



Q4 2021 Earnings Results

February 9, 2022



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This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, expectations regarding products and solutions, business strategy and plans, objectives of management for future operations of Twilio Inc. and its subsidiaries (“Twilio” or the “Company”), market size and growth opportunities, competitive position, technological and market trends, Twilio's outlook for the quarter ending March 31, 2022, Twilio's goals regarding delivering non-GAAP operating profitability beginning in 2023 and meeting annual growth rates and long-term non-GAAP gross margin targets, and Twilio's expectations regarding business benefits and financial impacts from our acquisitions and our partnerships and investments, including the associated transactions, are subject to change. In some cases, you can identify forward-looking statements because they contain words such as “may,” “can,” “will,” “would,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “potential,” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements represent Twilio management’s current expectations and assumptions based on information available as of the date of this presentation. The Company assumes no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

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

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



FINANCIAL OVERVIEW



Results Highlights

	Q4'21	FY'21		Q1'22 Guidance
Revenue	\$843M	\$2.84B	Revenue (\$m)	\$855 - \$865
Revenue Growth	+54% y/y	+61% y/y	Revenue Growth	45% - 47%
Organic Revenue Growth ¹	34%	42%	Organic Revenue Growth ³	32% - 34%
Excluding Political ²	39%	44%	Non-GAAP Op. Loss (\$m)	(\$32) - (\$27)
Dollar-based Net Expansion	126%	131%	Non-GAAP Loss per Share	(\$0.26) - (\$0.22)
Excluding Political ²	130%	133%		
Active Customer Accounts	256,000			

View Twilio's prepared remarks for its Q4'21 earnings [here](#).

¹ Excludes revenue from Twilio Segment, Zipwhip and all other acquisitions closed after November 1, 2020, and revenue from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business.

² Twilio defines political traffic revenue as revenue generated by active customer accounts that self-identify to Twilio account representatives as using Twilio's products and services with a primary use case of political communications.

³ Excludes revenue from Zipwhip and all other acquisitions closed after January 1, 2021, and revenue from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business. © 2021 Twilio, INC. ALL RIGHTS RESERVED.



