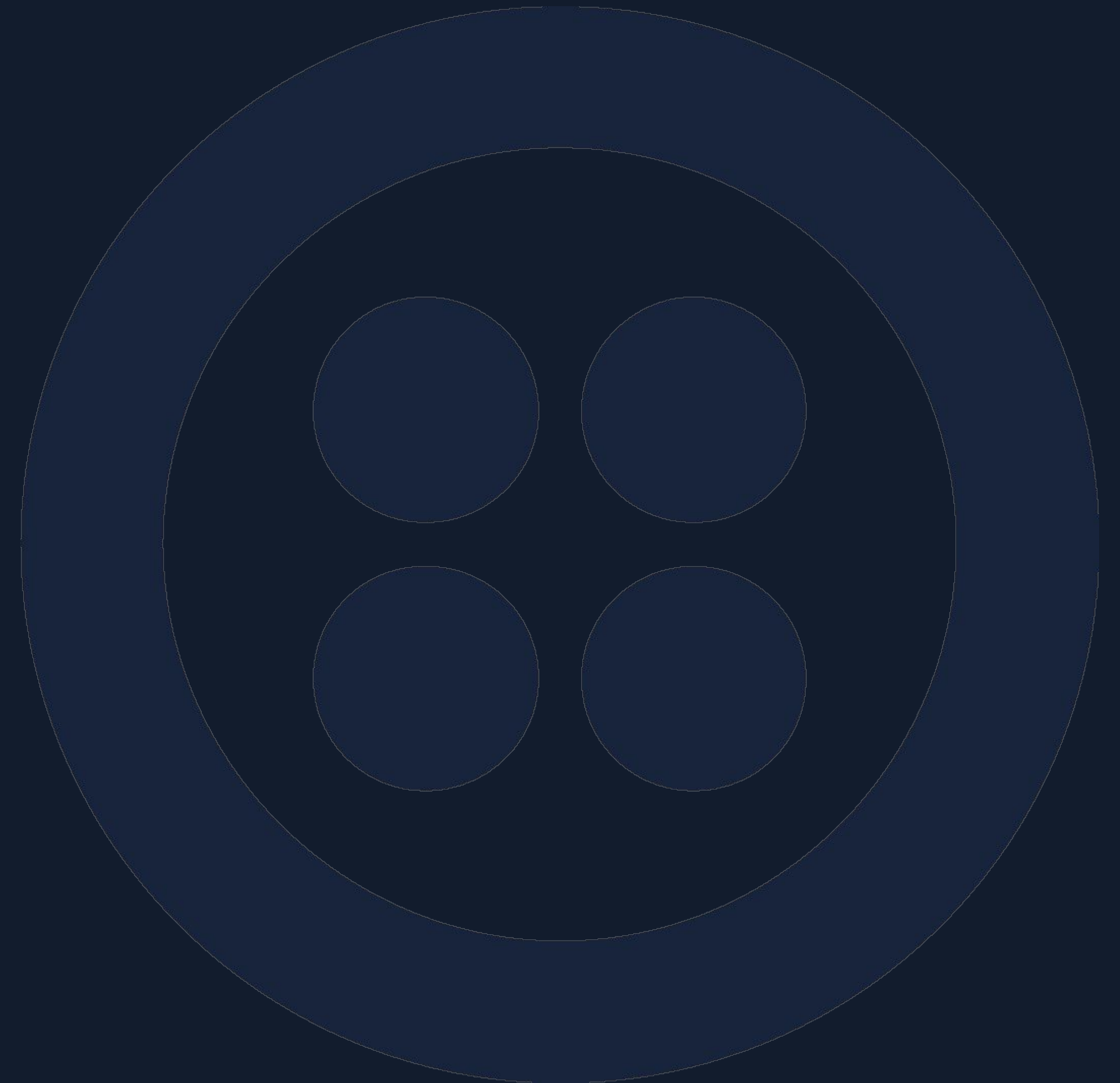




Q3 2024 Earnings Results

October 30, 2024



Legal Disclaimer

This presentation and the accompanying conference call contain forward-looking statements within the meaning of the federal securities laws, including statements about our future performance and goals. These statements involve substantial risks and uncertainties, as further described in “Forward-Looking Statements” on slide 22, as well as in our most recent periodic reports filed with the SEC, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, which are available on our website and at sec.gov.

