock units (“PSUs”) with operational performance targets, the grant date fair value is the closing price of the Company’s Class A common stock on the date of grant. The expense is recognized on a straight-line basis over the performance period only if it is probable that the performance target will be achieved. The probability of achievement is assessed each reporting period and adjustments are recorded accordingly. For PSUs with market conditions, the grant date fair value is determined using a Monte-Carlo simulation model and the expense is recognized on a straight-line basis over the performance period.

The Company uses the Black-Scholes option pricing model to measure the fair value of its stock options and the purchase rights issued under the Company's 2016 Employee Stock Purchase Plan, as amended (the “ESPP”). The grant date fair value of the restricted stock units (“RSUs”) is the closing price of the Company's Class A common stock on the date of grant. The expense for options, purchase rights issued under the ESPP and RSUs is recognized on a straight-line basis over the requisite service period. Forfeitures are recorded in the period in which they occur.

The Black-Scholes option pricing model requires the use of complex assumptions, which determine the fair value of stock options and the purchase rights issued under the ESPP. If any of the assumptions used in the Black-Scholes model change, stock-based compensation for future options may differ materially compared to that associated with previous grants. These assumptions include:

- *Fair value of the common stock.* The Company uses the market closing price of its Class A common stock, as reported on the New York Stock Exchange, for the fair value.
- *Expected term.* The expected term represents the period over which the stock option or the purchase right is expected to be outstanding. The Company uses a simplified calculation for the expected term, which reflects the weighted-average time-to-vest and the contractual life of the stock option or the purchase right;
- *Expected volatility.* The expected volatility is derived from the average of the historical volatilities of the Company’s Class A common stock.
- *Risk -free interest rate.* The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for zero coupon U.S. Treasury notes with maturities approximately equal to the expected term of the stock-based awards; and
- *Expected dividend.* The expected dividend is assumed to be zero as the Company has never paid dividends and has no current plans to pay any dividends on its common stock.

(n) Income Taxes

The Company accounts for income taxes using the asset and liability approach. Deferred tax assets and liabilities are recognized for future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as well as net operating losses and tax credit carry-forwards. Deferred tax amounts are determined by using the enacted tax rates expected to be in effect when the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance reduces the deferred tax assets to the amount that is more likely than not to be realized.

The Company recognizes the effect of uncertain income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is more than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

The Company records interest and penalties related to uncertain tax positions in the provision for income taxes in the consolidated statements of operations. As of December 31, 2025, 2024 and 2023, these amounts were not significant.

(o) Foreign Currency

The functional currency of the Company's foreign subsidiaries is primarily the U.S. dollar. Accordingly, the subsidiaries remeasure monetary assets and liabilities at period-end exchange rates, while non-monetary items are remeasured at historical rates. Revenue and expense accounts are remeasured at the average exchange rate in effect during the month in which the transactions occur. Remeasurement adjustments are recognized in the consolidated statements of operations as other income, net, in the year of occurrence. Foreign currency transaction gains and losses are included in other income, net, in the accompanying consolidated statements of operations.

For those entities where the functional currency is a foreign currency, adjustments resulting from translating the financial statements into U.S. dollars are recorded as a component of accumulated other comprehensive income (loss) as part of the total stockholders' equity. Monetary assets and liabilities denominated in a foreign currency are translated into U.S. dollars at the exchange rate on the balance sheet date. Revenue and expenses are translated at the weighted average exchange rates in effect during the month in which the transactions occur. Equity transactions are translated using historical exchange rates.

(p) Comprehensive Income (Loss)

Comprehensive income (loss) refers to net income (loss) and other revenue, expenses, gains and losses that, under U.S. GAAP, are recorded as an element of stockholders' equity but are excluded from the calculation of net income (loss).

(q) Net Income (Loss) Per Share Attributable to Common Stockholders

The Company computes net income (loss) per share in accordance with Accounting Standards Codification ("ASC") 260 *"Earnings per Share."* Basic net income (loss) per share attributable to common stockholders is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted net income (loss) per share gives effect to all dilutive potential common shares outstanding during the period, such as stock options, RSUs and shares partially paid for under ESPP, using the treasury stock method; the contingently issuable shares guidance is applied to PSUs. Diluted net income (loss) per share excludes all dilutive potential common shares if their effect is anti-dilutive. The Company calculates its basic and diluted net income (loss) per share attributable to common stockholders in conformity with the two-class method required for companies with participating securities.

The Company has 100,000,000 shares of preferred stock that are authorized but none are issued or outstanding.

Class A common stock was the only outstanding class of equity securities of the Company as of December 31, 2025 and 2024. Each share of Class A common stock is entitled to one vote per share.

Prior to June 28, 2023, the Company's outstanding equity securities included its Class B common stock. On June 28, 2023, each outstanding share of the Company's Class B common stock automatically converted (the "Conversion") into one share of the Company's Class A common stock pursuant to the terms of the Company's certificate of incorporation. In addition, upon the Conversion, all outstanding stock options that were exercisable for shares of Class B common stock prior to the

Conversion became exercisable for shares of Class A common stock. The Company retired all of the shares of its Class B common stock that were issued but not outstanding following the Conversion.

(r) Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash equivalents may consist of cash deposited into money market funds, U.S. treasury bills and commercial paper. All credit and debit card transactions that process as of the last day of each month and settle within the first few days of the subsequent month are also classified as cash and cash equivalents as of the end of the month in which they were processed.

(s) Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded net of the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's assessment of its ability to collect on customer accounts receivable. The Company regularly reviews the allowance by considering certain factors such as historical experience, credit quality, age of accounts receivable balances and other known conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet their financial obligations, a specific allowance is recorded against amounts due from the customer which reduces the net recognized receivable to the amount the Company reasonably believes will be collected. The Company writes-off accounts receivable against the allowance when a determination is made that the balance is uncollectible and collection of the receivable is no longer being actively pursued. As of December 31, 2025 and 2024, the allowance for doubtful accounts was $21.5 million and $27.5 million, respectively, and is recorded in accounts receivable, net, in the accompanying consolidated balance sheets.

(t) Property and Equipment

Property and equipment, both owned and under finance leases, is stated at cost less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the related asset. Maintenance and repairs are expensed as incurred.

The useful lives of property and equipment are as follows:

Capitalized internal-use software development costs	3 years
Data center equipment	2 - 4 years
Leasehold improvements	Shorter of 5 years or the remaining lease term
Office equipment	3 years
Furniture and fixtures	5 years
Software	3 years
Assets under financing lease	Shorter of 5 years or the remaining lease term

(u) Leases

The Company determines if an arrangement is or contains a lease at contract inception. The Company presents the operating leases in long-term assets and current and long-term liabilities. Finance lease assets are included in property and equipment, net, and finance lease liabilities are presented in current and long-term liabilities in the accompanying consolidated balance sheets.

Right-of-use (“ROU”) assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Operating lease ROU assets and lease liabilities are measured and recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term. As the Company’s leases do not generally provide an implicit rate, the Company uses its incremental borrowing rate based on the information available on the commencement date to determine the present value of lease payments. The Company’s lease agreements may have lease and non-lease components, which the Company accounts for as a single lease component. When estimating the lease term, the Company includes options to extend or terminate the lease when it is reasonably certain such options will be exercised. Operating lease costs are recognized in operating expenses in the accompanying consolidated statements of operations on a straight-line basis over the lease term and variable payments are recognized in the period they are incurred. The Company's lease agreements do not contain any residual value guarantees. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

Within the consolidated statements of cash flows, the Company presents the lease payments made on the operating leases as cash flows from operations and principal payments made on the finance leases as part of financing activities.

(v) Equity Method Investments

Equity investment holdings in which the Company does not have a controlling financial interest but can exercise significant influence over the investee are accounted for under the equity method. Equity method investments are originally recorded at cost and are increased or reduced in subsequent periods to reflect the Company's proportionate share of the investee's net earnings or losses and other comprehensive income or losses, as those occur. The Company records the investee losses on a three-month lag and up to the carrying amount of the investment. Investments are also increased or decreased by contributions made to and distributions received from the investee, basis difference amortization and other-than-temporary impairments, if any. All costs directly associated with the acquisition of the investment are included in the carrying amount of the investment. Profits or losses related to intra-entity sales are eliminated until realized by the Company or the investee.

The Company determines the difference between its purchase price and its proportionate share of the net assets of the investee, which constitutes its excess basis in the investment. This excess basis is allocated to the identifiable assets and liabilities of the investee utilizing purchase accounting principles and is used to calculate the amortizable basis difference and the equity method goodwill. Basis differences attributed to intangible assets with determinable economic lives and liabilities are generally amortized on a straight-line basis over the useful lives of the associated assets and the expected term for the liabilities. Basis differences related to intangible assets without determinable economic lives are not amortized.

Equity method goodwill is not amortized or tested for impairment. Instead, the Company evaluates its equity method investments for impairment whenever events or changes in circumstance indicate that the carrying amounts of such investments may be in excess of their fair value. When such indicators exist, the other-than-temporary impairment model is utilized, which considers the severity and duration of a decline in fair value below book value and the Company's ability and intent to hold the investment for a sufficient period of time to allow for recovery. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in the period of such determination. When an impairment loss is recorded in the period, the Company allocates such loss to its overall basis difference in the following order: (a) reducing the equity method goodwill to zero, then (b) reducing the individual basis differences attributable to long-lived assets proportionately based on their amounts relative to the overall basis difference on the impairment date.

(w) Segment Information

The Company determines its operating and reportable segments in accordance with ASC 280 *Segment Reporting*, which requires financial information to be reported based on how the chief operating decision maker ("CODM"), who is the Company's Chief Executive Officer ("CEO"), reviews and manages the business, and establishes criteria for aggregating operating segments into reportable segments. The Company operates in and reports its results in a single operating and reportable segment.

(x) Business Combinations

The Company records identifiable assets acquired and liabilities assumed at their acquisition date fair values. Goodwill is measured as the excess of the consideration transferred over the fair value of the net assets acquired on the acquisition date. While the Company uses its best estimates and assumptions as part of the purchase price allocation process to accurately value assets acquired and liabilities assumed, these estimates are inherently uncertain and subject to refinement. The authoritative guidance allows a measurement period of up to one year from the date of acquisition to make adjustments to the preliminary allocation of the purchase price. As a result, during the measurement period the Company may record adjustments to the fair values of assets acquired and liabilities assumed, with the corresponding offset to goodwill to the extent that it identifies adjustments to the preliminary purchase price allocation. Upon conclusion of the measurement period or final determination of the values of the assets acquired and liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.

(y) Goodwill

Goodwill represents the excess of the aggregate purchase price over the fair value of net identifiable assets acquired in a business combination. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The Company operates as one reporting unit and has selected October 1 as the date of its annual impairment test.

The Company has the option to first perform a qualitative assessment to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. However, the Company may elect to bypass the qualitative assessment and proceed directly to the quantitative impairment tests. The impairment test involves comparing the fair value of a reporting unit to its carrying amount, including goodwill. In the valuation of goodwill, management must make assumptions regarding estimated future cash flows to be derived from the reporting unit. Changes in these estimates or assumptions in future periods may result in the recognition of an impairment in the affected period. Goodwill impairment is calculated as the amount by which the reporting unit's carrying amount exceeds its fair value, and is limited to the carrying amount of goodwill.

(z) Intangible Assets

Intangible assets recorded by the Company include the fair values of identifiable intangible assets acquired in business combinations and costs directly associated with securing legal registration of patents and trademarks and acquiring domain names.

Intangible assets with determinable economic lives are carried at cost, less accumulated amortization. Amortization is computed over the estimated useful life of each asset on a straight-line basis. The Company determines the useful lives of identifiable intangible assets after considering the specific facts and circumstances related to each intangible asset. Factors the Company considers when determining useful lives include the contractual term of any agreement related to the asset, the historical performance of the asset, the Company's long-term strategy for using the asset, any laws or other local regulations which could impact the useful life of the asset and other economic factors, including competition and specific market conditions. Intangible assets without determinable economic lives are carried at cost, not amortized and reviewed for impairment at least annually.

The useful lives of the intangible assets are as follows:

Developed technology	4 - 7 years
Customer relationships	4 - 10 years
Supplier relationships	5 years
Trade names	5 years
Patents	20 years
Telecommunication licenses	Indefinite
Trademarks	Indefinite
Domain names	Indefinite

(aa) Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, including property, equipment and intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If such evaluation indicates that the carrying amount of the asset or the asset group is not recoverable, an impairment loss would be equal to the amount the carrying value exceeds the fair value. The impairment is allocated to the long-lived assets within the asset group on a pro-rata basis using the relative carrying amounts of the assets. Carrying amounts of individual long-lived assets are not reduced below their respective fair values.

In the valuation of an asset or an asset group, management must make assumptions regarding estimated future revenue and cash flows to be derived from the respective asset or asset group, discount rates used and other assumptions. Changes in these estimates or their related assumptions in future periods may result in the recognition of an impairment of an asset or an asset group in the affected period..

(ab) Derivatives and Hedging

The Company is exposed to a wide variety of risks arising from its business operations and overall economic conditions. These risks include exposure to fluctuations in various foreign currencies against its functional currency and can impact the value of cash receipts and payments. The Company minimizes its exposure to these risks through management of its core business activities, specifically, the amounts, sources and duration of its assets and liabilities, and the use of derivative financial instruments. The Company uses foreign currency derivative forward contracts, and in the future may also use foreign currency option contacts.

Foreign currency derivative forward contracts involve fixing the exchange rate for delivery of a specified amount of foreign currency on a specified date. These agreements are typically cash settled in U.S. dollars for their fair value at or close to their settlement date. Foreign currency option contracts will require the Company to pay a premium for the right to sell a specified amount of foreign currency prior to the maturity date of the option. The Company does not enter into derivative financial instruments trading for speculative purposes.

Derivative instruments are carried at fair value and recorded as either an asset or a liability until they mature. Gains and losses resulting from changes in fair value of these instruments are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. For derivative instruments designated as cash flow hedges, gains or losses are initially recorded in accumulated other comprehensive income (loss) on the balance sheet, then reclassified into the statement of operations in the period in which the derivative instruments mature. These realized gains and losses are recorded within the same financial statement line item as the hedged transaction.

The Company’s foreign currency derivative contracts are classified within Level 2 of the fair value hierarchy because the valuation inputs are based on quoted prices and market observable data of similar instruments in active markets, such as currency spot and forward rates.

(ac) Share Repurchases

The Company elected to record the excess of the repurchase price over the par value of the repurchased shares of its Class A common stock in accumulated deficit, along with the associated transaction costs and excise taxes. Immediately upon repurchase, the shares are retired and returned to the status of unauthorized and unissued.