Quarterly Revenue



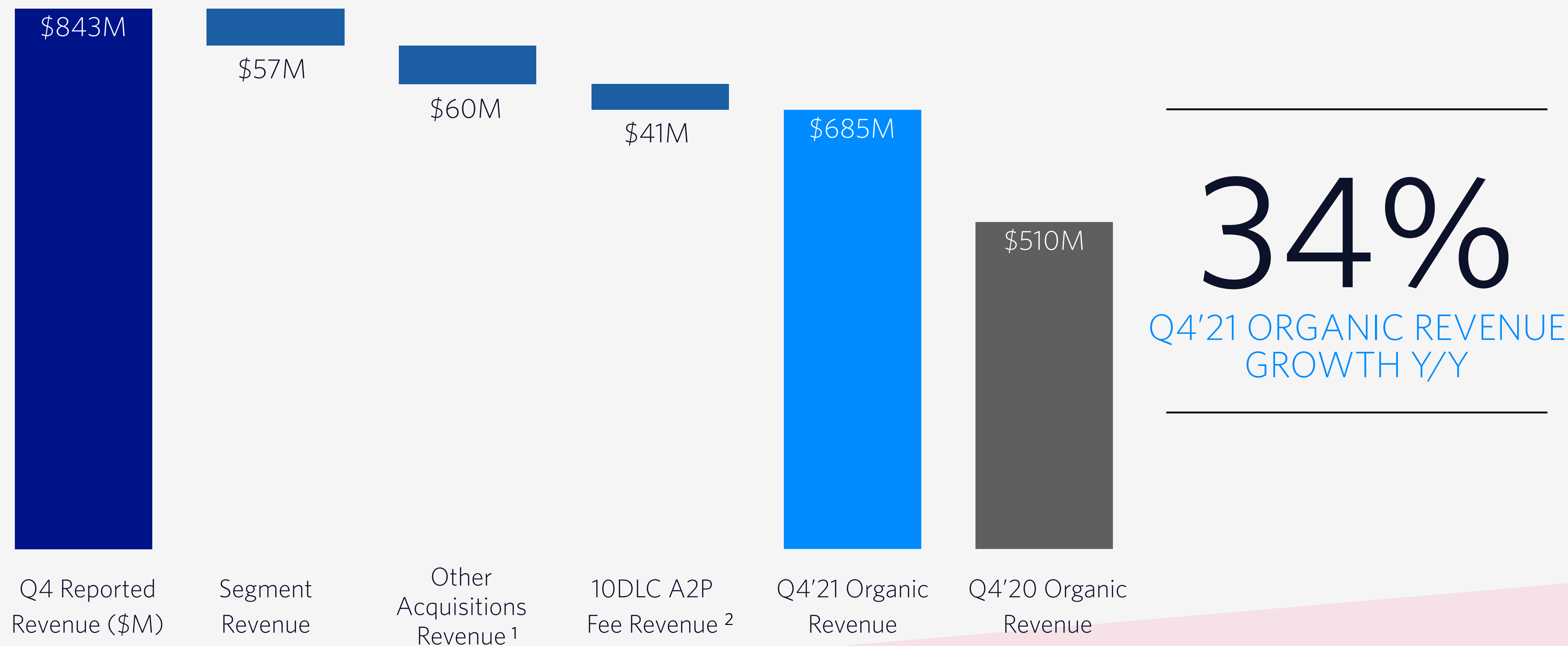
54%
Q4'21 REPORTED REVENUE
GROWTH Y/Y

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

² Includes revenue from the acquisition of Segment, which closed November 2, 2020. Q4'21 includes \$57 million, Q3'21 included \$52 million, Q2'21 included \$47 million, Q1'21 included \$45 million, and Q4'20 included \$23 million.



Q4'21 Organic Revenue Bridge

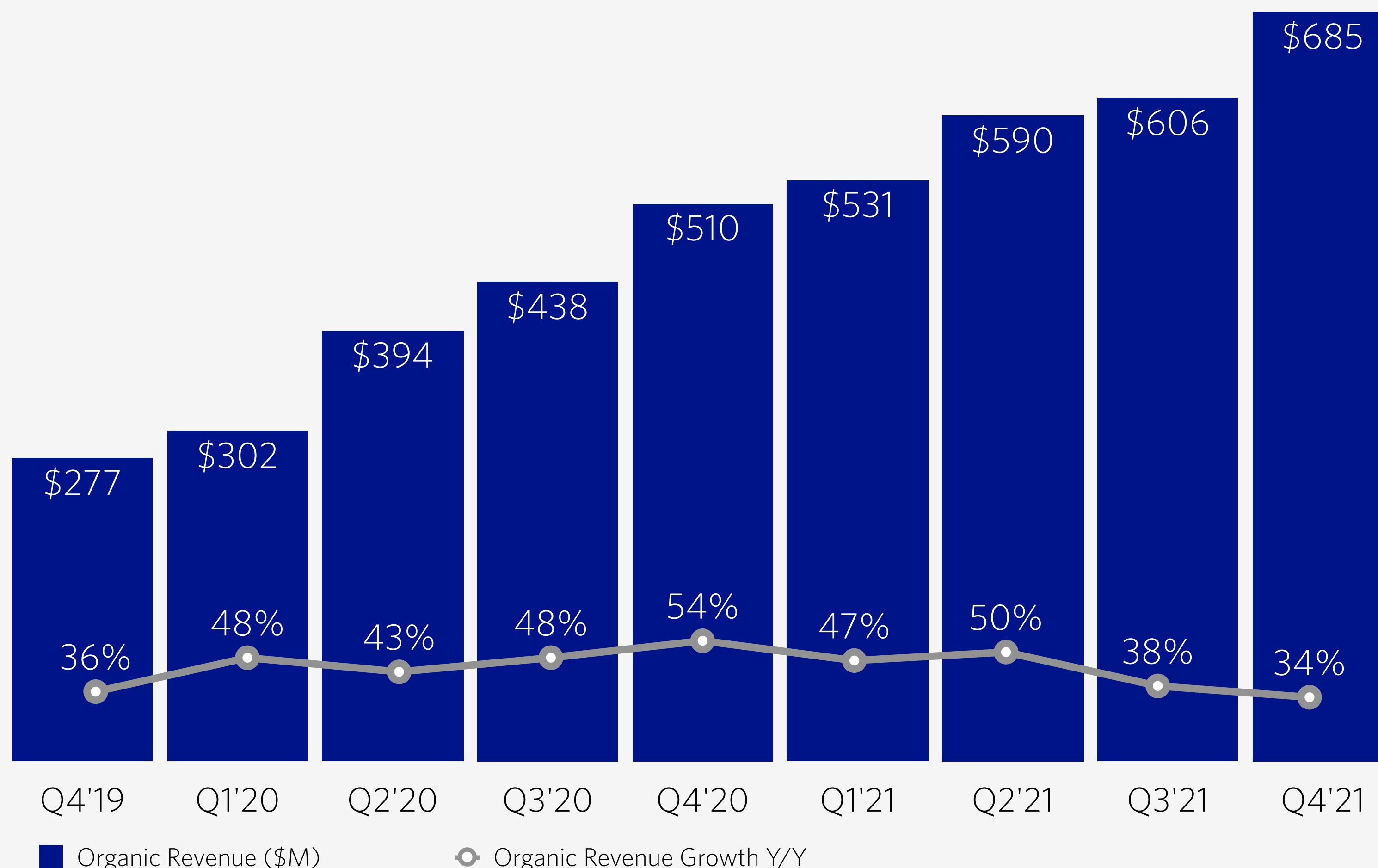


¹ Represents all acquisitions closed after November 1, 2020 excluding Segment, including \$14M in 10DLC A2P fees related to Zipwhip.