This presentation and the accompanying conference call also contain operating metrics, including Active Customer Accounts and Dollar-Based Net Expansion Rate. We rely on assumptions to calculate these metrics, they are calculated using internal company data that has not been independently verified, and they are not based on any standardized industry methodology. More information about the operating metrics we use in this presentation can be found in “Operating Metrics” on slide 23 and slide 24.

This presentation and the accompanying conference call also contain non-GAAP financial measures. The non-GAAP financial measures, including non-GAAP gross profit and non-GAAP gross profit growth, non-GAAP gross margin, non-GAAP operating margin, non-GAAP net income (loss) per share attributable to common stockholders, diluted (which we refer to as non-GAAP diluted earnings per share), non-GAAP income (loss) from operations, organic revenue and organic revenue growth, non-GAAP stock-based compensation expense and non-GAAP stock-based compensation expense as a percentage of revenue, free cash flow and free cash flow margin, are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. More information about and definitions of our non-GAAP financial measures used in this presentation and the accompanying conference call can be found in “Non-GAAP Financial Measures” on slide 25 and slide 26, and reconciliations of our non-GAAP financial measures to the most directly comparable GAAP measures are included in the appendix.



Financial Overview





Total Company Results

Q3 2024

Total Revenue	\$1,134M
<i>Y/Y Revenue Growth</i>	<i>10%</i>
Non-GAAP Gross Profit	\$600M
<i>Non-GAAP Gross Margin</i>	<i>52.9%</i>
Non-GAAP Income from Operations	\$182M
<i>Non-GAAP Operating Margin</i>	<i>16.1%</i>
Free Cash Flow	\$189M
<i>Free Cash Flow Margin</i>	<i>16.7%</i>
Dollar-Based Net Expansion Rate	105%
Active Customer Accounts	320,000+

Note: Non-GAAP gross profit, non-GAAP gross margin, non-GAAP income from operations, non-GAAP operating margin, free cash flow and free cash flow margin are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Note: Numbers are rounded to the nearest million (other than percentages and Active Customer Accounts).



Communications Results

Q3 2024

Communications Revenue	\$1,060M
<i>Y/Y Communications Revenue Growth</i>	<i>10%</i>
Communications Non-GAAP Gross Profit	\$549M
<i>Communications Non-GAAP Gross Margin</i>	<i>51.8%</i>
Communications Non-GAAP Income from Operations	\$268M
<i>Communications Non-GAAP Operating Margin</i>	<i>25.3%</i>
Communications Dollar-Based Net Expansion Rate	106%
Communications Active Customer Accounts	313,000+

Note: Non-GAAP gross profit and non-GAAP gross margin for our Communications business are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Note: Numbers are rounded to the nearest million (other than percentages and Active Customer Accounts).

Note: Aggregating Communications and Segment non-GAAP income (loss) from operations will not equate to total company non-GAAP income (loss) from operations given certain costs are considered corporate costs and are not allocated to either segment.



Segment Results

Q3 2024

Segment Revenue	\$73M
<i>Y/Y Segment Revenue Growth</i>	<i>0%</i>
Segment Non-GAAP Gross Profit	\$51M
<i>Segment Non-GAAP Gross Margin</i>	<i>69.8%</i>
Segment Non-GAAP Loss from Operations	(\$16M)
<i>Segment Non-GAAP Operating Margin</i>	<i>(21.5%)</i>
Segment Dollar-Based Net Expansion Rate	91%
Segment Active Customer Accounts	7,500+

Note: Non-GAAP gross profit and non-GAAP gross margin for our Segment business are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Note: Numbers are rounded to the nearest million (other than percentages and Active Customer Accounts).

Note: Aggregating Communications and Segment non-GAAP income (loss) from operations will not equate to total company non-GAAP income (loss) from operations given certain costs are considered corporate costs and are not allocated to either segment.