(ad) Fair Value of Financial Instruments

The accounting guidance for fair value provides a framework for measuring fair value, clarifies the definition of fair value, and expands disclosures regarding fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the reporting date. The accounting guidance establishes a three-tiered hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value as follows:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The Company applies fair value accounting for all financial instruments measured at fair value on a recurring basis. The Company's financial instruments, which include cash, restricted cash, cash equivalents, accounts receivable and accounts payable are recorded at their carrying amounts, which approximate their fair values due to their short-term nature. Marketable securities consist of U.S. treasury securities, non-U.S. government securities, high credit quality corporate debt securities and commercial paper. All marketable securities are considered to be available-for-sale and recorded at their estimated fair values. Unrealized gains and losses for available-for-sale securities are recorded in other comprehensive income (loss). In valuing these items, the Company uses inputs and assumptions that market participants would use to determine their fair value, utilizing valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair values of the senior notes due 2029 and 2031 ("2029 Notes" and "2031 Notes," respectively) are determined based on their respective closing prices on the last trading day of the reporting period. These financial liabilities are not measured at fair value on a recurring basis.

The carrying values of the strategic investments, which consist of restricted equity securities of a publicly held company and equity securities of privately held companies, are determined under the measurement alternative on a non-recurring basis adjusting for observable changes in fair value or impairment. The Company does not have a controlling interest nor can it exercise significant influence over any of these entities.

The Company regularly reviews changes to the rating of its debt securities by rating agencies and monitors the surrounding economic conditions to assess the risk of expected credit losses. As of December 31, 2025, the risk of expected credit losses was not significant.

Impairments are considered to be other than temporary if they are related to deterioration in credit risk or if it is likely that the security will be sold before the recovery of its cost basis. Realized gains and losses and declines in value deemed to be other than temporary are determined based on the specific identification method and are reported in other income, net in the accompanying consolidated statements of operations.

(ae) Recently Adopted Accounting Guidance

In December 2023, the Financial Accounting Standards Board ("FASB") issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures,*" which requires disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies other income tax related disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024, and may be applied on a prospective basis. The Company adopted ASU 2023-09 on a prospective basis in 2025. Prior periods were not restated to conform to the new presentation.

(af) Recently Issued Accounting Guidance, Not yet Adopted

In September 2025, the FASB issued ASU 2025-06, *"Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,"* which modernizes the accounting for internal-use software by replacing the previous stage-based model and aligning the capitalization process with current development practices, especially agile and iterative methods. ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and may be applied prospectively, retrospectively, or using a modified transition approach. Early adoption is permitted. The Company is in process of evaluating the impact of the adoption of this ASU on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, "*Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,"* which requires the disaggregation of certain expenses in the notes of the financial statements to provide enhanced transparency into the expense captions presented on the face of the statements of operations. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027, and may be applied either prospectively or retrospectively. The adoption will require certain additional disclosure in the notes to the Company's consolidated financial statements.

3. Fair Value Measurements

Financial Assets

The following tables provide the financial assets measured at fair value on a recurring basis:

	Amortized Cost or Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Months	Gross Unrealized Losses More Than 12 Months	Fair Value Hierarchy as of December 31, 2025			Aggregate Fair Value
					Level 1	Level 2	Level 3	
Financial Assets:				(In thousands)				
Cash and cash equivalents:								
Money market funds	$ 454,505	$ —	$ —	$ —	$ 454,505	$ —	$ —	$ 454,505
Commercial paper	37,517	—	—	—	—	37,517	—	37,517
Total included in cash and cash equivalents	492,022	—	—	—	454,505	37,517	—	492,022
Marketable securities:								
Debt securities:								
U.S. Treasury securities	249,396	1,190	(9)	—	250,577	—	—	250,577
Corporate debt securities and commercial paper	1,523,935	9,360	(84)	(1)	—	1,533,210	—	1,533,210
Total debt securities	1,773,331	10,550	(93)	(1)	250,577	1,533,210	—	1,783,787
Equity securities	4,220	—	—	—	4,220	—	—	4,220
Total marketable securities	1,777,551	10,550	(93)	(1)	254,797	1,533,210	—	1,788,007
Total financial assets	$ 2,269,573	$ 10,550	$ (93)	$ (1)	$ 709,302	$ 1,570,727	$ —	$ 2,280,029

	Amortized Cost or Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses Less Than 12 Months	Gross Unrealized Losses More Than 12 Months	Fair Value Hierarchy as of December 31, 2024			Aggregate Fair Value
					Level 1	Level 2	Level 3	
Financial Assets:				(In thousands)				
Cash and cash equivalents:								
Money market funds	$ 207,323	$ —	$ —	$ —	$ 207,323	$ —	$ —	$ 207,323
Commercial paper	15,059	—	—	—	—	15,059	—	15,059
U.S. Treasury bills	2,748	—	—	—	2,748	—	—	2,748
Total included in cash and cash equivalents	225,130	—	—	—	210,071	15,059	—	225,130
Marketable securities:								
Debt securities:								
U.S. Treasury securities	379,846	1,243	(296)	(55)	380,738	—	—	380,738
Non-U.S. government securities	2,909	27	—	—	2,936	—	—	2,936
Corporate debt securities and commercial paper	1,571,944	6,415	(1,594)	(557)	16,890	1,559,318	—	1,576,208
Total debt securities	1,954,699	7,685	(1,890)	(612)	400,564	1,559,318	—	1,959,882
Equity securities	3,220	—	—	—	3,220	—	—	3,220
Total marketable securities	1,957,919	7,685	(1,890)	(612)	403,784	1,559,318	—	1,963,102
Total financial assets	$ 2,183,049	$ 7,685	$ (1,890)	$ (612)	$ 613,855	$ 1,574,377	$ —	$ 2,188,232

Debt Securities

The Company’s primary objective when investing excess cash is preservation of capital, hence the Company’s debt securities primarily consist of U.S. Treasury securities, non-U.S. government securities, high credit quality corporate debt securities and commercial paper. Because the Company views its debt securities as available to support its current operations, it has classified all available for sale securities as short-term.

Interest earned on marketable securities was $70.6 million, $90.2 million and $77.7 million in the years ended December 31, 2025, 2024 and 2023, respectively. The interest is recorded as other income, net, in the accompanying consolidated statements of operations.

The following table summarizes the contractual maturities of marketable securities:

	As of December 31,			
	2025		2024	
	Amortized Cost	Aggregate Fair Value	Amortized Cost	Aggregate Fair Value
Financial Assets:	(In thousands)			
Less than one year	$ 588,022	$ 590,997	$ 684,294	$ 685,091
One to three years	1,185,309	1,192,790	1,270,405	1,274,791
Total	$ 1,773,331	$ 1,783,787	$ 1,954,699	$ 1,959,882

Strategic Investments

As of December 31, 2025 and 2024, the Company held strategic investments with an aggregate carrying value of $24.5 million and $23.5 million, respectively, recorded as other long-term assets in the accompanying consolidated balance sheets. There were no significant impairments or adjustments recorded in the years ended December 31, 2025 and 2024 related to these securities. In the year ended December 31, 2023, the Company remeasured to fair value one of its strategic investments acquired in 2021 due to an assessed impairment. The fair value measurement of the strategic investment is classified as Level 2 in the fair value hierarchy and the primary input used in the fair value measurement was the publicly available stock price of the issuer's unrestricted security of the same class. The impairment loss of $46.2 million is recorded in other expenses, net, in the accompanying consolidated statement of operations for the year ended December 31, 2023.

Financial Liabilities

The Company's financial liabilities that are measured at fair value on a recurring basis consist of foreign currency derivative liabilities and are classified as Level 2 financial instruments in the fair value hierarchy. As of December 31, 2025 and 2024, the aggregate fair value of these liabilities and the associated unrealized losses were not significant.

The Company's financial liabilities that are not measured at fair value on a recurring basis are its 2029 Notes and its 2031 Notes. As of December 31, 2025, the fair value of the 2029 Notes and 2031 Notes were $489.7 million and $483.9 million, respectively. As of December 31, 2024, the fair value of the 2029 Notes and 2031 Notes were $464.9 million and $453.9 million, respectively. These fair values are classified as Level 2 in the fair value hierarchy.

4. Property and Equipment

Property and equipment consist of the following:

	As of December 31,	
	2025	2024
	(In thousands)	
Capitalized internal-use software developments costs	$ 421,795	$ 357,334
Data center equipment [(1)]	27,843	63,672
Leasehold improvements	62,143	78,104
Office equipment	46,709	50,659
Furniture and fixtures	10,399	12,618
Software	14,927	14,143
Total property and equipment	583,816	576,530
Less: accumulated depreciation and amortization [(1)]	(406,853)	(385,488)
Total property and equipment, net	$ 176,963	$ 191,042

[(1)] Data center equipment includes $1.4 million and $33.5 million in assets held under finance leases as of December 31, 2025 and 2024, respectively. Accumulated depreciation and amortization includes $1.4 million and $28.6 million of accumulated depreciation for assets held under finance leases as of December 31, 2025 and 2024, respectively.

Depreciation and amortization expense was $85.1 million, $91.9 million and $89.9 million for the years ended December 31, 2025, 2024 and 2023, respectively.

The Company capitalized $72.5 million, $72.5 million and $57.2 million in internal-use software development costs in the years ended December 31, 2025, 2024 and 2023, respectively.

5. Divestitures

There were no divestitures in the years ended December 31, 2025 or 2024.

In 2023, the Company sold its ValueFirst business, which operated an enterprise communications platform in India, for a total cash sales price of $45.5 million, or $38.2 million in proceeds, net of cash divested. The sale resulted in a loss of $28.8 million, which is recorded within general and administrative expenses in the accompanying consolidated statement of operations for the year ended December 31, 2023. The Company also recorded an additional $3.3 million of divestiture-related expenses in the same period.

6. Impairment of Long-Lived Assets

No significant impairments of long-lived assets were recorded during the years ended December 31, 2025 or 2024.

Operating right-of-use assets

In 2023, the Company permanently closed several of its offices, which triggered reassessment for impairment of certain operating right-of-use ("ROU") assets and related leasehold improvements and property and equipment. Based on the reassessment, the Company concluded that certain assets were impaired and recorded a $34.8 million impairment in the impairment of long-lived assets line item in the accompanying consolidated statement of operations for the year ended December 31, 2023.

Intangible assets

In the fourth quarter of 2023, the Company identified an indicator that the carrying amounts of certain long-lived assets within its then Segment reportable segment may not have been recoverable. The Company performed a fair value measurement of the impacted asset group and concluded that the asset group was impaired. The impairment was allocated to the assets within the impacted asset group reducing the respective carrying amounts of the assets as of the December 1, 2023, measurement date, as follows:

	Total Impairment Allocation
	(In thousands)
Developed technology	$ 209,350
Customer relationships	76,361
Total impairment	$ 285,711

The impairment is recorded within the impairment of long-lived assets line item in the accompanying consolidated statement of operations for the year ended December 31, 2023.

No other significant impairments were recorded during the year ended December 31, 2023.

7. Restructuring Activities

No significant restructuring activities occurred in the years ended December 31, 2025 or 2024.

In February 2023, the Company announced a workforce reduction plan (the "February 2023 Plan") that was designed to reduce operating costs, improve operating margins and accelerate profitability. The February 2023 Plan eliminated approximately 17% of the Company's workforce and was substantially completed in the first quarter of 2023. For the year ended December 31, 2023, restructuring charges related to the February 2023 Plan were $141.1 million, which consisted of $130.0 million related to employee severance, benefits and facilitation costs, and $11.1 million related to vesting of employee stock based compensation awards. These charges were recorded within restructuring costs in the accompanying consolidated statement of operations for the year ended December 31, 2023.

8. Reorganization and Segment Reporting

The Company announced on January 1, 2025, that it realigned its organizational structure into a functional support model by dissolving its previously existing business unit components.

Despite the change in the organizational structure on January 1, 2025, until the end of the second quarter of 2025, the Company had two operating and reportable segments based on the manner in which the CODM reviewed financial information for purposes of assessing business performance and allocating resources. In the third quarter of 2025, the presentation of the financial information reviewed by the CODM was modified to reflect the change in the organizational structure. In conjunction with this change, the Company reevaluated its segment structure and concluded that, as of the third quarter of 2025, it had one operating and reportable segment.

Commencing in the third quarter of 2025, the financial information of the Company regularly provided to the CODM was on a consolidated level and consolidated net income was its measure of profitability. This measure of profitability is used by the CODM to allocate resources and assess performance of the Company by comparing its actual results to the comparable results in prior periods and to any internally or externally set expectations. The consolidated financial information provided to the CODM, including significant expenses, is presented in a manner consistent with the information already disclosed in the accompanying consolidated financial statements and the notes thereof.

9. Derivatives and Hedging

As of December 31, 2025, the Company's outstanding foreign currency forward contracts designated as cash flow hedges had a total sell notional value of $280.8 million. The notional value represents the amount that will be sold upon maturity of the forward contract. As of December 31, 2025, these contracts had maturities of up to seventeen months. Gains and losses associated with these foreign currency forward contracts were not significant.

The Company is subject to master netting agreements with certain counterparties of the foreign exchange contracts, under which it is permitted to net settle transactions of the same currency with a single net amount payable by one party to the other. It is the Company's policy to present the derivatives at gross in its consolidated balance sheets. The Company's foreign currency forward contracts are not subject to any credit contingent features or collateral requirements. The Company manages its exposure to counterparty risk by entering into contracts with a diversified group of major financial institutions and by actively monitoring its outstanding positions. As of December 31, 2025, the Company did not have any offsetting arrangements.

10. Right-of-Use Assets and Lease Liabilities

The Company has entered into various operating lease agreements for office space. As of December 31, 2025, the Company had various leased properties with remaining lease terms from 0.1 years to 5.0 years, some of which include options to extend the leases for up to 5.0 years.

In the years ended December 31, 2025 and 2024, there were no significant impairment charges related to office closures. During 2023, as a result of the office closures described in Note 6, the Company impaired several of its ROU assets related to office leases that would no longer be used to support its ongoing operations. Of the $34.8 million of impairment recorded in the year ended December 31, 2023, $24.8 million related to the ROU assets and the remaining amount related to the associated assets in the property, plant and equipment categories.

For the years ended December 31, 2025, 2024 and 2023, the Company did not have significant sublease income related to any of its subleased offices.

Operating lease costs recorded in the accompanying consolidated statements of operations were $27.0 million, $25.4 million and $35.7 million for the years ended December 31, 2025, 2024 and 2023, respectively. Lease costs associated with short-term leases, variable leases and finance leases were not significant.

Supplemental cash flow and other information related to operating leases are as follows:

	Year Ended December 31, 2025	Year Ended December 31, 2024
Operating cash flows paid for amounts included in operating lease liabilities (in thousands)	$ 40,700	$ 54,376
Weighted average remaining lease term (in years)	2.9	3.6
Weighted average discount rate	4.7 %	4.6 %

Maturities of operating lease liabilities are as follows:

Year Ended December 31,	As of December 31, 2025 (In thousands)
2026	$ 38,557
2027	29,320
2028	22,445
2029	4,492
2030	554
Total lease payments	95,368
Less: imputed interest	(6,083)
Total operating lease obligations	89,285
Less: current obligations	(35,123)
Long-term operating lease obligations	$ 54,162

11. Business Combinations

On November 14, 2025, the Company acquired all outstanding shares of Stytch, Inc. (“Stytch”), an identity platform for AI agents based in San Francisco, California, for a purchase price of $104.1 million paid in cash, or $58.5 million net of cash acquired.