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



Organic Revenue Trend



34%
Q4'21 ORGANIC REVENUE GROWTH Y/Y

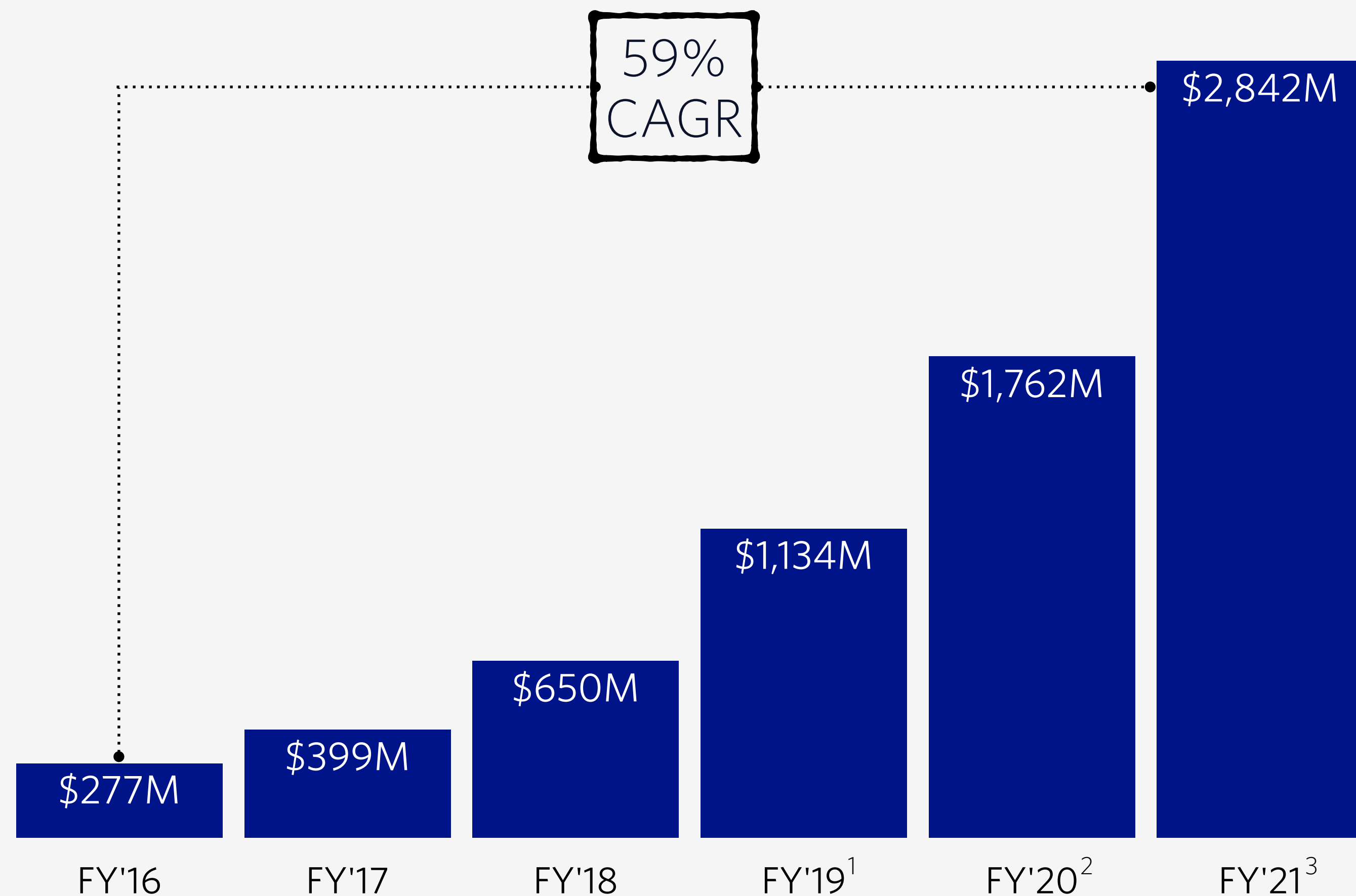
39%
Q4'21 ORGANIC REVENUE GROWTH Y/Y EX. POLITICAL¹

Note: Organic revenue excludes revenues from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business, and revenue from all acquisitions made after November 1, 2020. Q4'19 and Q1'20 exclude the revenue from the SendGrid acquisition, which closed February 1, 2019. In addition to the previously noted exclusions, Q4'21 organic revenue growth ex. political of 39% year-over-year also excludes revenue from political traffic from Q4'21 and Q4'20 to normalize year-over-year comparisons.