Q4 2024 & Full Year 2024 Guidance

Q4 2024 Guidance:

- Total revenue: \$1.150 billion to \$1.160 billion, up 7% to 8% year-over-year
- Non-GAAP income from operations: \$185 million to \$195 million
- Non-GAAP diluted earnings per share¹: \$0.95 - \$1.00
- Non-GAAP weighted average diluted shares outstanding: 156 million

Full Year 2024 Guidance:

- Organic revenue growth: 7.5% to 8% year-over-year, up from 6% to 7% previously²
- Non-GAAP income from operations: \$700 million to \$710 million, up from \$650 to \$675 million previously³
- Free cash flow: \$650 million to \$675 million

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

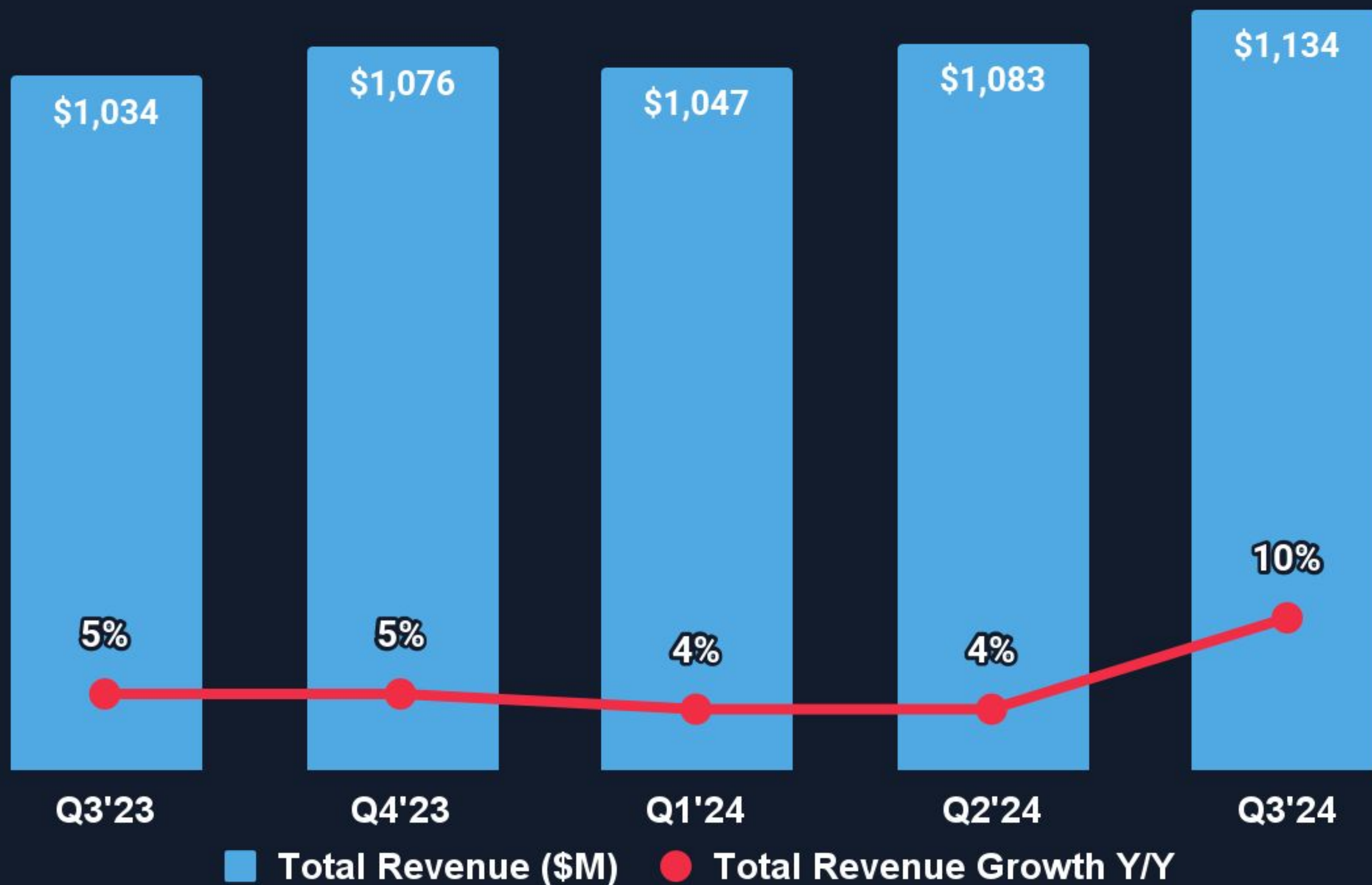
² Raising full year 2024 organic revenue growth guidance as previously provided on August 1, 2024.