The acquisition was accounted for as a business combination and the total preliminary purchase price of $104.1 million was allocated to the net tangible and intangible assets and liabilities based on their fair values on the acquisition date with the excess recorded as goodwill. The acquired entities' results of operations have been included in the consolidated financial statements of the Company from the date of acquisition.

The following table presents the preliminary purchase price allocation:

	Total (In thousands)
Cash and cash equivalents	$ 45,565
Other tangible assets and liabilities, net	(1,844)
Intangible assets [1]	11,833
Goodwill	48,507
Total preliminary purchase price	$ 104,061
Less: cash and cash equivalents acquired	(45,565)
Total preliminary purchase price, net of cash acquired	$ 58,496

[1] Identifiable intangible assets were comprised of the following:

	Total	Estimated life
	(In thousands)	(In years)
Developed technology	$ 9,864	5
Customer relationships	1,969	4
Total intangible assets acquired	$ 11,833	

12. Equity Method Investment

In 2022, the Company acquired 44.6% of the equity interests in Syniverse Corporation ("Syniverse") for $750.0 million in cash. The Company determined that it did not have a controlling financial interest in Syniverse but did exercise significant influence and, therefore, the investment was accounted for under the equity method. The Company's ownership percentage and other information related to the equity method investment, reported on a 90-day lag, are as follows:

	As of December 31,	
	2025	2024
Ownership percentage	43.7%	43.8%
Basis difference attributable to intangible assets and deferred tax liability	$ 297,114	$ 353,307
Equity method goodwill	$ 543,157	$ 623,786

During 2025, the Company observed a change in the performance trend of its equity method investment, which it deemed an indicator that the carrying value of its equity method investment could be in excess of its fair value. The Company engaged a third-party expert to assist in performing a fair value assessment of the investment and concluded that as of December 31, 2025, its equity method investment was impaired. The Company recorded an impairment of $80.6 million in the impairment of equity method investment line item in the accompanying consolidated statement of operations for the year ended December 31, 2025. The Company allocated the full impairment amount to the equity method goodwill.

The Company estimated the fair value of its equity method investment using a weighting of fair values derived from an income and a market approach. Estimating the fair value by these methods involves the use of various assumptions that the Company believed were reasonable under the circumstances. Under the income approach, the Company determined the fair value of the investment based on the present value of estimated future cash flows using the cash flow projections prepared by the investee management. The market approach estimated the fair value based on market multiples of adjusted EBITDA derived from comparable publicly traded companies with similar operating and investment characteristics as the investment. While these assumptions reflect management's best estimates at the time of the valuation, the estimates are inherently complex and uncertain and the actual results could differ materially from the estimates. The fair value measurement of the equity method investment is classified as Level 3 in the fair value hierarchy.

In conjunction with this investment, the Company and Syniverse entered into a wholesale agreement, pursuant to which Syniverse would process, route and deliver application-to-person messages originating and/or terminating between the Company's customers and mobile network operators. The values of the transactions that occurred between the Company and Syniverse were $138.9 million, $145.0 million and $143.7 million for the years ended December 31, 2025, 2024 and 2023, respectively. These transactions were recorded as cost of revenue in the accompanying consolidated statements of operations.

Summarized financial information of Syniverse is presented below on a one-month lag. The investee's fiscal year end is November 30.

	As of November 30,	
	2025	2024
	(In thousands)	
Current assets	$ 172,548	$ 225,975
Noncurrent assets	$ 2,365,336	$ 2,344,658
Current liabilities	$ 214,359	$ 232,522
Noncurrent liabilities	$ 1,198,196	$ 1,176,332
Non controlling interest	$ 5,068	$ 6,027

	Year Ended November 30,		
	2025	2024	2023
	(In thousands)		
Revenue	$ 795,749	$ 819,164	$ 739,317
Cost of operations (excluding depreciation and amortization)	$ 481,486	$ 474,081	$ 430,140
Income from operations	$ 92,701	$ 113,950	$ 67,870
Net loss	$ (56,926)	$ (38,849)	$ (89,096)
Net loss attributable to Syniverse Corporation	$ (59,338)	$ (40,917)	$ (90,770)

13. Goodwill and Intangible Assets

Goodwill

In connection with the change in the Company's operating segment structure, as described in Note 8, the Company reevaluated its reporting unit structure and concluded that as of September 30, 2025, it had one reporting unit. The Company performed goodwill impairment assessments for each reporting unit immediately before and immediately after the change in structure and concluded that goodwill was not impaired.

The goodwill balance as of December 31, 2025 and 2024, and the changes during the period, were as follows:

	Total
	(In thousands)
Balance as of December 31, 2024 and 2023	$ 5,243,266
Goodwill additions related to 2025 acquisitions and other	48,521
Balance as of December 31, 2025	$ 5,291,787

Intangible assets

Intangible assets consist of the following:

	As of December 31, 2025		
	Cost	Accumulated Amortization	Net
Amortizable intangible assets:		(In thousands)	
Developed technology	$ 398,205	$ (359,450)	$ 38,755
Customer relationships	350,283	(260,216)	90,067
Supplier relationships	49,756	(44,443)	5,313
Trade names	25,968	(25,928)	40
Patent	3,968	(1,293)	2,675
Total amortizable intangible assets	828,180	(691,330)	136,850
Non-amortizable intangible assets:			
Telecommunication licenses	4,920	—	4,920
Trademarks and other	295	—	295
Total	$ 833,395	$ (691,330)	$ 142,065

	As of December 31, 2024		
	Cost	Accumulated Amortization	Net
Amortizable intangible assets:		(In thousands)	
Developed technology	$ 388,341	$ (306,063)	$ 82,278
Customer relationships	348,314	(215,523)	132,791
Supplier relationships	49,756	(35,363)	14,393
Trade names	25,968	(25,014)	954
Patent	3,968	(1,096)	2,872
Total amortizable intangible assets	816,347	(583,059)	233,288
Non-amortizable intangible assets:			
Telecommunication licenses	4,920	—	4,920
Trademarks and other	295	—	295
Total	$ 821,562	$ (583,059)	$ 238,503

Amortization expense was $108.3 million, $112.0 million and $192.5 million for the years ended December 31, 2025, 2024 and 2023, respectively.

Total estimated future amortization expense is as follows:

	As of December 31, 2025
Year Ended December 31,	(In thousands)
2026	$ 44,615
2027	27,796
2028	21,520
2029	17,353
2030	16,614
Thereafter	8,952
Total	$ 136,850

14. Balance Sheet Components

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2025	2024
	(In thousands)	
Prepaid expenses	$ 307,263	$ 333,911
Other current assets	162,387	140,449
Total prepaid expenses and other current assets	$ 469,650	$ 474,360

Accrued expenses and other current liabilities consist of the following:

	As of December 31,	
	2025	2024
	(In thousands)	
Accrued payroll and related liabilities	$ 95,795	$ 76,708
Company-wide bonus program liability	136,221	109,776
Accrued sales bonus and commissions	21,922	21,585
Accrued cost of revenue	226,878	173,739
Sales and other taxes payable	58,259	79,731
ESPP contributions	6,925	5,745
Accrued other expense	62,119	63,402
Total accrued expenses and other current liabilities	$ 608,119	$ 530,686

15. Long-Term Debt

Long-term debt, net, consists of the following:

	As of December 31,	
	2025	2024
	(In thousands)	
2029 Senior Notes		
Principal	$ 500,000	$ 500,000
Unamortized discount	(2,733)	(3,518)
Unamortized issuance costs	(615)	(792)
Net carrying amount	496,652	495,690
2031 Senior Notes		
Principal	500,000	500,000
Unamortized discount	(3,563)	(4,166)
Unamortized issuance costs	(802)	(937)
Net carrying amount	495,635	494,897
Total long-term debt, net	$ 992,287	$ 990,587

2029 and 2031 Senior Notes

In March 2021, the Company issued $1.0 billion aggregate principal amount of senior notes, consisting of $500.0 million principal amount of 3.625% notes due 2029 (the “2029 Notes”) and $500.0 million principal amount of 3.875% notes due 2031 (the “2031 Notes” and together with the 2029 Notes, the “Notes”). Initially, none of the Company’s subsidiaries guaranteed the Notes. However, under certain circumstances in the future the Notes can be guaranteed by each of the Company’s material domestic subsidiaries. The 2029 Notes and 2031 Notes will mature on March 15, 2029 and March 15, 2031, respectively. Interest payments are payable semi-annually in arrears on March 15 and September 15 of each year.

The aggregate net proceeds from offering of the Notes were approximately $984.7 million after deducting underwriting discounts and issuance costs paid by the Company.

As of December 31, 2025, the Company may voluntarily redeem the 2029 Notes, in whole or in part, under the following circumstances:

(1) at any time on or after March 15, 2025 at a prepayment price equal to 100.906% of the principal amount; and

(2) at any time on or after March 15, 2026 at a prepayment price equal to 100.000% of the principal amount;

in each case, the redemption will include the accrued and unpaid interest, as applicable.

As of December 31, 2025, the Company may voluntarily redeem the 2031 Notes, in whole or in part, under the following circumstances:

(1) at any time prior to March 15, 2026 at 100% of the principal amount, plus a “make-whole” premium;

(2) at any time on or after March 15, 2026 at a prepayment price equal to 101.938% of the principal amount;

(3) at any time on or after March 15, 2027 at a prepayment price equal to 101.292% of the principal amount;

(4) at any time on or after March 15, 2028 at a prepayment price equal to 100.646% of the principal amount; and

(5) at any time on or after March 15, 2029 at a prepayment price equal to 100.000% of the principal amount;

in each case, the redemption will include accrued and unpaid interest, as applicable.

The Notes are general unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the Notes that the Company may incur in the future and equal in right of payment with the Company’s existing and future unsecured and unsubordinated liabilities.

In certain circumstances involving a change of control event, the Company will be required to make an offer to repurchase the Notes of the applicable series at a repurchase price equal to 101% of the principal amount of the Notes of such series to be repurchased, plus accrued and unpaid interest, if any, to the applicable repurchase date.

The indenture governing the Notes (the “Indenture”) contains restrictive covenants limiting the Company’s ability and the ability of its subsidiaries to: (i) create liens on certain assets to secure debt; (ii) grant a subsidiary guarantee of certain debt without also providing a guarantee of the Notes; and (iii) consolidate or merge with or into, or sell or otherwise dispose of all or substantially all of its assets to another person. These covenants are subject to a number of limitations and exceptions. Certain of these covenants will not apply during any period in which the Notes are rated investment grade by either Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Services.

As of December 31, 2025, the Company was in compliance with all of its covenants under the Indenture.

16. Supplemental Balance Sheet Information

A roll-forward of the Company’s customer credit reserve is as follows:

	As of December 31,		
	2025	2024	2023
		(In thousands)	
Balance, beginning of period	$ 19,341	$ 33,594	$ 33,124
Additions	98,955	81,695	167,044
Deductions against reserve	(86,484)	(95,948)	(166,574)
Balance, end of period	$ 31,812	$ 19,341	$ 33,594

17. Revenue by Geographic Area and Groups of Similar Products

Revenue by geographic area is based on the IP address or the mailing address of the customer at the time of registration. The following table sets forth revenue by geographic area:

	Year Ended December 31,		
	2025	2024	2023
Revenue by geographic area:		(In thousands)	
United States	$ 3,246,863	$ 2,898,056	$ 2,757,470
International	1,820,357	1,559,980	1,396,475
Total	$ 5,067,220	$ 4,458,036	$ 4,153,945
Percentage of revenue by geographic area:			
United States	64 %	65 %	66 %
International	36 %	35 %	34 %

The following table sets forth long-lived assets by geographic area:

	As of December 31,	
	2025	2024
Long-lived assets by geographic area:	(In thousands)	
United States	$ 43,491	$ 65,782
International	15,561	25,676
Total	$ 59,052	$ 91,458
Percentage of long-lived assets by geographic area:		
United States	74 %	72 %
International	26 %	28 %

The following table sets forth revenue by groups of similar products:

	Year Ended December 31,		
	2025	2024[(1)]	2023[(1)]
Revenue by groups of similar products:		(In thousands)	
Messaging	$ 2,878,304	$ 2,435,462	$ 2,251,308
Voice	615,655	543,117	511,728
Email	523,470	488,271	440,185
Segment	303,250	297,696	295,252
Other	746,541	693,490	655,472
Total	$ 5,067,220	$ 4,458,036	$ 4,153,945

[(1)] Prior year amounts were reclassified to conform to the current year presentation. In 2025, RCS Messaging and WhatsApp Messaging were reclassified into Messaging. Previously, revenue related to these products was presented within Other. As a result, $76.7 million and $66.6 million were reclassified out of Other and into Messaging for the years ended December 31, 2024 and 2023, respectively.

18. Commitments and Contingencies

(a) Lease and Other Commitments

The Company entered into various non-cancelable operating lease agreements for its facilities. Refer to Note 10 for additional detail on the Company's operating lease commitments.

Additionally, the Company has contractual commitments with its cloud infrastructure providers, network service providers and other vendors that are noncancellable and expire within one to five years. In the year ended December 31, 2025, the Company entered into several such agreements with terms of up to five years for a total purchase commitment of $149.1 million. Future minimum payments under these noncancellable purchase commitments are summarized in the table below. Unrecognized tax benefits are not included in these amounts because any amounts expected to be settled in cash are not significant:

Year Ending December 31,	As of December 31, 2025 (In thousands)
2026	$ 288,615
2027	31,861
2028	13,152
2029	9,166
2030	6,447
Total payments	$ 349,241

(b) Legal Matters

From time to time, the Company may be subject to legal actions, claims, and government investigations or inquiries arising in the ordinary course of business. These matters may include, but are not limited to, matters involving privacy, data protection, data security, intellectual property, competition, telecommunications, consumer protection, taxation, securities, employment and contractual rights. While the Company currently believes that the final outcomes of these matters will not have a material adverse effect on its business, the results of any current or future litigation cannot be predicted with certainty, and regardless of the outcome, litigation can have an adverse impact on the Company because of defense and settlement costs, diversion of management resources and other factors.

The Company accrues for contingencies associated with legal matters when it believes that a loss is probable and that it can be reasonably estimated. To the extent there is a reasonable possibility that a loss may be incurred that is in excess of the amounts already recognized and such additional loss amount may be material, the Company either discloses the estimated additional loss amount or states that such an estimate cannot be made. Significant judgment is required to determine the probability of a loss and to estimate the amount of any probable loss.

Legal fees and other costs related to litigation and other legal proceedings are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of operations.

(c) Indemnification Agreements

In the ordinary course of business and in connection with its financing and business combination transactions, the Company enters into contractual arrangements under which it agrees to provide indemnification of varying scope and terms to business partners, customers and other parties with respect to certain matters, including, but not limited to, losses arising out of the breach of such agreements, intellectual property infringement claims made by third parties and other liabilities relating to or arising from the Company’s products or its acts or omissions.

The Company has also signed indemnification agreements with all of its board members and executive officers and certain employees that may require the Company to indemnify them for certain events in connection with their services to the Company or its direct or indirect subsidiaries.