¹ Twilio defines political traffic revenue as revenue generated by active customer accounts that self-identify to Twilio account representatives as using Twilio's products and services with a primary use case of political communications.



Annual Total Revenue



61%
FY'21 TOTAL REVENUE
GROWTH Y/Y

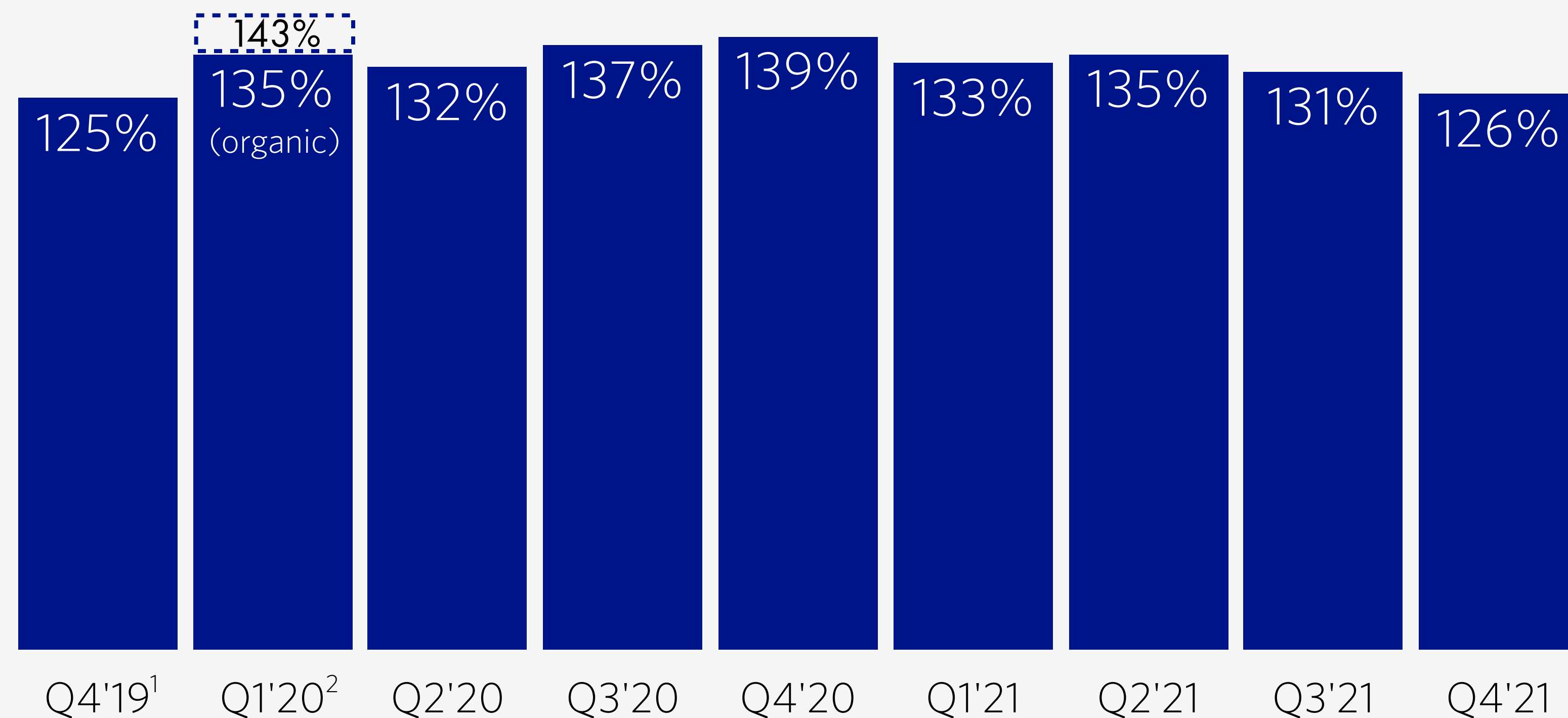
¹ Includes 11 months of SendGrid revenue as the acquisition closed February 1, 2019.

² Includes approximately \$23 million from the acquisition of Segment, which closed on November 2, 2020. Also includes Verizon A2P fees of approximately \$35 million.

³ Includes approximately: \$201 million from Segment, \$110 million from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business, \$55 million from the acquisition of Zipwhip, which closed on July 14, 2021, and \$64 million from all other acquisitions closed after November 1, 2020.



Dollar-Based Net Expansion



130%
Q4'21 DBNE EX. POLITICAL IN
Q4'20 AND Q4'21

¹ Based on current definition of dollar-based net expansion rate. Under the definition for historical periods through Dec 31, 2019, the dollar-based net expansion rate was 124%.