³ Raising full year 2024 non-GAAP income from operations guidance range as previously provided on August 1, 2024.

Note: Organic revenue growth, non-GAAP income from operations, non-GAAP diluted earnings per share and free cash flow are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions.



Quarterly Revenue



10%
Q3'24 Total Revenue
Growth Y/Y

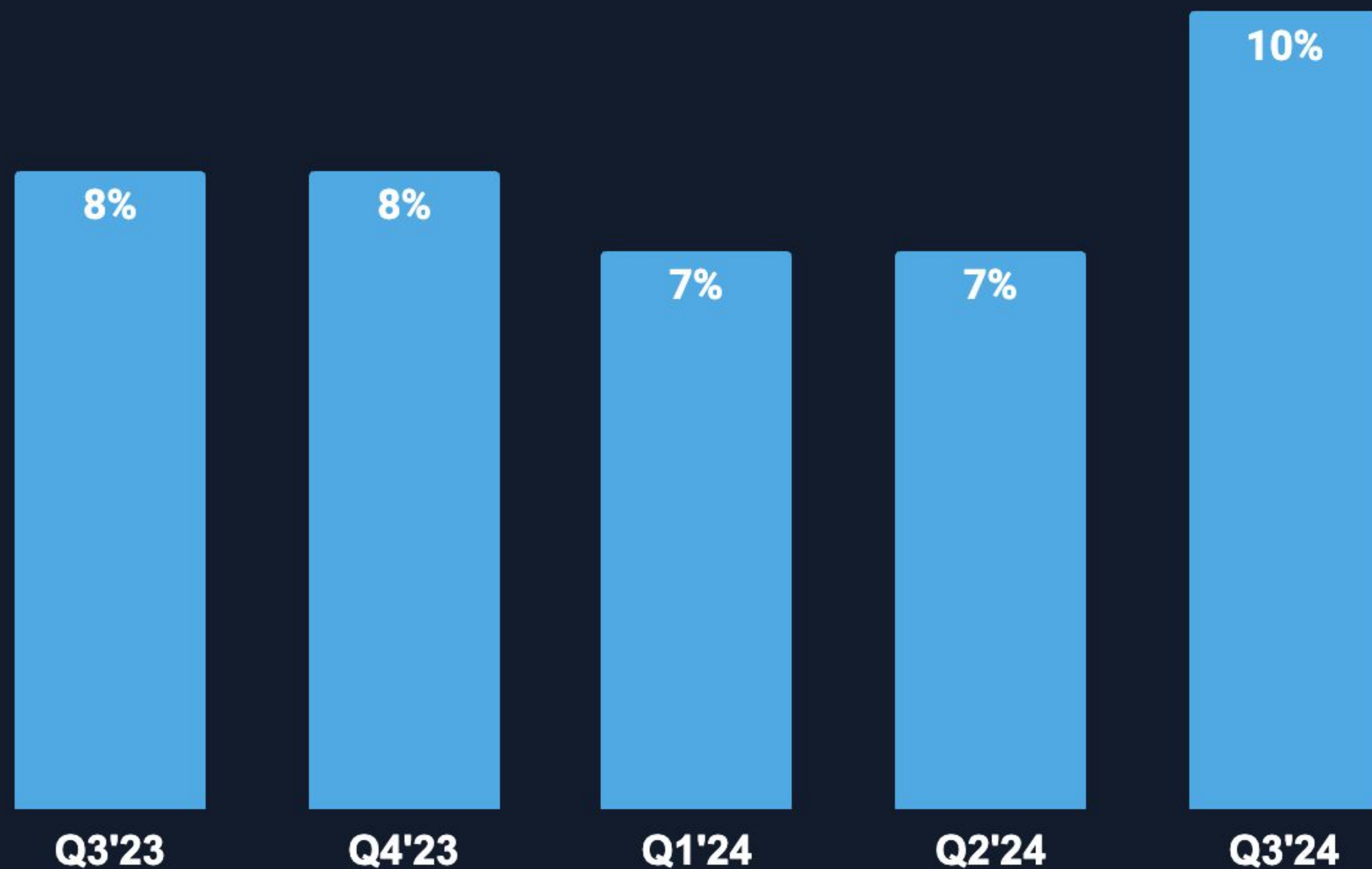
10%
Q3'24 Communications
Revenue Growth Y/Y

0%
Q3'24 Segment Revenue
Growth Y/Y

Note: Numbers are rounded to the nearest million (other than percentages).