As of December 31, 2025 and 2024, no amounts were accrued related to any outstanding indemnification agreements.

(d) Other Taxes

The Company conducts operations in many tax jurisdictions within and outside the United States. In many of these jurisdictions, non-income-based taxes, such as sales, use, telecommunications and other local taxes are assessed on the Company’s operations. The Company carries reserves for certain of its non-income-based tax exposures in certain jurisdictions when it is both probable that a liability was incurred and the amount of the exposure can be reasonably estimated. These reserves are based on estimates which include several key assumptions including, but not limited to, the taxability of the Company’s services, the jurisdictions in which management believes it had nexus and the sourcing of revenues to those jurisdictions.

The Company continues to remain in discussions with certain jurisdictions regarding its prior sales and other taxes that it may owe. In the event any of these jurisdictions disagree with management's assumptions and analysis, the assessment of the Company's tax exposure could differ materially from management's current estimates.

As of December 31, 2025, the liabilities recorded for non-income-based taxes were $21.1 million for domestic jurisdictions and $21.8 million for jurisdictions outside of the United States. As of December 31, 2024, these liabilities were $19.3 million and $22.0 million, respectively.

19. Stockholders' Equity

Preferred Stock

As of December 31, 2025 and 2024, the Company had authorized 100,000,000 shares of preferred stock, par value $0.001, of which no shares were issued and outstanding.

Common Stock

As of December 31, 2025 and 2024, the Company had authorized 1,000,000,000 shares of Class A common stock, par value of $0.001 per share. As of December 31, 2024, the Company had also authorized 3,170,181 shares of Class B common stock, par value of $0.001 per share. As of December 31, 2025 and 2024, 152,411,346 and 152,610,697 shares of Class A common stock, respectively, and no shares of Class B common stock were issued and outstanding.

The Company had reserved shares of common stock for issuance as follows:

	As of December 31,	
	2025	2024
Stock options issued and outstanding	902,120	1,322,176
Unvested restricted stock units issued and outstanding	13,663,977	18,386,271
Shares of Class A common stock reserved for Twilio.org	265,225	353,633
Stock-based awards available for grant under 2016 Plan	28,543,969	23,292,678
Shares of Class A common stock reserved for issuance pursuant to ESPP	10,836,938	9,709,326
Total	54,212,229	53,064,084

Share Repurchase Programs

In January 2025, the board of directors of the Company authorized a share repurchase program to repurchase up to $2.0 billion in aggregate value of the Company's outstanding Class A common stock. Repurchases under this program can be made through open market, private transactions or other means, in compliance with applicable federal securities laws, and can include repurchases pursuant to Rule 10b5-1 trading plans. The Company has discretion in determining the conditions under which shares may be repurchased from time to time. The program expires on December 31, 2027. The Company's previous share repurchase authorizations expired on December 31, 2024.

During the years ended December 31, 2025 and 2024, the Company repurchased 8.0 million shares and 36.8 million shares of its Class A common stock, respectively, for an aggregate purchase price of $854.6 million and $2.3 billion, respectively. As of December 31, 2025, approximately $1.1 billion of the amount authorized in January 2025 for share repurchases remained available for future repurchases.

20. Stock-Based Compensation

The following equity incentive plans govern a significant amount of the outstanding equity awards as of December 31, 2025:

2016 Stock Option Plan

The Company's 2016 Stock Option and Incentive Plan (the "2016 Plan") became effective on June 21, 2016. The 2016 Plan provides for the grant of ISOs, NSOs, restricted stock awards, RSUs, stock appreciation rights, unrestricted stock awards, performance share awards, dividend equivalent rights and cash-based awards to employees, directors and consultants of the Company. A total of 11,500,000 shares of the Company's Class A common stock were initially reserved for issuance under the 2016 Plan. These available shares automatically increase each January 1, beginning on January 1, 2017, by 5% of the number of shares of the Company's Class A and Class B common stock outstanding on the immediately preceding December 31, or such lesser number of shares as determined by the Company's compensation committee. On January 1, 2025 and 2024, the shares available for grant under the 2016 Plan were automatically increased by 7,630,534 shares and 9,097,289 shares, respectively.

Under the 2016 Plan, the stock options are granted at a price per share not less than 100% of the fair market value per share of the underlying common stock on the date of grant.

2016 Employee Stock Purchase Plan

The Company's 2016 ESPP was effective on June 21, 2016. A total of 2,400,000 shares of the Company's Class A common stock were initially reserved for issuance under the 2016 ESPP. These available shares automatically increase each January 1, beginning on January 1, 2017, by the lesser of 1,800,000 shares of the Company's Class A common stock, 1% of the number of shares of the Company's Class A and Class B common stock outstanding on the immediately preceding December 31 or such lesser number of shares as determined by the Company's compensation committee. On January 1, 2025 and 2024, the shares available for grant under the 2016 ESPP were automatically increased by 1,526,106 and 1,800,000 shares, respectively.

The 2016 ESPP allows eligible employees to purchase shares of the Company's Class A common stock at a discount of 15% through payroll deductions of their eligible compensation, subject to any plan limitations. The 2016 ESPP provides for separate six-month offering periods beginning in May and November of each year.

On each purchase date, eligible employees purchase shares of the Company's Class A common stock at a price per share equal to 85% of the lesser of (i) the fair market value of the Company's Class A common stock on the offering date or (ii) the fair market value of the Company's Class A common stock on the purchase date.

As of December 31, 2025, total unrecognized compensation cost related to the 2016 ESPP was not significant.

Stock-options and restricted stock units and awards activity under the Company's equity incentive plans is as follows:

Stock Options

	Number of options outstanding	Weighted-average exercise price (Per share)	Weighted-average remaining contractual term (In years)	Aggregate intrinsic value (In thousands)
Outstanding options as of December 31, 2024	1,322,176	$ 74.15	3.05	$ 74,838
Exercised	(420,056)	$ 14.87		
Outstanding options as of December 31, 2025	902,120	$ 101.75	2.87	$ 59,701
Options vested and exercisable as of December 31, 2025	902,120	$ 101.75	2.87	$ 59,701

	Year Ended December 31,		
	2025	2024	2023
	(In thousands, except per share amounts)		
Aggregate intrinsic value of stock options exercised (1)	$ 41,976	$ 8,649	$ 15,242
Total estimated grant date fair value of options vested	$ 844	$ 9,351	$ 28,619

(1) Aggregate intrinsic value represents the difference between the fair value of the Company's Class A common stock as reported on the New York Stock Exchange and the exercise price of outstanding "in-the-money" options.

As of December 31, 2025, all stock options have vested.

Restricted Stock Units

	Number of awards outstanding	Weighted-average grant date fair value (Per share)	Aggregate intrinsic value (In thousands)
Unvested RSUs as of December 31, 2024	18,386,271	$ 71.96	$ 1,394,966
Granted	4,728,094	$ 119.02	
Vested	(6,944,005)	$ 84.28	
Forfeited and canceled	(2,506,383)	$ 78.06	
Unvested RSUs as of December 31, 2025	13,663,977	$ 80.86	$ 1,943,564

In 2025 and 2024, the Company granted to certain of its executive employees performance-based restricted stock units ("PSUs") covering 185,899 and 516,626 shares, respectively, of Class A common stock that had an aggregate grant date fair value of $27.1 million and $34.5 million, respectively. These awards are included in the table above. The PSUs will vest if certain operational performance conditions or market conditions, as defined in the respective grant agreements, are met during the performance achievement periods, which expire on December 31, 2027 and 2026, respectively. At the end of the vesting period, the number of shares actually issued may range from 0% to 200% of the target based on levels of performance.

As of December 31, 2025, total unrecognized compensation cost related to unvested RSUs was $994.9 million, which will be amortized over a weighted-average period of 2.2 years.

Valuation Assumptions

The Company used the following assumptions in the Black-Scholes option pricing model to estimate the fair value of the purchase rights issued under the 2016 ESPP:

	Year Ended December 31,		
Employee Stock Purchase Plan:	**2025**	**2024**	**2023**
Fair value of common stock	$116.34 - $120.22	$61.54 - $96.41	$47.36 - $61.55
Expected term (in years)	0.50	0.50	0.50
Expected volatility	57.8% - 58.7%	38.6% - 41.8%	45.8% - 57.1%
Risk-free interest rate	3.8% - 4.3%	4.4% - 5.4%	5.3% - 5.4%

Stock-Based Compensation Expense

The Company recorded stock-based compensation expense as follows:

	Year Ended December 31,		
	2025	**2024**	**2023**
		(In thousands)	
Cost of revenue	$ 16,570	$ 22,001	$ 26,343
Research and development	326,767	330,933	331,526
Sales and marketing	136,998	135,331	183,389
General and administrative	118,319	125,164	121,584
Restructuring costs	1,753	3,178	13,015
Total	$ 600,407	$ 616,607	$ 675,857

21. Net Income (Loss) Per Share Attributable to Common Stockholders

The following table sets forth the calculation of basic and diluted net income (loss) per share attributable to common stockholders during the periods presented:

	Year Ended December 31,		
	2025	2024	2023
Numerator:			
Net income (loss) attributable to common stockholders (in thousands)	$ 33,834	$ (109,403)	$ (1,015,441)
Denominator:			
Weighted-average shares outstanding, basic	152,986,390	165,925,128	183,327,844
Dilutive effect of outstanding stock options, RSUs, and stock committed under ESPP	6,802,554	—	—
Weighted-average shares outstanding, diluted	159,788,944	165,925,128	183,327,844
Net income (loss) per share attributable to common stockholders			
Basic	$ 0.22	$ (0.66)	$ (5.54)
Diluted	$ 0.21	$ (0.66)	$ (5.54)

The following outstanding shares of common stock equivalents were excluded from the calculation of the diluted net income (loss) per share attributable to common stockholders because their effect would have been anti-dilutive:

	Year Ended December 31,		
	2025	2024	2023
Stock options issued and outstanding	145,350	1,322,176	1,722,861
Unvested restricted stock units issued and outstanding[1]	773,678	18,386,271	18,755,538
Shares of Class A common stock reserved for Twilio.org	—	353,633	442,041
Shares of Class A common stock committed under ESPP	238,403	265,698	426,199
Shares of Class A common stock in escrow	—	—	31,503
Shares of Class A common stock in escrow subject to future vesting	—	—	3,771
Total	1,157,431	20,327,778	21,381,913

[1] The number of PSUs that will ultimately vest may increase or decrease the number of shares that will be issued at the end of the performance period.

22. Income Taxes

The following table presents domestic and foreign components of income (loss) before provision for income taxes for the periods presented:

	Year Ended December 31,		
	2025	2024	2023
	(In thousands)		
United States	$ 150,891	$ 40,982	$ (816,089)
International	(95,797)	(129,595)	(180,640)
Income (loss) before provision for income taxes	$ 55,094	$ (88,613)	$ (996,729)

Provision for income taxes consists of the following:

	Year Ended December 31,		
	2025	2024	2023
Current:	(In thousands)		
Federal	$ 341	$ 5,617	$ 2,567
State	1,515	2,305	1,533
Foreign	20,692	14,850	31,354
Total	22,548	22,772	35,454
Deferred:			
Federal	95	196	(1,337)
State	(27)	149	(208)
Foreign	(1,356)	(2,327)	(15,197)
Total	(1,288)	(1,982)	(16,742)
Provision for income taxes	$ 21,260	$ 20,790	$ 18,712

The provision for income taxes recorded in the years ended December 31, 2025, 2024 and 2023, consists primarily of income taxes and withholding taxes in foreign jurisdictions in which the Company conducts business. Due to a history of losses in the U.S., the Company maintains a full valuation allowance against its U.S. deferred tax assets.

As described in Note 2(ae), in the current period, the Company adopted ASU 2023-09 on a prospective basis. A reconciliation of the U.S. federal statutory income tax rate to the Company's effective tax rate for the year ended December 31, 2025, pursuant to the disclosure requirements of ASU 2023-09, is as follows:

	Year Ended December 31, 2025	
	Amount (in thousands)	Percent
Tax at federal statutory rate	$ 11,570	21 %
Federal:		
Effect of cross-border tax laws:		
Foreign income taxed in the United States, net of foreign tax deductions	(1,440)	(3)
Withholding taxes	157	—
Tax Credits:		
Research and development tax credits	(40,879)	(74)
Changes in valuation allowance	36,651	67
Nontaxable or nondeductible items:		
Excess benefit on share-based payment awards	(41,493)	(75)
Other share-based payment award related items	14,216	26
Other	1,651	3
Other adjustments	264	1
State and local taxes, net of federal income tax effect [1]	1,080	2
Foreign tax effects:		
Ireland:		
Statutory tax rate difference between Ireland and United States	9,473	17
Changes in valuation allowance	9,720	18
Foreign exchange gains/losses	7,394	13
Other	(580)	(1)
Brazil:		
Withholding taxes	7,758	14
Other	1,213	2
Other foreign jurisdictions [2]	6,118	11
Worldwide changes in unrecognized tax benefits (gross)	(1,613)	(3)
Effective tax rate	$ 21,260	39 %

[1] State taxes in North Carolina and Texas made up the majority (greater than 50 percent) of the tax effect in this category.
[2] Other foreign jurisdictions is comprised of $2.6 million related to India. The remaining foreign jurisdictions are not significant.

A reconciliation of the U.S. federal statutory income tax rates to the Company's effective tax rate for the years ended December 31, 2024 and 2023, pursuant to previous disclosure requirements, is as follows:

	Year Ended December 31,	
	2024	2023
Tax at federal statutory rate	21 %	21 %
State tax, net of federal benefit	1	3
Stock-based compensation	(40)	(7)
Credits	20	2
Foreign rate differential	(67)	1
Permanent book vs. tax differences	8	—
Change in valuation allowance	32	(23)
Other	2	1
Effective tax rate	(23)%	(2)%

Cash paid for income taxes, net of refunds, by jurisdiction pursuant to the disclosure requirements of ASU 2023-09 for the year ended December 31, 2025 is as follows:

	Year Ended December 31, 2025
	(In thousands)
U.S. federal taxes	$ 3,157
U.S. state taxes	3,973
Non-U.S. taxes	10,581
Total income taxes paid, net	$ 17,711

Income taxes paid exceeds 5% of total income taxes paid, net of refunds, in the following jurisdictions:

	Year Ended December 31, 2025
	(In thousands)
U.S. State	
California	$ 1,723
Non-U.S.	
Brazil	$ 2,446
Colombia	$ 1,879
Japan	$ 1,678
India	$ 3,706

Income taxes paid, net, for the years ended December 31, 2024 and 2023 were $36.5 million and $37.8 million, respectively.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The following table presents the significant components of the Company's deferred tax assets and liabilities:

	As of December 31,	
	2025	2024
Deferred tax assets:	(In thousands)	
Net operating loss carryforwards	$ 818,284	$ 810,278
Accruals and reserves	80,185	73,535
Stock-based compensation	31,673	28,238
Research and development credits	237,447	175,746
Intangibles	135,500	135,500
Capitalized research and development expenses	230,302	299,061
Lease liability	21,499	30,697
Investments and other basis differences	126,369	81,248
Other	8,992	18,139
Gross deferred tax assets	1,690,251	1,652,442
Valuation allowance	(1,554,727)	(1,488,328)
Net deferred tax assets	135,524	164,114
Deferred tax liabilities:		
Capitalized software	(39,022)	(38,394)
Prepaid expenses	(863)	(900)
Acquired intangibles	(32,633)	(55,283)
Right-of-use asset	(8,913)	(13,112)
Deferred commissions	(37,173)	(42,313)
Net deferred tax asset	$ 16,920	$ 14,112

The following table summarizes the Company’s tax carryforwards, carryovers and credits:

	As of December 31, 2025	Expiration Date (If not utilized)
	(In thousands)	
Federal tax credits	$ 205,987	Various dates beginning in 2038
Federal net operating loss carryforwards	$ 2,866,460	Indefinite
State net operating loss carryforwards	$ 2,400,985	Various dates beginning in 2026
State tax credits	$ 155,404	Various dates beginning in 2029
Foreign net operating loss carryforwards	$ 965,615	Indefinite

A limitation may apply to the use of the federal and state net operating loss and credit carryforwards, under provisions of the Internal Revenue Code of 1986, as amended, and similar state tax provisions that are applicable if the Company experiences an “ownership change.” An ownership change may occur, for example, as a result of issuance of new equity. Should these limitations apply, the carryforwards would be subject to an annual limitation, resulting in a potential reduction in the gross deferred tax assets before considering the valuation allowance.