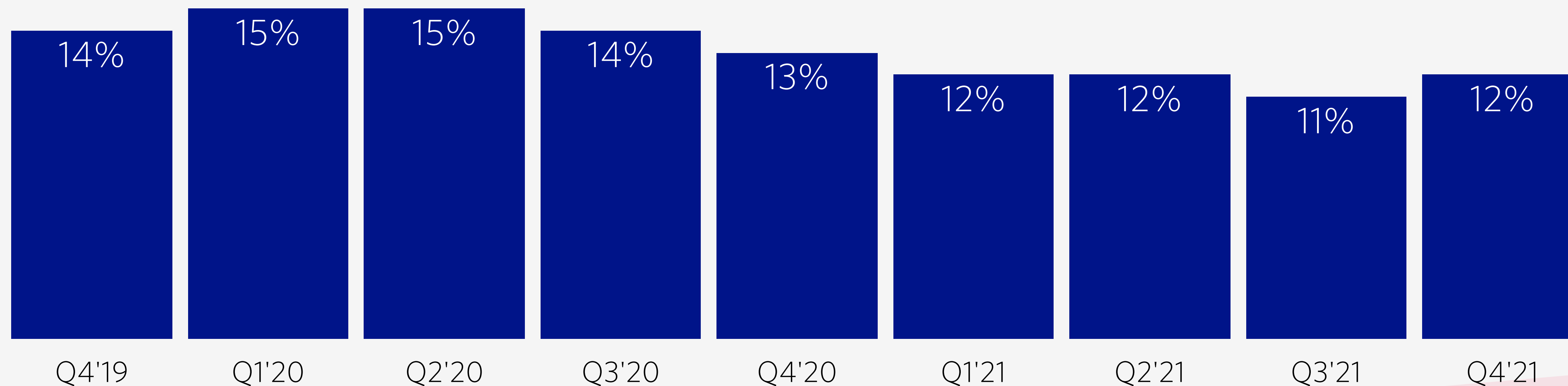
² Includes revenue from the SendGrid acquisition, which closed Feb. 1, 2019. Excluding the contribution from SendGrid in January 2020, dollar-based net expansion rate would have been 135%.

Note: Twilio acquired SendGrid on Feb. 1, 2019, so it is not included in any period prior to Q1'20 due to the company's definition of calculating dollar-based net expansion. Segment, which closed on November 2, 2020, and Zipwhip, which closed July 14, 2021, will not be included in the calculation until the quarter following the anniversary of the acquisition date. For more information, refer to the appendix.