Quarterly Organic Revenue Growth



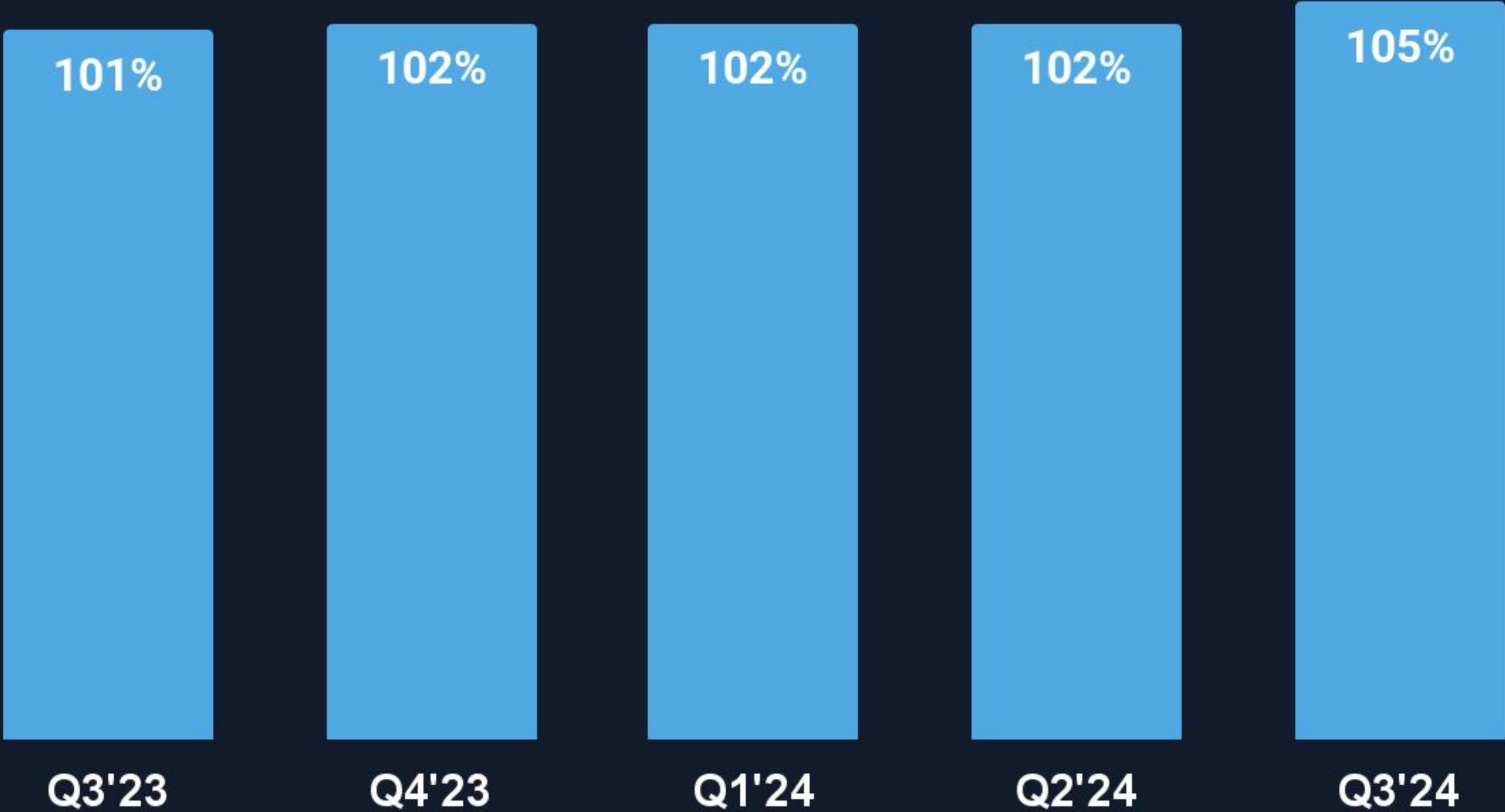
10%
Q3'24 Organic Revenue
Growth Y/Y

Note: Organic revenue, organic revenue growth and Communications organic revenue growth are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Note: As a full year has elapsed since Twilio's 2023 divestitures, starting in the third quarter of 2024, reported and organic revenue growth rates will be equivalent.