The Company's accounting for deferred taxes involves the evaluation of a number of factors related to the realizability of its net deferred tax assets. The Company primarily considered such factors as its history of operating losses, the nature of the Company's deferred tax assets, and the timing, likelihood and amount, if any, of future taxable income during the periods in which those temporary differences and carryforwards become deductible.

At present, the Company does not believe that it is more likely than not that the federal, state and certain foreign net deferred tax assets will be realized, and accordingly, a valuation allowance has been established. The valuation allowance increased by approximately $66.4 million during the year ended December 31, 2025, and decreased by approximately $45.6 million during the year ended December 31, 2024.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2025	2024	2023
		(In thousands)	
Unrecognized tax benefit, beginning of year	$ 252,208	$ 233,778	$ 228,966
Gross increases for tax positions of prior years	6,647	7,476	3,427
Gross decreases for tax positions of prior years	(1,085)	(198)	(5,130)
Gross increases for tax positions of current year	24,889	13,253	7,754
Gross decreases for tax positions of current year	(168)	—	—
Lapse of statute of limitations	(1,795)	(2,101)	(1,239)
Unrecognized tax benefit, end of year	$ 280,696	$ 252,208	$ 233,778

As of December 31, 2025, the Company had approximately $280.7 million of unrecognized tax benefits. If the $280.7 million is recognized, $1.3 million would affect the effective tax rate. The remaining amount would be offset by the reversal of related deferred tax assets which are subject to a full valuation allowance.

The Company files U.S. federal income tax returns as well as income tax returns in many U.S. states and foreign jurisdictions. As of December 31, 2025, the tax years 2008 through the current period remain open to examination by the major jurisdictions in which the Company is subject to tax. Fiscal years outside the normal statute of limitation remain open to audit by tax authorities due to tax attributes generated in those early years, which have been carried forward and may be audited in subsequent years when utilized. The Company is fully reserved for all open U.S. federal, state and local, or non-U.S. income tax examinations by any tax authorities.

On June 7, 2019, a three-judge panel from the U.S. Court of Appeals for the Ninth Circuit overturned the U.S. Tax Court's decision in Altera Corp. v. Commissioner and upheld the portion of the Treasury regulations under Section 482 of the Internal Revenue Code that requires related parties in a cost-sharing arrangement to share expenses related to share-based compensation. As a result of this decision, the Company's gross unrecognized tax benefits increased to reflect the impact of including share-based compensation in cost-sharing arrangements. The Company will continue to monitor future developments related to this matter and their potential effects on its consolidated financial statements. There is no impact on the Company’s effective tax rate for years ended December 31, 2025 and 2024 due to a full valuation allowance against its deferred tax assets.

Item 9. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Annual Report on Form 10-K.

Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of December 31, 2025, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act. Internal control over financial reporting is a process designed under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

Under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer and oversight of the board of directors, our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2025.

The effectiveness of our internal control over financial reporting as of December 31, 2025, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included in Part II, Item 8, "Financial Statements and Supplementary Data," of this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended December 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and our Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the organization have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Item 9B. *Other Information*

Securities Trading Plans of Directors and Executive Officers

During the three months ended December 31, 2025, the following "Rule 10b5-1 trading arrangements" (as defined in Item 408 of Regulation S-K) were adopted or terminated by our directors and officers, each of which was intended to satisfy the affirmative defense in Rule 10b5-1(c):

On December 10, 2025, Erika Rottenberg, a member of our board of directors, as trustee of the Erika Rottenberg Revocable Trust dated 1/28/2016 (the "Trust"), adopted a Rule 10b5-1 trading plan providing for the sale of (i) up to an aggregate of 9,800 shares of common stock held by the Trust, plus (ii) a number of additional shares corresponding to a portion of equity awards granted after the adoption of the plan. Trading will not commence under Ms. Rottenberg's new Rule 10b5-1 trading plan until her previous Rule 10b5-1 trading plan terminates by its terms. The number of shares listed above for Ms. Rottenberg includes shares subject to limit orders that may or may not execute. The duration of the plan is until December 31, 2026, or earlier if all transactions under the plan have been completed.

Disclosure Pursuant to Section 13(r) of the Exchange Act

Section 13(r) of the Exchange Act requires an issuer to disclose certain information in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings with individuals or entities subject to specific U.S. economic sanctions during the reporting period, even when the activities, transactions or dealings are conducted in compliance with applicable law.

As previously reported in the Company's quarterly report on Form 10-Q for the quarterly period ended March 31, 2025, the Company, through one of its non-U.S. subsidiaries, was party to service agreements with a non-affiliated Swiss entity, pursuant to which the non-affiliated Swiss entity delivered SMS messages terminating in Iran through Mobile Telecommunication Company of Iran, Rightel Telecommunications Services Co. and MTN Irancell (collectively, the "Iranian Entities"). The Iranian Entities may be considered "Government of Iran" entities (as defined by Section 560.304 of title 31, Code of Federal Regulations). For the year ended December 31, 2025, the Company's non-U.S. subsidiaries made payments to the non-affiliated Swiss entity to deliver SMS messages terminating in Iran but did not receive any gross revenue or net profits from the Iranian Entities associated with these services. The Company terminated these services in March 2025 and does not intend to continue them.

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections*

Not applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required by this item is incorporated by reference to our Proxy Statement relating to our 2026 Annual Meeting of Stockholders (the "Proxy Statement"). The Proxy Statement will be filed with the SEC within 120 days of the year ended December 31, 2025.

Our board of directors has adopted a code of conduct that applies to all officers, directors and employees, which is available on our website at http://investors.twilio.com under "Governance." We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding amendments to, or waiver from, a provision of our code of conduct by posting such information on the website address and location specified above.

Item 11. *Executive Compensation*

The information required by this item is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days of the year ended December 31, 2025.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days of the year ended December 31, 2025.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days of the year ended December 31, 2025.

Item 14. *Principal Accountant Fees and Services*

The information required by this item is incorporated by reference to the Proxy Statement to be filed with the SEC within 120 days of the year ended December 31, 2025.

PART IV

Item 15. ***Exhibit and Financial Statement Schedules***

(a) The following documents are filed as part of this report:

1. Financial Statements

See Index to Financial Statements at Item 8 herein.

2. Financial Statement Schedules

Schedules not listed above have been omitted because they are not required, not applicable, or the required information is otherwise included.

3. Exhibits

The exhibits listed below are filed as part of this Annual Report on Form 10-K or are incorporated herein by reference, in each case as indicated below.

EXHIBIT INDEX

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Twilio Inc.	8-K	001-37806	3.1	June 11, 2025
3.2	Fourth Amended and Restated Bylaws of Twilio Inc.	8-K	001-37806	3.1	January 23, 2025
4.1	Indenture, dated as of March 9, 2021 by and between Twilio Inc. and U.S. Bank National Association, as Trustee	8-K	001-37806	4.1	March 9, 2021
4.2	First Supplemental Indenture, dated as of March 9, 2021, between Twilio Inc. and U.S. Bank National Association, as Trustee	8-K	001-37806	4.2	March 9, 2021
4.3	Form of 3.625% Senior Notes due 2029	8-K	001-37806	4.3	March 9, 2021
4.4	Form of 3.875% Senior Notes due 2031	8-K	001-37806	4.4	March 9, 2021
4.5	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934				Filed herewith
10.1*	Form of Indemnification Agreement	10-K	001-37806	10.1	February 26, 2021
10.2*	Twilio Inc. Amended and Restated 2008 Stock Option Plan and forms of Stock Option Agreement and form of Stock Option Grant Notice	10-K	001-37806	10.2	February 26, 2021
10.3*	Twilio Inc. Amended and Restated 2016 Stock Option and Incentive Plan, and forms of agreements thereunder	10-K	001-37806	10.3	February 26, 2021
10.4*	Twilio Inc. 2019 France Sub-Plan to the 2016 Stock Option and Incentive Plan	10-Q	001-37806	10.2	October 31, 2019
10.5*	Twilio Inc. Amended and Restated Non-Employee Director Compensation Policy	10-Q	001-37806	10.1	May 2, 2025
10.6*	Twilio Inc. Amended and Restated 2016 Employee Stock Purchase Plan	10-Q	001-37806	10.1	October 31, 2019
10.7*	Twilio Inc. Amended Chief Executive Officer Severance Plan	8-K	001-37806	10.1	October 4, 2024
10.8*	Twilio Inc. Senior Executive Severance Plan	8-K	001-37806	10.2	October 4, 2024
10.9*	Twilio Inc. Non-Employee Directors' Deferred Compensation Program and forms thereunder	10-Q	001-37806	10.6	May 10, 2023
10.10*	Twilio Inc. Executive Incentive Compensation Plan	8-K	001-37806	10.1	December 1, 2023
10.11*	Offer Letter with Aidan Viggiano, dated February 10, 2023	10-K	001-37806	10.14	February 27, 2023
10.12*	Offer Letter with Khozema Shipchandler, dated as of January 7, 2024	8-K	001-37806	10.1	January 8, 2024
10.13	Cooperation Agreement, dated March 30, 2024	8-K	001-37806	10.1	April 1, 2024
10.14	Sublease, dated as of August 30, 2018, by and between Salesforce.com, Inc. and Twilio Inc.	10-Q	001-37806	10.1	November 8, 2018
10.15	Consent to Sublease Agreement, dated as of September 25, 2018, by and among Hudson Rincon Center, LLC, Salesforce.com Inc. and Twilio Inc.	10-Q	001-37806	10.2	November 8, 2018
10.16†	Framework Agreement, dated as of February 26, 2021, by and among Twilio Inc., Carlyle Partners V Holdings, L.P. and Syniverse Corporation	10-Q	001-37806	10.1	May 6, 2021
10.17	Framework Agreement Letter Agreement, dated as of August 16, 2021, by and among Twilio Inc., Carlyle Partners V Holdings, L.P. and Syniverse Corporation	8-K	001-37806	2.1	August 17, 2021
10.18	Second Framework Agreement Letter Agreement, dated as of May 13, 2022, by and among Twilio Inc., Carlyle Partners V Holdings, L.P. and Syniverse Corporation	8-K	001-37806	2.1	May 16, 2022
19.1	Policy on Insider Trading and Disclosure				Filed herewith
19.2	Special Trading Procedures for Designated Persons				Filed herewith
19.3	Requirements for 10b5-1 Trading Plans				Filed herewith
21.1	List of Subsidiaries of Twilio Inc.				Filed herewith
23.1	Consent of KPMG, LLP, Independent Registered Public Accounting Firm				Filed herewith
24.1	Power of Attorney (included in signature page hereto)				Filed herewith
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				Filed herewith
32.1**	Certifications of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				Furnished herewith
97.1	Twilio Inc. Compensation Recovery Policy	10-K	001-37806	97.1	February 27, 2024
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document				Filed herewith

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
101.SCH	Inline XBRL Taxonomy Extension Schema Document.				Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				Filed herewith
104	Cover Page with Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101).				

† Certain portions of this exhibit have been omitted because they are not material, and they are the type of information that the registrant treats as private or confidential.

* Indicates a management contract or compensatory plan or arrangement.

** The certifications furnished in Exhibit 32.1 hereto are deemed to accompany this Annual Report on Form 10-K and will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, except to the extent that the registrant specifically incorporates it by reference.

Item 16. *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	TWILIO INC.
Date: February 24, 2026	/s/ KHOZEMA Z. SHIPCHANDLER
	Khozema Z. Shipchandler Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Khozema Z. Shipchandler and Aidan Viggiano, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his or her substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

February 24, 2026	/s/ KHOZEMA Z. SHIPCHANDLER Khozema Z. Shipchandler Director and Chief Executive Officer (Principal Executive Officer)
February 24, 2026	/s/ AIDAN VIGGIANO Aidan Viggiano Chief Financial Officer (Principal Accounting and Financial Officer)
February 24, 2026	/s/ CHARLIE BELL Charlie Bell Director
February 24, 2026	/s/ DONNA L. DUBINSKY Donna L. Dubinsky Director
February 24, 2026	/s/ JEFF EPSTEIN Jeff Epstein Director
February 24, 2026	/s/ JEFFREY R. IMMELT Jeffrey R. Immelt Director
February 24, 2026	/s/ DEVAL L. PATRICK Deval L. Patrick Director
February 24, 2026	/s/ ERIKA ROTTENBERG Erika Rottenberg Director
February 24, 2026	/s/ ANDY STAFMAN Andy Stafman Director
February 24, 2026	/s/ MIYUKI SUZUKI Miyuki Suzuki Director

Exhibit 4.5

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2025, Twilio Inc. ("Twilio," the "Company," "we," "us," and "our") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our Class A common stock, par value $0.001 per share.

DESCRIPTION OF CAPITAL STOCK

General

The following description summarizes certain important terms of the capital stock of Twilio, as they are currently in effect. Because it is only a summary, it does not contain all the information that may be important to you. For a complete description of the matters set forth in this section titled "Description of Capital Stock," you should refer to Twilio's amended and restated certificate of incorporation and amended and restated bylaws and to the applicable provisions of Delaware law. As of December 31, 2025, Twilio's authorized capital stock consists of 1,100,000,000 shares of capital stock, $0.001 par value per share, of which:

- 1,000,000,000 shares are designated as Class A common stock; and
- 100,000,000 shares are designated as preferred stock.

On June 28, 2023, all of the then outstanding shares of our Class B common stock automatically converted into the same number of shares of our Class A common stock pursuant to the terms of our amended and restated certificate of incorporation. No additional shares of Class B common stock may be issued following such conversion. On June 28, 2023, we filed a certificate of retirement with the Secretary of State of the State of Delaware effecting the retirement shares of our Class B common stock that had converted into shares of our Class A common stock and reducing the number of authorized shares of Class B common stock. On June 10, 2025, we amended and restated our certificate of incorporation, eliminating the Class B common stock and references thereto.