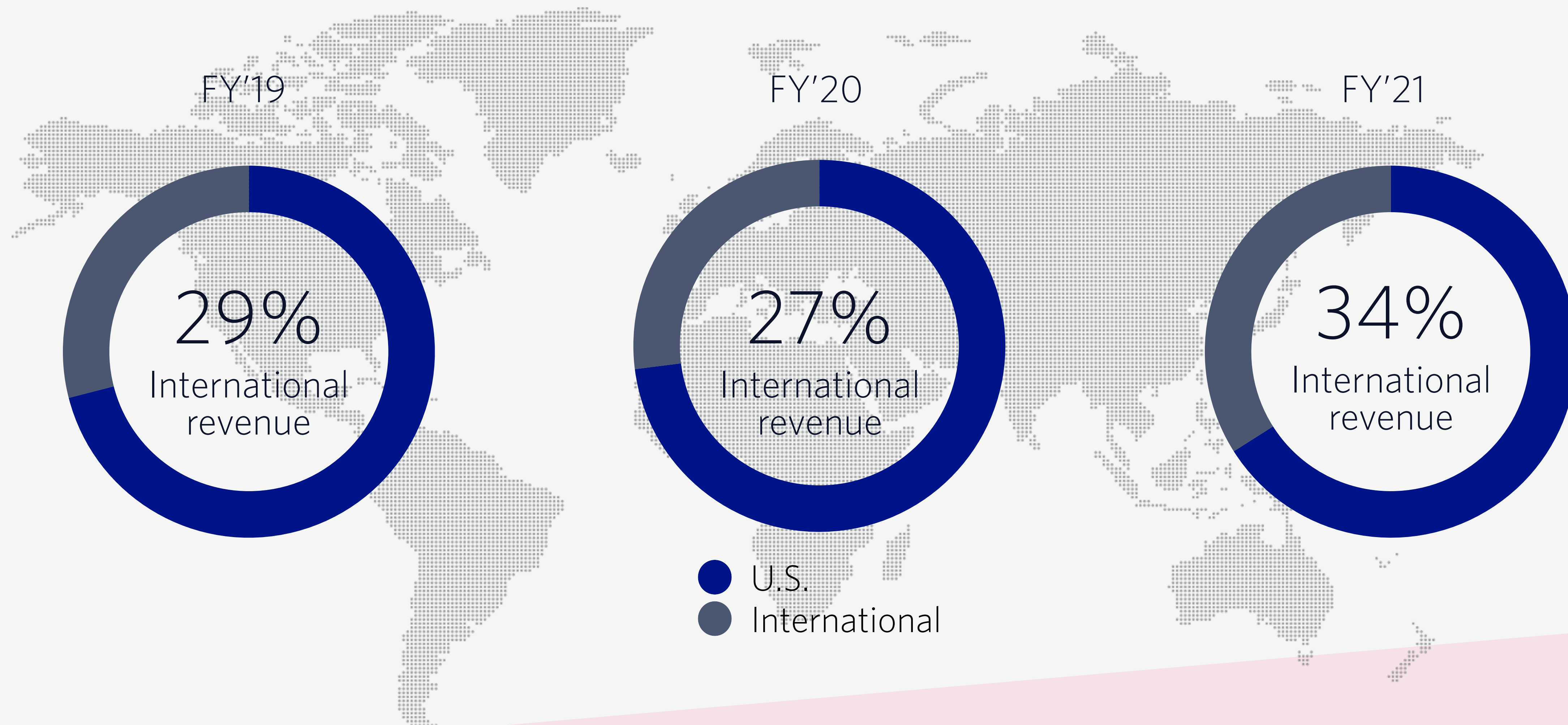
Top 10 Customer Accounts

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





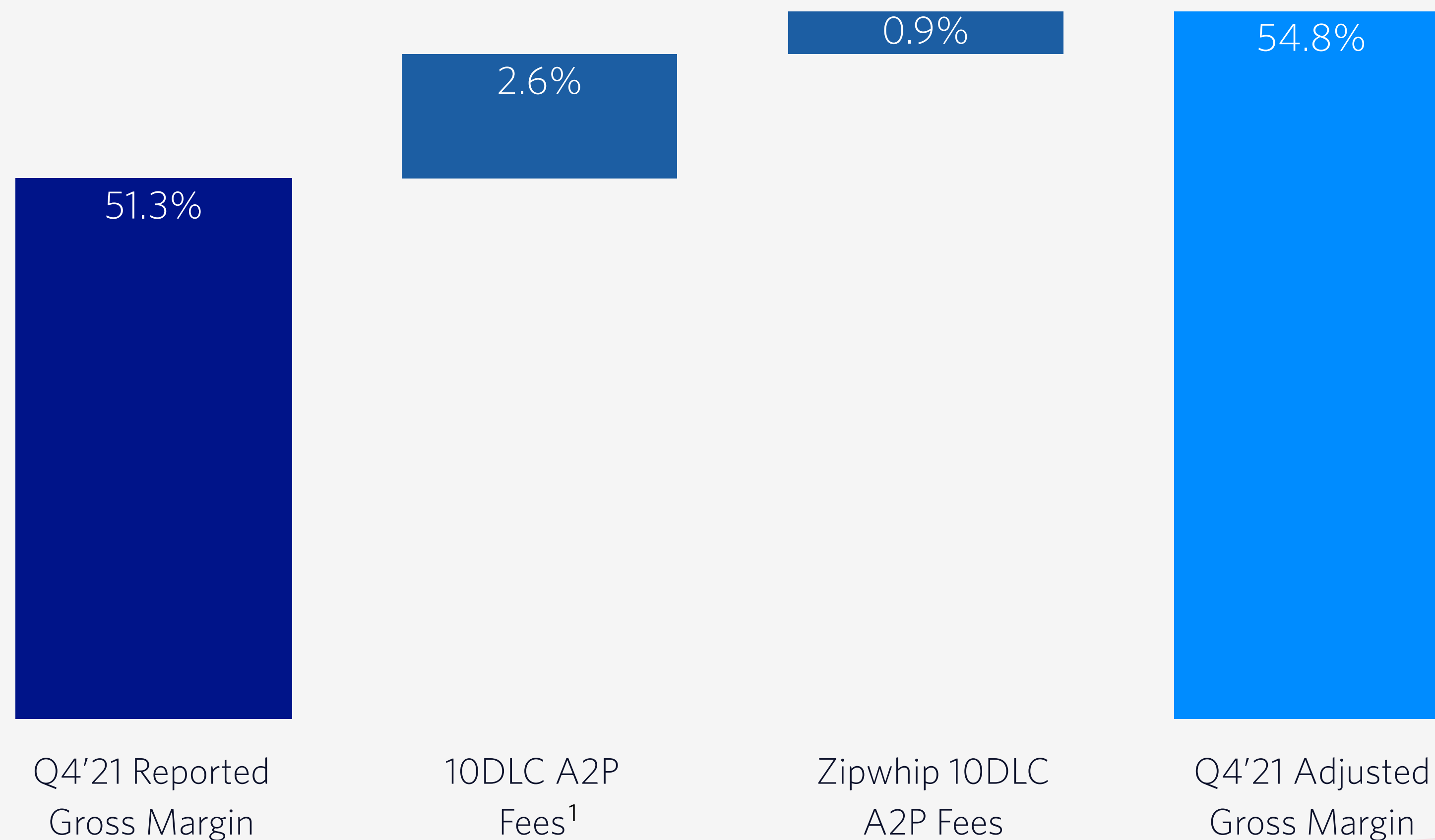
Geographic Revenue Mix



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



Non-GAAP Gross Margin Bridge

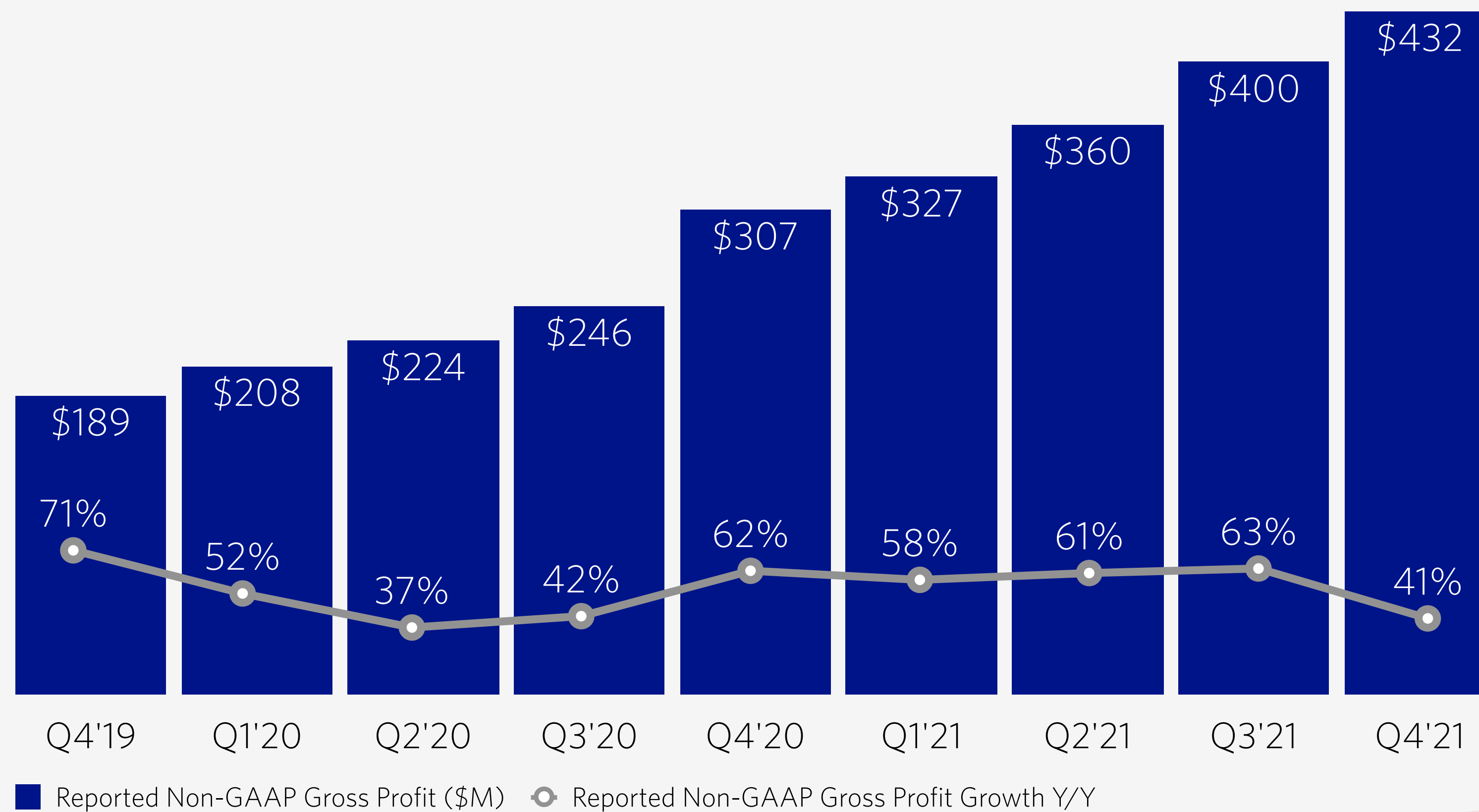


54.8%
Q4'21 ADJUSTED GM %
EXCLUDING 10DLC A2P FEES

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



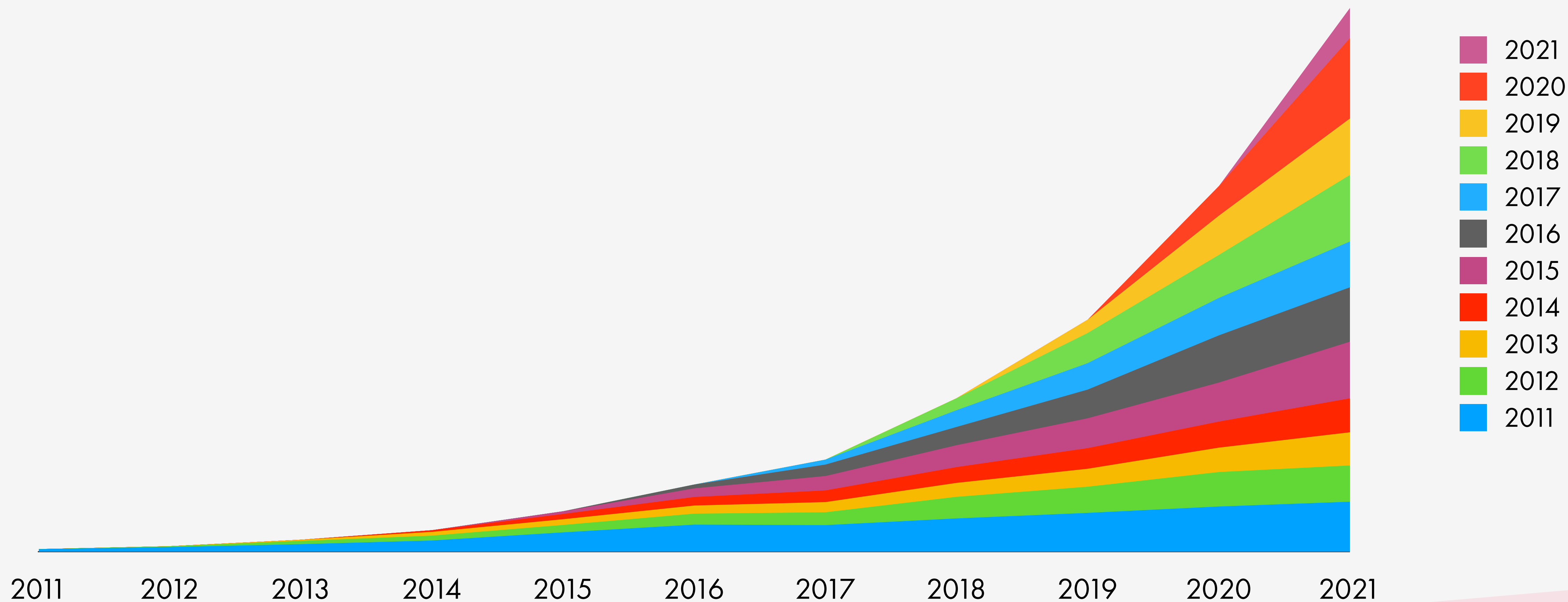
Quarterly Non-GAAP Gross Profit



41%
Q4'21 NON-GAAP GROSS
PROFIT GROWTH Y/Y



Land and Expand Strategy Drives Growth Across Cohorts



Note: Represents revenue from our Active Customer Accounts for legacy Twilio and Email products. Grouped by cohorts based on the year when each customer account cohort originated. RIGHTS RESERVED.



Select 2021 Product Revenue Metrics

2021 Revenue Contribution		2021 Y/Y Growth Rates	
Total Messaging	50%	Organic Messaging ¹	52%
Application Services ²	12%	Application Services ²	66%