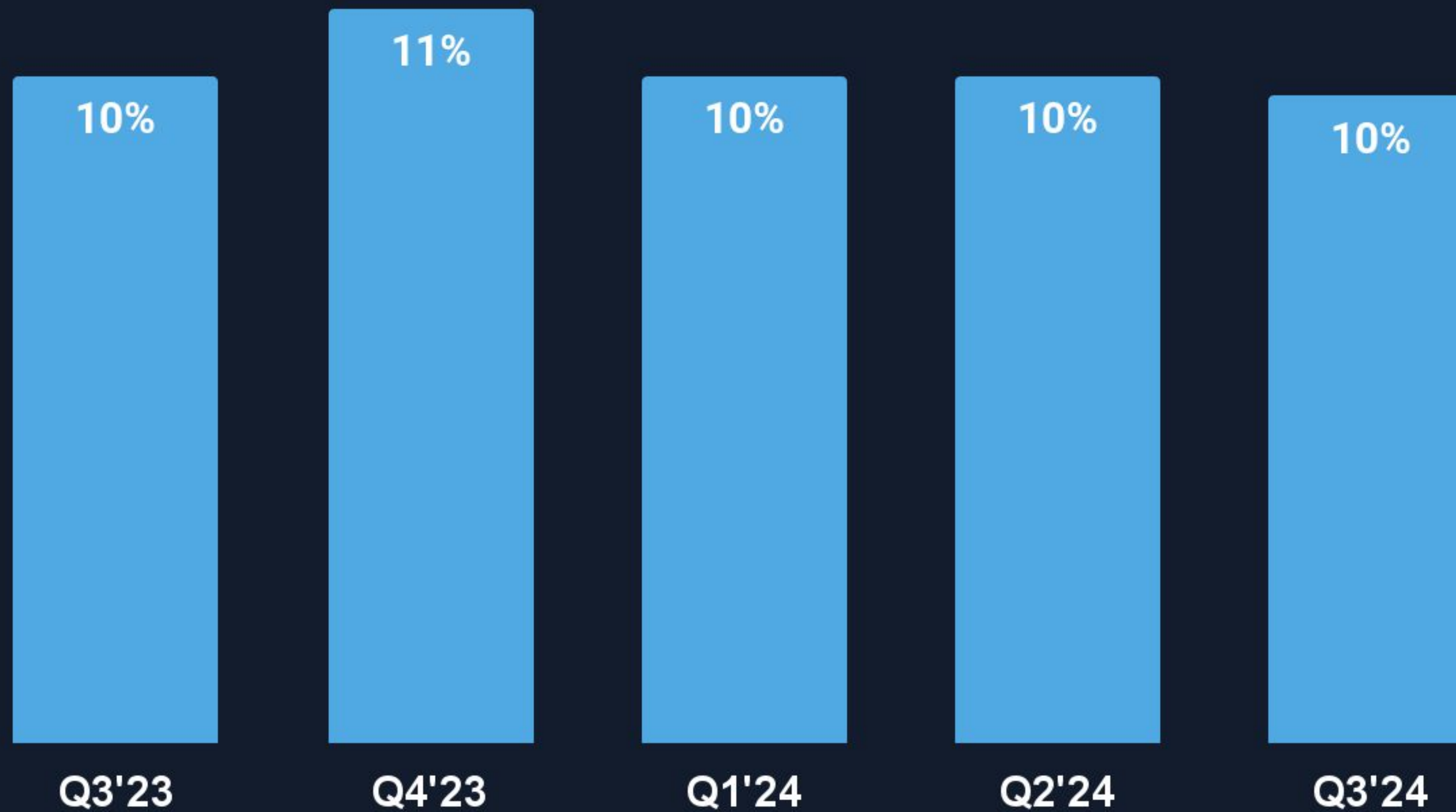
Dollar-Based Net Expansion Rate



Note: Refer to "Operating Metrics" in the appendix for our definition of Dollar-Based Net Expansion Rate.