The Twilio board of directors ("Board") is authorized, without stockholder approval except as required by the listing standards of the New York Stock Exchange, to issue additional shares of our Class A common stock and, subject to limitations prescribed by Delaware law, to issue shares of our preferred stock.

Our Class A common stock is listed on the New York Stock Exchange under the symbol "TWLO."

Class A Common Stock

The outstanding shares of Twilio's Class A common stock are fully paid and non-assessable.

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of Twilio Class A common stock are entitled to receive dividends ratably out of funds legally available if the Twilio Board, in its discretion, determines to issue dividends and then only at the times and in the amounts that the Twilio Board may determine.

Voting Rights

Holders of Twilio Class A common stock are entitled to one vote for each share of Twilio Class A common stock held on all matters submitted to a vote of stockholders. Twilio has not provided for cumulative voting for the election of directors in its amended and restated certificate of incorporation. Twilio’s amended and restated certificate of incorporation provides for a classified board of directors consisting of three classes as nearly equal in size as is practicable, designated Class I, Class II and Class III, each serving staggered three-year terms, until the conclusion of the 2028 annual meeting of stockholders. Class I directors have a term expiring at the 2026 annual meeting of stockholders; Class II directors have a term expiring at the 2027 annual meeting of stockholders; and Class III directors have a term expiring at the 2028 annual meeting of stockholders. Each director elected by the stockholders prior to the 2026 annual meeting of stockholders will continue to serve as a director for the term for which such director was elected. Each director elected at or after the 2026 annual meeting of stockholders will be elected for a term expiring at the next annual meeting of stockholders. At the conclusion of the 2028 annual meeting of stockholders, the Twilio Board will cease to be classified.

No Preemptive or Similar Rights

Twilio Class A common stock is not entitled to preemptive rights, and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

If Twilio becomes subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to Twilio stockholders would be distributable ratably among the holders of Twilio Class A common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debts and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock - Limitations on Rights of Holders of Class A Common Stock

The Twilio Board is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by Twilio stockholders. The Twilio Board can also increase or decrease the number of shares of any such series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by Twilio stockholders. The Twilio Board may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of Twilio Class A common stock.

Listing Agent

The transfer agent and registrar for Twilio Class A common stock is Computershare Trust Company, N.A.

Anti-Takeover Provisions

The provisions of Delaware law, Twilio's amended and restated certificate of incorporation and Twilio's amended and restated bylaws, which are summarized below, may have the effect of delaying, deferring or discouraging another person from acquiring control of the company. They are also designed, in part, to encourage persons seeking to acquire control of Twilio to negotiate first with the Twilio Board. Twilio believes that the benefits of increased protection of its potential ability to negotiate with an unfriendly or unsolicited acquiror outweigh the disadvantages of discouraging a proposal to acquire it because negotiation of these proposals could result in an improvement of their terms.

Delaware Law

Twilio is governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- prior to such time the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock of the corporation outstanding (but not the outstanding voting stock owned by the interested stockholder) shares owned by directors who are also officers of the corporation and shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the time the stockholder became an interested stockholder, the business combination was approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder and an "interested stockholder" as a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing changes in control of Twilio.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Twilio's amended and restated certificate of incorporation and amended and restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of the company, as well as changes in the Twilio Board or management team, including the following:

Board of Directors Vacancies. Twilio's amended and restated certificate of incorporation and amended and restated bylaws authorize only the Twilio Board to fill vacant directorships, including newly created seats resulting from an increase in the authorized number of directors. In addition, subject to the rights of holders of any series of our preferred stock with respect to the election of directors, the number of directors constituting the Twilio Board is permitted to be set only by a resolution adopted by the Twilio Board. These provisions prevent a stockholder from increasing the size of the Twilio Board and then gaining control of the Twilio Board by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of the Twilio Board and will promote continuity of management.

Classified Board. While our classified board structure will be phased out so that the Twilio Board will be fully declassified at the conclusion of the 2028 annual meeting of stockholders, for so long as it remains, the existence of a classified board could delay a potential acquiror from obtaining majority control of the Twilio Board, and the prospect of that delay might deter a potential acquiror.

Stockholder Action; Special Meeting of Stockholders. Twilio's amended and restated certificate of incorporation and amended and restated bylaws provide that, subject to the rights of the holders of any series of our preferred stock, our stockholders may not take action by written consent, but may only take action at annual or special meetings of stockholders. As a result, a holder controlling a majority of Twilio's capital stock would not be able to amend Twilio's amended and restated bylaws or remove directors without holding a meeting of stockholders called in accordance with Twilio's amended and restated bylaws. Twilio's amended and restated certificate of incorporation and amended and restated bylaws further provide that special meetings of stockholders may be called only by a majority of the Twilio Board, the chairman of the Twilio Board, Twilio's Chief Executive Officer or its President (in the absence of a Chief Executive Officer), thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of Twilio stockholders to force consideration of a proposal or for stockholders controlling a majority of Twilio's capital stock to take any action, including the removal of directors.

Advance Notice Requirements for Stockholder Proposals and Director Nominations. Twilio's amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before its annual meeting of stockholders or to nominate candidates for election as directors at its annual meeting of stockholders or any special meeting of stockholders at which directors are to be elected. Twilio's amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude Twilio stockholders from bringing matters before its annual meeting of stockholders or from making nominations for directors at a meeting of stockholders if the proper procedures are not followed. These provisions may also discourage or deter a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of Twilio.

No Cumulative Voting. The Delaware General Corporation Law provides that stockholders are not entitled to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Twilio's amended and restated certificate of incorporation does not provide for cumulative voting.

Director Removal. Twilio's amended and restated certificate of incorporation provides that, subject to the rights of the holders of any series of our preferred stock, for so long as the Twilio Board is divided into classes, stockholders may remove directors only for cause.

Amendment of Bylaws. Our amended and restated bylaws may be adopted, amended or repealed by a majority of the total voting power of our outstanding voting securities entitled to vote thereon, voting together as a single class. The Twilio Board also has the power to adopt, amend or repeal the amended and restated bylaws.

Issuance of Undesignated Preferred Stock. The Twilio Board has the authority, without further action by the Twilio stockholders, to issue up to 100,000,000 shares of undesignated preferred stock with rights, powers and preferences, including voting rights, designated from time to time by the Twilio Board. The existence of authorized but unissued shares of preferred stock would enable the Twilio Board to render more difficult or to discourage an attempt to obtain control of Twilio by means of a merger, tender offer, proxy contest or other means.

Choice of Forum. Our amended and restated bylaws provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum to bring any state law claims for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a breach of fiduciary duty owed by our directors, officers, employees or stockholders; (iii) any action asserting a claim against us, or our directors, officers, employees or stockholders, arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws; or (iv) any action asserting a claim against us, or our directors, officers, employees or stockholders, that is governed by the internal affairs doctrine. This provision would not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the U.S. federal courts have exclusive jurisdiction.

Our amended and restated bylaws further provide that the United States District Court for the Northern District of California is the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

Our amended and restated bylaws provide that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and consented to the foregoing choice of forum provisions of our bylaws.

TWILIO INC.

AMENDED AND RESTATED POLICY ON INSIDER TRADING AND DISCLOSURE

As a public company, the Common Stock (and potentially other securities) issued by or relating to Twilio Inc. (together with its subsidiaries, the "**Company**") can be purchased or sold on a national exchange. With that opportunity comes the responsibility to comply with federal and state securities laws that prohibit insider trading. Violation of these laws carries severe consequences. The Company also has the responsibility to take reasonable steps to prevent insider trading by its employees and others that may have access to material nonpublic information.

This amended and restated policy (the "**Insider Trading Policy**") is intended to provide a set of guidelines and rules for all of us to comply with insider trading laws and avoid the appearance of impropriety in connection with trading in the Company's securities or disclosure of information concerning the Company. It is your obligation to understand and comply with this Insider Trading Policy.

The Company has designated its Chief Legal Officer, its VP, Corporate Legal, and its VP, Ethics & Compliance, as its insider trading compliance officers (the "**Compliance Officers**"). Each Compliance Officer may designate others, from time to time, to assist with the execution of such Compliance Officer's duties under this Insider Trading Policy. Please contact any of these individuals, c/o Twilio Inc., 101 Spear Street, Fifth Floor, San Francisco, CA 94105 or at insidertrading@twilio.com if you have any questions regarding this Insider Trading Policy.

I. Who is Covered by this Insider Trading Policy*?*

This Insider Trading Policy applies to all of the Company's directors, officers, employees, and certain designated consultants and contractors who potentially have access to material nonpublic ("material" and "nonpublic" are each defined below) information in the course of their service to the Company (each such director, officer, employee, or designated consultant or contractor, a "**Twilio Covered Person**"). The same restrictions that apply to a Twilio Covered Person also apply to (1) their spouse, significant other, children, parents or other family members, in each case, living in the same household, (2) all trusts, family partnerships and other types of entities formed for the benefit of the Twilio Covered Person or the Twilio Covered Person's family members over which the Twilio Covered Person has the ability to influence or direct investment decisions concerning securities, (3) all persons who execute trades on behalf of the Twilio Covered Person, and (4) any investment funds, trusts, retirement plans, partnerships, corporations or other entities over which the Twilio Covered Person has the ability to direct investment decisions concerning securities (each a "**Covered Affiliate**"). Twilio Covered Persons are responsible for ensuring compliance with this Insider Trading Policy by all of their Covered Affiliates. Unless the context otherwise requires, references to "Twilio Covered Person" in this Insider Trading Policy refer collectively to a Twilio Covered Person and the Covered Affiliates of such Twilio Covered Person.

This Insider Trading Policy continues to apply following the termination of a Twilio Covered Person's service to or employment with the Company until the later of (1) any material nonpublic information possessed by such individual becoming public or no longer material, and

(2) the Company's next open trading window (if the Company is not in an open trading window at the time that a Twilio Covered Person ceases to be a service provider or employee of the Company).

In addition, this Insider Trading Policy applies regardless of whether a Twilio Covered Person or Covered Affiliate is resident within the United States. In addition to this Insider Trading Policy, all directors, officers and certain designated employees, consultants and contractors of the Company are also subject to, and are required to comply with, the Company's Special Trading Procedures for Designated Persons (the "**Trading Procedures**"), which supplement and shall be deemed a part of this Insider Trading Policy, including the requirement to pre-clear all transactions in the Company's securities by such persons with a Compliance Officer.

From time to time, the Company may engage in transactions in its own securities. It is the Company's policy to comply with all applicable securities and state laws when engaging in transactions in Company securities.

II. What is Prohibited by this Insider Trading Policy? No Trading Except During

Trading Windows

The announcement of the Company's quarterly financial results has the potential to have a material effect on the market for the Company's securities. Although a Twilio Covered Person may not know the financial results prior to public announcement, if such Twilio Covered Person engages in a trade before the financial results are disclosed to the public, such trades may give an appearance of impropriety that could subject such Twilio Covered Person and the Company to a charge of insider trading. Therefore, subject to limited exceptions set forth herein, Twilio Covered Persons may trade in Company securities only during open trading windows.

What are the Trading Windows?

Unless otherwise advised, the trading windows consist of the periods that begin when the market opens on the second full trading day following the Company's issuance of a press release (or other method of broad public dissemination) announcing its quarterly or annual earnings and end at the close of business on the tenth day of the last month of the then-current quarter. For the purposes of this Insider Trading Policy, a "trading day" shall mean a day on which the New York Stock Exchange is open for trading. For example, if the Company issues a press release (or other method of broad public dissemination) announcing its quarterly or annual earnings after trading closes on a Tuesday, the first time a Twilio Covered Person can buy or sell Company securities is the opening of the market on Thursday. The example above assumes that Wednesday and Thursday are trading days.

From time to time, the Company may also close the trading window prior to its typical end date for one or more Twilio Covered Person(s) when, in the judgment of a Compliance Officer, such a closure is warranted. The Company may impose this type of special trading window closure on a Twilio Covered Person if, for example, such Twilio Covered Person is aware (or may become aware) of material developments that have not yet been disclosed to the public. Any Twilio Covered Person affected by a special closure of the trading window will be notified in writing (the fact of such notice and its content should be kept strictly confidential) and may not trade in Company securities until approved by a Compliance Officer.

When Can I Trade Outside of an Open Trading Window?

Twilio Covered Persons are allowed to trade outside of an open trading window only pursuant to transactions in accordance with one of the exemptions outlined in the section below titled "Are There Any Exceptions?"

No Short Sales; No Purchases or Sales of Derivative Securities or Hedging Transactions; **No Company Securities Subject to Margin Calls**; **No Pledges**

No Twilio Covered Person may at any time sell any securities of the Company that are not owned by such Twilio Covered Persons at the time of the sale (a "**short sale**").

No Twilio Covered Person may buy or sell puts, calls, other derivative securities of the Company or any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities or engage in any other hedging transaction with respect to the Company's securities, at any time.

No Twilio Covered Person may use the Company's securities as collateral in a margin account.

No Twilio Covered Person may pledge Company securities as collateral for a loan or as part of any other pledging transaction.

No Trading Based on Material Nonpublic Information

Even during an open trading window, it is generally illegal (and also a violation of the Company's Insider Trading Policy) for a Twilio Covered Person to trade in the securities of the Company while in the possession of material nonpublic information about the Company. Note that for purposes of this Insider Trading Policy, "securities" includes common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants, exchange-traded options or other derivative securities), and any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities.

Other Prohibited Activities

In addition to restrictions on trading, Twilio Covered Persons are generally prohibited from the following activities when they know or are in possession of material nonpublic information:

- having others trade in the Company's securities for them;
- giving trading advice of any kind about the Company except that a Twilio Covered Person should, when appropriate, advise others not to trade if doing so might violate the law or this Insider Trading Policy; and
- disclosing any material nonpublic information about the Company to anyone else who might then trade, or recommending to anyone that they purchase or sell the

Company's securities when such Twilio Covered Person is aware of material nonpublic information (these practices are known as "tipping").

As noted above, these prohibitions also apply to Covered Affiliates.

In addition, a Twilio Covered Person who, in the course of providing services to the Company, learns of any material nonpublic information about another company (for example, a customer, supplier or other party with which the Company is negotiating a major transaction, such as an acquisition, investment or sale) or learns of any material nonpublic information that could be expected to affect the trading price of the securities of another company, such Twilio Covered Person may not (a) use that information to trade, directly or indirectly through others, in that other company's securities until the information becomes public or is no longer material, or (b) provide that information to another person in order to trade in that other company's securities until the information becomes public or is no longer material.

Twilio Covered Persons should remain aware that this Insider Trading Policy applies to any sale of stock as part of a broker-assisted cashless exercise of an option and any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

These prohibitions continue whenever and for as long as a Twilio Covered Person knows or is in possession of material nonpublic information. Remember, anyone scrutinizing a Twilio Covered Person's transactions will be doing so after the fact, with the benefit of hindsight. As a practical matter, before engaging in any transaction, every Twilio Covered Person should carefully consider how enforcement authorities and others might view the transaction in hindsight.