¹Organic Messaging revenue excludes revenues from 10DLC A2P and related fees imposed by major U.S. carriers on Twilio's core messaging business, and revenue from all acquisitions made after November 1, 2020.

²Application Services does not include Email or Twilio Segment. Includes legacy Twilio products without a telephony based cost structure.

THANK YOU





APPENDIX



Operating Metrics

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

For historical periods through December 31, 2019, Twilio's Dollar-Based Net Expansion Rate compared the revenue from Active Customer Accounts, other than large Active Customer Accounts that have never entered into 12-month minimum revenue commitment contracts with the Company in a quarter to the same quarter in the prior year. For reporting periods starting with the three months ended March 31, 2020, Twilio's Dollar-Based Net Expansion Rate compares the total revenue from all Active Customer Accounts, in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, the Company first identifies the cohort of Active Customer Accounts that were Active Customer Accounts in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When Twilio calculates Dollar-Based Net Expansion Rate for periods longer than one quarter, it uses the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period. Revenue from acquisitions does not impact the Dollar-Based Net Expansion Rate calculation until the quarter following the one-year anniversary of the applicable acquisition unless the acquisition closing date is the first day of the quarter. As a result of the change in calculation of Dollar-Based Net Expansion Rate, unless specifically identified as being calculated based on total revenue, any Dollar-Based Net Expansion Rates disclosed by our Company in SEC filings, press releases and presentations prior to the date of our press release for the three months ended March 31, 2020, will not be directly comparable to our Dollar-Based Net Expansion Rates after that date.

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