Definition of Material Nonpublic Information

This Insider Trading Policy prohibits Twilio Covered Persons from trading in the Company's securities if they are in possession of information about the Company that is both "material" and "nonpublic."

What is "Material" Information?

Information about the Company is "material" if it could reasonably be expected to affect the investment or voting decisions of a stockholder or investor, or if the disclosure of the information could reasonably be expected to significantly alter the total mix of information in the marketplace about the Company. In simple terms, material information is any type of information that could reasonably be expected to affect the market price of the Company's securities. Both positive and negative information may be material. While it is not possible to identify all information that would be deemed "material," the following items are types of information that should be considered carefully to determine whether they are material:

- earnings guidance or projections of future financial performance that the Company expects to announce publicly in the near-term;
- the Company's financial results for a completed (or nearly completed) quarter or fiscal year that have not yet been disclosed publicly (for example, the Company's quarterly revenue);

- potential restatements of the Company's financial statements, changes in auditors or auditor notification that the Company may no longer rely on an auditor's audit report;
- pending or proposed mergers, acquisitions, investments, tender offers, joint ventures or dispositions of significant assets;
- major personnel changes, such as changes in senior management or the Board of Directors;
- actual or threatened significant litigation or governmental investigations or major developments in such matters;
- the loss of a significant customer, contract or supplier that would be expected to have a meaningful negative impact on the Company's financial results and/or business prospects;
- major product launches or significant changes to the Company's products;
- potential equity or debt financing transactions by the Company;
- changes in dividend policy, declarations of stock splits, or public or private sales of additional securities;
- significant data breaches or other cybersecurity events;
- potential defaults under the Company's credit agreements or indentures, or the existence of material liquidity deficiencies; and
- bankruptcies or receiverships.

The Securities and Exchange Commission (the "**SEC**") has stated that there is no fixed quantitative threshold amount for determining materiality, and that even very small quantitative changes can be qualitatively material if they would result in a movement in the price of the Company's securities.

What is "Nonpublic" Information?

Material information is "nonpublic" if it has not been disseminated in a manner making it available to investors generally. To show that information is public, it is necessary to point to some fact that establishes that the information has become publicly available, such as the filing of a report with the SEC, the distribution of a press release through a widely disseminated news or wire service, or by other means that are reasonably designed to provide broad public access. Before a person who possesses material nonpublic information can trade, there also must be adequate time for the market as a whole to absorb the information that has been disclosed. For the purposes of this Insider Trading Policy, information will be considered public when the market opens on the second full trading day following the Company's public release of the information.

For example, if the Company announces material information that a Twilio Covered Person is or is deemed to be aware of after trading closes on a Tuesday, the first time that Twilio Covered Person can buy or sell Company securities is the opening of the market on Thursday. The example above assumes that Wednesday and Thursday are trading days.

Are There Any Exceptions?

Except as set forth below, there are no exceptions to this Insider Trading Policy. Gifts are not an exception and are subject to the terms of this Insider Trading Policy.

Pre-Approved Rule 10b5-1 Plans

Transactions effected pursuant to a Rule 10b5-1 plan pre-approved by a Compliance Offer will not be subject to the Company's trading windows. Rule 10b5-1 of the Exchange Act provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. If a Twilio Covered Person intends to trade pursuant to a trading plan, arrangement or instruction that meets the requirements of Rule 10b5-1, such plan must meet the requirements established by the Company, which a Twilio Covered Person can obtain from a Compliance Officer.

Certain Transactions Related to Employee Benefit Plans

Exercise of Stock Options. The trading prohibitions and restrictions set forth in this Insider Trading Policy do not apply to the exercise of an option to purchase securities of the Company when payment of the exercise price is made in cash. However, the securities acquired upon the exercise of an option to purchase Company securities are subject to all of the requirements of this Insider Trading Policy. In addition, this Insider Trading Policy applies to the sale of outstanding Company securities to constitute part or all of the exercise price of an option, any exercise of a stock appreciation right, any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

Tax Withholding on Restricted Stock/Units. The trading prohibitions and restrictions set forth in this Insider Trading Policy do not apply to the withholding by the Company of shares of stock, or the required sale of shares of stock, in either case, upon vesting of restricted stock or upon settlement of restricted stock units to satisfy applicable tax withholding requirements if: (a) such withholding or sale is required by the applicable plan or award agreement; (b) the election to withhold shares or require the sale of shares was made by the Company in its sole discretion; or (c) the election to have shares withheld or sell shares was made by the Twilio Covered Person in compliance with this Insider Trading Policy.

Employee Stock Purchase Plan. The trading prohibitions and restrictions set forth in this Insider Trading Policy do not apply to (a) periodic wage withholding contributions by the Company or employees of the Company that are used to purchase the Company's securities pursuant to the employees' advance instructions under any employee stock purchase plan of the Company, or (b) elections with respect to participation in any employee stock purchase plan of the Company or to purchases of securities under such plan. However, any sale of securities acquired under such plan is subject to the prohibitions and restrictions of this Insider Trading Policy.

Laws of Descent or Change in Form of Ownership

The trading prohibitions and restrictions set forth in this Insider Trading Policy do not apply to transfers by will or the laws of descent or distribution and, provided that prior written notice is provided to a Compliance Officer, distributions or transfers (such as certain tax planning or estate planning transfers) that effect only a change in the form of Twilio Covered Person's beneficial interest without changing such Twilio Covered Person's pecuniary interest in the Company's securities.

III. Are there any Restrictions on the Use of Social Media, Internet Chat Rooms or Websites?

While the Company encourages its stockholders and potential investors to obtain as much information as possible about the Company, the Company believes that information should come from its publicly-filed SEC reports, press releases and external website or from a designated Company spokesperson, rather than from speculation or unauthorized disclosures by others. For this reason, the Company has designated certain members of management to respond to inquiries regarding the Company's business and prospects. This centralization of communication is designed to ensure that the information the Company discloses is accurate and considered in light of previous disclosures. Formal announcements are generally reviewed by management and legal counsel before they are made public. Any communications that do not go through this review process create an increased risk to the Company, as well as to the individual responsible for the communication, of civil and criminal liability.

In addition, with the advent of the Internet, and the emergence of social media and chat rooms, electronic discussions about companies and their business prospects have become common. Inappropriate communications disseminated on the Internet may pose an inherently greater risk due to the size of the audience they can reach. These forums have the potential to move a stock price significantly, and very rapidly – even though the information disseminated through social media and chat rooms often is unreliable, and in some cases, may be deliberately false. The SEC has investigated and prosecuted a number of fraudulent schemes involving social media and chat rooms. You may encounter information about the Company on the Internet that you believe is harmful or inaccurate, or other information that you believe is true or beneficial for the Company. Although you may have a natural tendency to deny or confirm such information on social media or in a chat room, any sort of response, even if it presents accurate information, could be considered improper disclosure and could result in legal liability to you and/or to the Company.

The Company is committed to preventing inadvertent disclosures of material nonpublic information, preventing unwitting participation in Internet-based securities fraud, and avoiding the appearance of impropriety by persons associated with the Company. Accordingly, this Insider Trading Policy prohibits Twilio Covered Persons from discussing material nonpublic information about the Company with anyone, including other Twilio Covered Persons, except as required in the performance of your duties. No Twilio Covered Person should, under any circumstances, provide information or discuss matters involving the Company with the news media, any broker- dealer, analyst, investment banker, investment advisor, institutional investment manager, investment company or stockholder, even if they are contacted directly by such persons, without express prior authorization. This restriction applies whether or not a Twilio Covered Person identifies himself or herself as associated with the Company. All such contact or inquiries should be referred to Twilio Inc., 101 Spear Street, Fifth Floor, San Francisco, CA 94105, Attn: Investor Relations or IR@twilio.com.

This Insider Trading Policy also prohibits Twilio Covered Persons from making any comments or postings about material nonpublic information about the Company on any social media, chat rooms or websites, or responding to comments or postings about the Company's business made by others. This restriction applies whether or not the Twilio Covered Person identifies himself or herself as associated with the Company. Sharing or posting links to or "re- tweeting" Company news announcements about material nonpublic information about the Company is permitted so long as the news announcement has already been posted to the Company's public website (or has otherwise been publicly disclosed by the Company) or otherwise approved by a Compliance Officer and is not accompanied by commentary prohibited by this Insider Trading Policy.

IV. What are the Penalties for Insider Trading and Noncompliance with this Insider Trading Policy?

Both the SEC and the national securities exchanges, through the Financial Industry Regulatory Authority (FINRA), investigate and are very effective at detecting insider trading. The SEC, together with the U.S. Attorney's Office, pursue insider trading violations vigorously. For instance, cases have been successfully prosecuted against trading by employees in foreign accounts, trading by family members and friends, and trading involving only a small number of shares.

The penalties for violating insider trading or tipping rules can be severe and include:

- disgorgement of the profit gained or loss avoided by the trading;
- payment of the loss suffered by the persons who, contemporaneously with the purchase or sale of securities that are subject of such violation, have purchased or sold, as applicable, securities of the same class;
- payment of criminal penalties of up to $5,000,000;
- payment of civil penalties of up to three times the profit made or loss avoided; and
- imprisonment for up to 20 years.

The Company and/or the supervisors of the person engaged in insider trading may also be required to pay civil penalties as well as criminal penalties, and could under certain circumstances be subject to private lawsuits.

Violation of this Insider Trading Policy or any federal or state insider trading laws may subject the person violating such policy or laws to disciplinary action by the Company up to and including termination. The Company reserves the right to determine, in its own discretion and on the basis of the information available to it, whether this Insider Trading Policy has been violated. The Company may determine that specific conduct violates this Insider Trading Policy, whether or not the conduct also violates the law. It is not necessary for the Company to await the filing or conclusion of a civil or criminal action against the alleged violator before taking disciplinary action.

V. Does the Company have any Other Policies Regarding Confidential Information?

The Company also has strict policies relating to safeguarding the confidentiality of its internal, proprietary information. These policies include procedures regarding identifying, marking and safeguarding confidential information and employee confidentiality agreements. You should comply with these policies at all times.

VI. How Do You Report a Violation of this Insider Trading Policy?

If you violate this Insider Trading Policy or any federal or state laws governing insider trading, or know of any such violation by any other Twilio Covered Person, you must report the violation immediately to the Compliance Officers. However, if the conduct in question involves a Compliance Officer, if you have reported such conduct to a Compliance Officer and do not believe that they dealt with it properly, or if you do not feel that you can discuss the matter with a Compliance Officer, you may raise the matter with the Company's Chief Financial Officer, c/o Twilio Inc. 101 Spear Street, Fifth Floor, San Francisco, CA 94105 or via email.

VII. Is This Insider Trading Policy Subject to Modification?

The Company may at any time change this Insider Trading Policy or adopt such other policies or procedures which it considers appropriate to carry out the purposes of its policies regarding insider trading and the disclosure of Company information. Notice of any such change will be delivered to you by regular or electronic mail (or other delivery option) by the Company. You will be deemed to have received, agreed to and become bound by revisions of this Insider Trading Policy when such revisions have been delivered to you, unless you object to any revision in a written statement received by the Compliance Officers, within two business days of such delivery.

VIII. Waivers

A waiver of any provision of this Insider Trading Policy in a specific instance must be authorized in writing by a Compliance Officer or, in the case of directors and officers who are subject to Section 16 of the Exchange Act, by a Compliance Officer in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

IX. Acknowledgment

This Insider Trading Policy will be delivered to all current Twilio Covered Persons and to all new Twilio Covered Persons at the start of their employment or relationship with the Company. Upon first receiving a copy of this Insider Trading Policy, each Twilio Covered Person must acknowledge that such Twilio Covered Person has received a copy and agrees to comply with the terms of this Insider Trading Policy. The acknowledgment should be returned in the manner provided for in the notice accompanying the delivery of this Insider Trading Policy or, alternatively, by delivering the acknowledgement attached to this Insider Trading Policy within ten days of receipt to:

Twilio Inc.
101 Spear Street

Fifth Floor
San Francisco, CA 94105 insidertrading@twilio.com Attn:
Chief Legal Officer
VP, Corporate Legal
VP, Ethics & Compliance

The acknowledgment will constitute consent for the Company to impose sanctions for violation of this Insider Trading Policy, and to issue any necessary stop-transfer orders to the Company's transfer agent to ensure compliance.

Twilio Covered Persons will be required upon the Company's request to re-acknowledge and agree to comply with this Insider Trading Policy (including any amendments or modifications). For this purpose, a Twilio Covered Person will be deemed to have acknowledged and agreed to comply with this Insider Trading Policy when copies of such items have been delivered to the Twilio Covered Person by regular or electronic mail (or other delivery option used by the Company) by the Compliance Officers or their designee, unless the Twilio Covered Person objects in a written statement received by a Compliance Officer within two business days of such delivery.

Failure to observe this Insider Trading Policy could lead to significant legal problems, including fines and/or imprisonment, and could have other serious consequences, including the termination of employment or service relationship with the Company.

ADOPTED: January 25, 2016, as amended June 12, 2017, June 14, 2018, December 15, 2021, March 28, 2023, December 18, 2024, and July 16, 2025.

Exhibit 19.2

TWILIO INC.

SPECIAL TRADING PROCEDURES FOR DESIGNATED PERSONS

To comply with federal and state securities laws governing insider trading, Twilio Inc. (the "**Company**") has adopted these Special Trading Procedures for Designated Persons ("**Trading Procedures**") as an addendum to the Company's Amended and Restated Policy on Insider Trading and Disclosure (the "**Insider Trading Policy**"). These Trading Procedures are in addition to and supplement the Insider Trading Policy.

Capitalized terms used in these Trading Procedures and not defined herein have the meaning set forth in the Insider Trading Policy. Each Compliance Officer may designate others, from time to time, to assist with the execution of such Compliance Officer's duties under these Trading Procedures.

A. SCOPE

These Trading Procedures regulate securities trades by all directors and executive officers of the Company and certain designated employees, consultants, and contractors of the Company who in the ordinary course of the performance of their duties have access to material, nonpublic information regarding the Company (collectively, these persons are referred to as "**Designated Persons**"). Designated Persons subject to special trading restrictions will be informed by a Compliance Officer that they are listed on the covered persons list maintained by the Compliance Officers.

These Trading Procedures also apply to all Covered Affiliates (as that term is defined in the Insider Trading Policy) of Designated Persons; provided, however, that these Trading Procedures shall not apply to a Covered Affiliate that is an entity that engages in the investment of securities in the ordinary course of its business (e.g., an investment fund or partnership) if such entity has established its own insider trading controls and procedures in compliance with applicable securities laws.

Designated Persons are responsible for ensuring compliance with these Trading Procedures and the Insider Trading Policy by all of their Covered Affiliates. Unless the context otherwise requires, references to "Designated Persons" in these Trading Procedures refer collectively to Designated Persons and their Covered Affiliates.

These Trading Procedures apply to any and all transactions in the Company's securities, including its common stock, options to purchase common stock, any other type of securities that the Company may issue (such as preferred stock, convertible debentures, warrants, exchange- traded options or other derivative securities), and any derivative securities that provide the economic equivalent of ownership of any of the Company's securities or an opportunity, direct or indirect, to profit from any change in the value of the Company's securities.

The special trading restrictions set forth in these Trading Procedures continue to apply to Designated Persons following the termination of any such Designated Person's service to or employment with the Company until any material, nonpublic information possessed by such Designated Person has become public or is no longer material. In addition, if the Company is not in an open trading window at the time that a Designated Person ceases to be a service provider or employee of the Company, such Designated Person is expected to abide by the special trading restrictions in these Trading Procedures until at least the next open trading window.

B. SPECIAL TRADING RESTRICTIONS

Please see the Insider Trading Policy for a description of prohibited activities applicable to all Twilio Covered Persons. In particular, subject to certain exceptions set forth in the Insider Trading Policy, Designated Persons may only conduct transactions in the Company's securities in an open trading window. Additionally, a Designated Person may not trade in any type of securities of the Company if such Designated Person is in possession of material, nonpublic information about the Company, unless the trade has been effected in compliance with a Rule 10b5-1 plan that has been pre-approved by a Compliance Officer (an "**approved trading plan**"). This prohibition applies even if such Designated Person receives pre-clearance in accordance with these Trading Procedures and the transaction would occur during an open trading window.

Designated Persons set forth on Exhibit A, or otherwise designated by the Compliance Officers from time to time, and their Covered Affiliates are required to trade in securities of the Company in compliance with an approved trading plan, except for bona fide gifts made in accordance with the terms of the Insider Trading Policy or transactions exempt from the trading restrictions in the Insider Trading Policy. All other Designated Persons and their Covered Affiliates are strongly encouraged to trade in securities of the Company in compliance with an approved trading plan.

Please see the Insider Trading Policy for a discussion of what constitutes "material" and "nonpublic" information. Any Designated Persons who are unsure whether the information that they possess is material or nonpublic should consult a Compliance Officer for guidance.

In addition to the restrictions on trading in Company securities set forth in the Insider Trading Policy, Designated Persons are subject to the following special trading restrictions:

All Trades Must be Pre-Cleared by a Compliance Officer.

No Designated Person may trade in Company securities unless the trade has been approved by one of the Compliance Officers designated in the Insider Trading Policy in accordance with the procedures set forth below or is effected pursuant to an approved trading plan. A Compliance Officer will review and either approve or prohibit all proposed trades by Designated Persons in accordance with the procedures set forth in Section C below. A Compliance Officer may consult with the Company's other officers and/or outside legal counsel and will receive approval for his or her own trades from the Chief Financial Officer. If you are unable to contact a Compliance Officer, or if you do not feel you can discuss the matter with a Compliance Officer, you may contact the Chief Financial Officer.

C. PRE-CLEARANCE PROCEDURES

Procedures. No Designated Person may trade in Company securities until:

- The Designated Person has notified a Compliance Officer of the amount and nature of the proposed trade(s) using the Stock Transaction Request form made available by a Compliance Officer from time to time. In order to provide adequate time for the preparation of any required reports under Section 16 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), a Stock Transaction Request or similar form should, if practicable, be received by a Compliance Officer at least two business days prior to the intended trade date;

- The Designated Person has certified to a Compliance Officer in writing prior to the proposed trade(s) that the Designated Person is not in possession of material, nonpublic information concerning the Company;

- The Designated Person has informed a Compliance Officer whether, to the Designated Person's best knowledge, (a) the Designated Person has (or is deemed to have) engaged in any opposite way transactions within the previous six months that were not exempt from Section 16(b) of the Exchange Act and (b) if the transaction involves a sale by an "affiliate" of the Company or of "restricted securities" (as such terms are defined under Rule 144 under the Securities Act of 1933, as amended ("**Rule 144**")), whether the transaction meets all of the applicable conditions of Rule 144; and

- A Compliance Officer or his or her designee has approved the trade(s) and has certified such approval in writing. Such certification may be made via digitally-signed electronic mail.

The Compliance Officer does not assume the responsibility for, and approval from a Compliance Officer does not protect the Designated Person from, the consequences of prohibited insider trading.

Additional Information. Designated Persons shall provide to a Compliance Officer any documentation reasonably requested by him or her in furtherance of the foregoing procedures. Any failure to provide such requested information will be grounds for denial of approval by the Compliance Officer.

No Obligation to Approve Trades. The existence of the foregoing approval procedures does not in any way obligate a Compliance Officer to approve any trade requested by a Designated Person. The Compliance Officers are under no obligation to approve a transaction submitted for approval, and may determine not to permit the transaction. The Compliance Officers may reject any trading request at his or her sole and reasonable discretion. From time to time, an event may occur that is material to the Company and is known by only a few directors or executives. So long as the event remains material and nonpublic, the Compliance Officers may determine not to approve any transactions in the Company's securities. If a Designated Person requests clearance to trade in the Company's securities during the pendency of such an event, the Compliance Officers may reject the trading request without disclosing the reason.

Completion of Trades. After receiving written clearance to engage in a trade signed by a Compliance Officer, a Designated Person must complete the proposed trade within two business days or make a new trading request.

Personal Responsibility. Section 16 of the Exchange Act requires that directors and executive officers of the Company generally must report changes in ownership of Company securities within two business days. The sanctions for noncompliance with this reporting deadline include mandatory disclosure in the Company's proxy statement for the next annual meeting of stockholders, as well as possible civil or criminal sanctions for chronic or egregious violators. The obligation to report changes in ownership under the requirements of Section 16 of the Exchange Act, and to otherwise comply with Section 16 of the Exchange Act, is personal. The Company is not responsible for failure to comply with the requirements of Section 16 of the Exchange Act.

D. EXEMPTIONS

The limited exceptions to the pre-clearance procedures and trading restrictions described herein are set forth under the heading "Are There Any Exceptions?" in the Insider Trading Policy. Note that gifts are not such an exception and are subject to the pre-clearance procedures herein.

In addition, Designated Persons subject to the requirements of Section 16 of the Exchange Act should note that various employee benefit plan and other transactions (e.g., stock option exercises and sell to cover transactions) that are exempted from the pre-clearance procedures herein must be reported under Section 16 of the Exchange Act within two business days. Accordingly, Designated Persons are encouraged to consult with a Compliance Officer prior to engaging in any transaction involving the Company's securities.

E. WAIVERS

A waiver of any provision of these Trading Procedures in a specific instance must be authorized in writing by a Compliance Officer or, in the case of directors and officers who are subject to Section 16 of the Exchange Act, by a Compliance Officer in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

F. ACKNOWLEDGMENT

In addition to the Company's Insider Trading Policy, these Trading Procedures will be delivered to all current Designated Persons and to all new Designated Persons at the start of their employment or relationship with the Company. Upon first receiving a copy of these Trading Procedures, each Designated Person must acknowledge that he or she has received a copy and agrees to comply with the terms of these Trading Procedures and the Insider Trading Policy. The acknowledgment should be returned in the manner provided for in the notice accompanying the delivery of these Trading Procedures or, alternatively, by delivering the acknowledgement attached to these Trading Procedures within ten days of receipt to:

Twilio Inc.
101 Spear Street
Fifth Floor
San Francisco, CA 94105
insidertrading@twilio.com

Attn: Chief Legal Officer
VP, Corporate Legal
VP, Ethics & Compliance

This acknowledgment will constitute consent for the Company to impose sanctions for violation of the Insider Trading Policy or these Trading Procedures, and to issue any necessary stop-transfer orders to the Company's transfer agent to ensure compliance.

Designated Persons will be required upon the Company's request to re-acknowledge and agree to comply with these Trading Procedures and the Insider Trading Policy (including any amendments or modifications). For such purpose, a Designated Person will be deemed to have acknowledged and agreed to comply with these Trading Procedures and the Insider Trading Policy when copies of such items have been delivered to the Designated Person by regular or electronic mail (or other delivery option used by the Company) by a Compliance Officer or his or her designee, unless the Designated Person objects in a written statement received by a Compliance Officer within two business days of such delivery.

Failure to observe these Trading Procedures and the Insider Trading Policy could lead to significant legal problems, and could have other serious consequences, including termination of employment. Questions regarding these Trading Procedures or the Insider Trading Policy are encouraged and may be directed to the Compliance Officers.

ADOPTED: January 25, 2016, as amended June 14, 2018, December 15, 2021, March 28, 2023, July 16, 2025, and December 15, 2025.

Exhibit 19.3

TWILIO INC.

REQUIREMENTS FOR 10b5-1 TRADING PLANS

Rule 10b5-1 of the SEC rules provides an affirmative defense from insider trading liability under the federal securities laws for trading plans that meet certain requirements. Transactions effected pursuant to pre-approved trading plans will not be subject to Twilio Inc.'s (the "Company's") trading windows.

If you intend to put a pre-approved 10b5-1 Trading Plan ("trading plan") in place, you will be subject to the rules below, and a Compliance Officer (as defined in the Company's Insider Trading Policy) may refuse to approve a trading plan as he or she deems appropriate including, without limitation, if he or she determines that such plan does not satisfy the requirements of Rule 10b5-1, the Company's Insider Trading Policy or applicable law.

Each Compliance Officer may designate others, from time to time, to assist with the execution of such Compliance Officer's duties set forth herein.

Creating a New Trading Plan.

If you would like to create a new trading plan, you must:

- satisfy the requirements of Rule 10b5-1;
- document the trading plan in writing;
- establish the trading plan during an open trading window when you are not in possession of material, nonpublic information;
- establish the trading plan with a minimum term of one year (starting from the date of adoption of the trading plan); provided, that a plan may automatically terminate earlier upon the execution or expiration of all trades and orders in such plan;
- for directors and officers subject to Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), require that the first trade under the trading plan does not occur until the expiration of a cooling-off period consisting of the later of (a) 90 calendar days after the adoption of the trading plan and (b) two business days after the filing by the Company of its financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the trading plan was adopted (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the trading plan);
- for all persons other than directors, officers subject to Section 16 of the Exchange Act, and the Company, require that the first trade under the trading plan does not occur until the expiration of a cooling-off period consisting of the later of (a) 60 calendar days after the adoption of the trading plan and (b) the next open trading window following the adoption of the trading plan;

- enter into the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, and the individual adopting the trading plan must act in good faith with respect to that plan;
- include representations in the trading plan that, on the date of adoption of the trading plan, you are not aware of material nonpublic information about the securities or the Company and are adopting the trading plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1;
- only have one trading plan outstanding, except as permitted by Rule 10b5-1;
- provide that the Company has the authority to require the suspension or cancellation of the trading plan at any time; and
- get the trading plan pre-approved by a Compliance Officer (as defined in the Insider Trading Policy).

Modifications of Existing Trading Plans.

- Any modification of, or change to, the specifications of an approved trading plan (including, without limitation, the amount, price or timing of a purchase or sale) must be reported in advance to, and is subject to the pre-approval of, a Compliance Officer. Any such modification or change is deemed the termination of the trading plan, and the adoption of a new trading plan. As a result, any modification or change is subject to the same conditions as a new trading plan as set forth in the bullet points immediately above under the heading "Creating a New Trading Plan."

In addition, you may modify a trading plan only once within a rolling 12 month period.

Terminating an Existing Trading Plan.

If you would like to terminate a trading plan, you must:

- terminate it during an open trading window when you are not in possession of material, nonpublic information;
- if prior to its stated duration, not trade the Company's securities until after the expiration of 30 calendar days following termination, and then only in accordance with the requirements set forth herein; and
- provide a Compliance Officer (as defined in the Insider Trading Policy) with prompt notification of any such termination of a trading plan.

In addition, you may terminate a trading plan only once within a rolling 12 month period.

Additional Considerations.

- All transactions during the term of a 10b5-1 trading plan must be conducted through the trading plan, except for bona fide gifts made in accordance with the terms of the Insider Trading Policy or transactions exempt from the trading restrictions in the Insider Trading Policy.

- You may not adopt a trading plan with a single trade if you have previously adopted a single-trade plan during the twelve months prior to the proposed adoption of such single-trade plan.

- Additional shares may not be added to the trading plan without a full modification to the trading plan.

- Please be aware that terminations or modifications should be made as a last resort as this can impede the affirmative defense which a trading plan may provide.

- A waiver of any provision of the requirements set forth herein in a specific instance must be authorized in writing by a Compliance Officer or, in the case of directors and officers who are subject to Section 16 of the Exchange Act, by a Compliance Officer in consultation with the Company's Board of Directors or an independent committee of the Board of Directors.

EFFECTIVE: July 16, 2025

Exhibit 21.1

List of Subsidiaries of Twilio Inc.

Subsidiary	Country
Twilio Australia Pty Ltd	Australia
Teravoz Telecom Telecomunicacoes Ltda.	Brazil
Twilio Canada Corp.	Canada
Twilio Colombia S.A.S.	Colombia
Twilio Estonia OÜ	Estonia
Twilio France SARL	France
Twilio Germany GmbH	Germany
Twilio Hong Kong Limited	Hong Kong
Twilio Technology India Private Limited	India
Twilio Ireland Limited	Ireland
Twilio Japan GK	Japan
Twilio Poland sp. z o.o.	Poland
Twilio Singapore Pte. Ltd.	Singapore
Twilio Spain, S.L.	Spain
Twilio Sweden AB	Sweden
Twilio UK Limited	England and Wales

In accordance with Item 601(b)(21)(ii) of Regulation S-K, the names of certain other subsidiaries of Twilio Inc. are omitted which, considered in the aggregate, would not constitute a significant subsidiary as of the end of the year covered by this report.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-212191, 333-224812, 333-229580, 333-236819, 333-250032, 333-258368, 333-266593, 333-270025, 333-277403 and 333-285284) on Form S-8 and (No. 333-231794, 333-249889 and 333-258364) on Form S-3 of our report dated February 24, 2026, with respect to the consolidated financial statements of Twilio Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

San Francisco, California
February 24, 2026

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Khozema Z. Shipchandler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Twilio Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 24, 2026

/s/ KHOZEMA Z. SHIPCHANDLER

Khozema Z. Shipchandler
Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF
THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Aidan Viggiano, certify that:

1. I have reviewed this Annual Report on Form 10-K of Twilio Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 24, 2026

/s/ AIDAN VIGGIANO

Aidan Viggiano

Chief Financial Officer (Principal Accounting and Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the “Exchange Act”) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, Khozema Z. Shipchandler, Chief Executive Officer of Twilio Inc. (the “Company”), and Aidan Viggiano, Chief Financial Officer of the Company, each hereby certifies that, to the best of their knowledge:

1. The Company’s Annual Report on Form 10-K for the year ended December 31, 2025, to which this Certification is attached as Exhibit 32.1 (the “Periodic Report”), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 24, 2026

/s/ KHOZEMA Z. SHIPCHANDLER
Khozema Z. Shipchandler
Chief Executive Officer (Principal Executive Officer)

/s/ AIDAN VIGGIANO
Aidan Viggiano
Chief Financial Officer (Principal Accounting and Financial Officer)