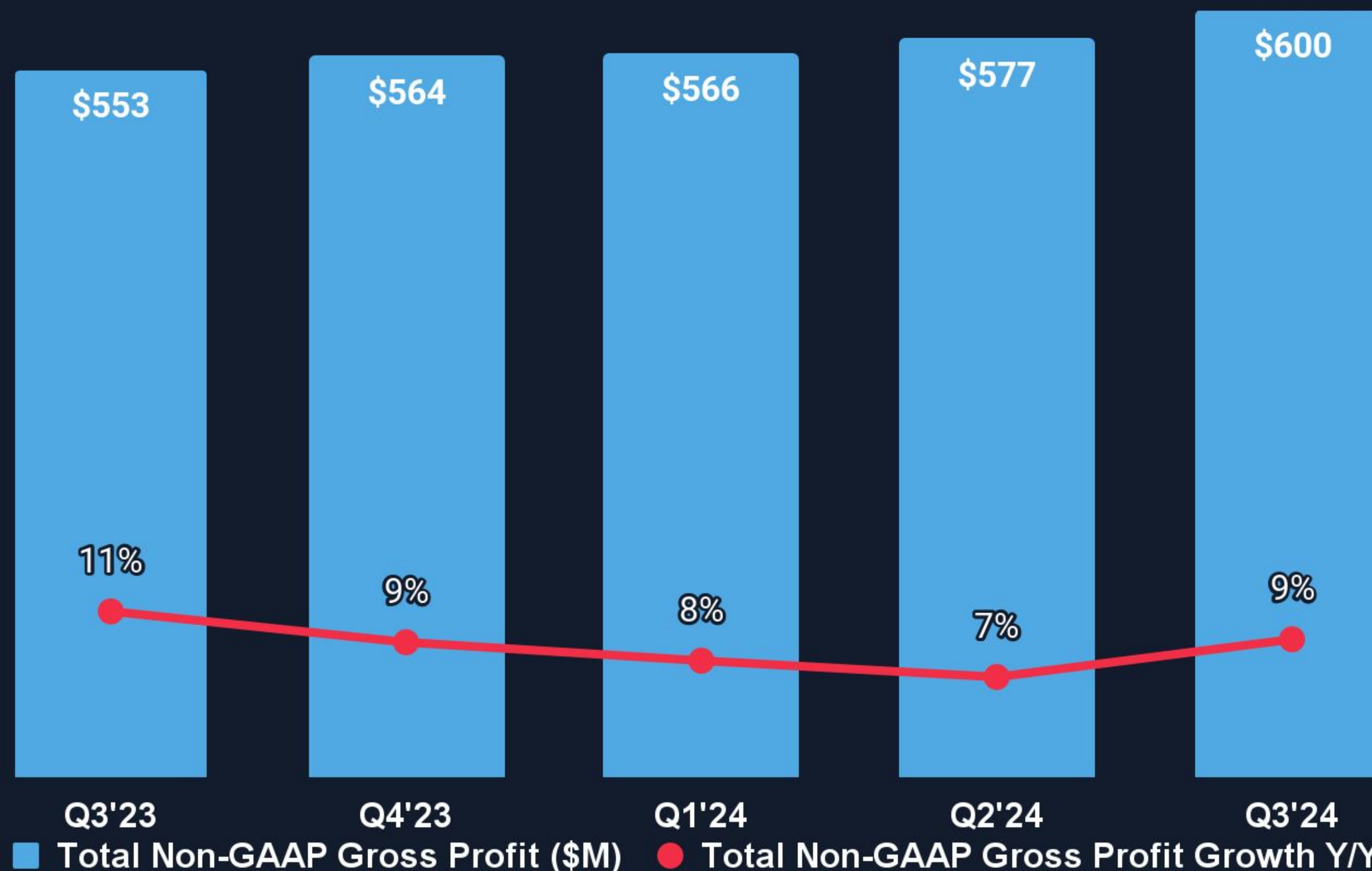
Top 10 Active Customer Accounts as a % of Total Revenue



Note: Refer to "Operating Metrics" in the appendix for our definition of Active Customer Accounts.



Non-GAAP Gross Profit

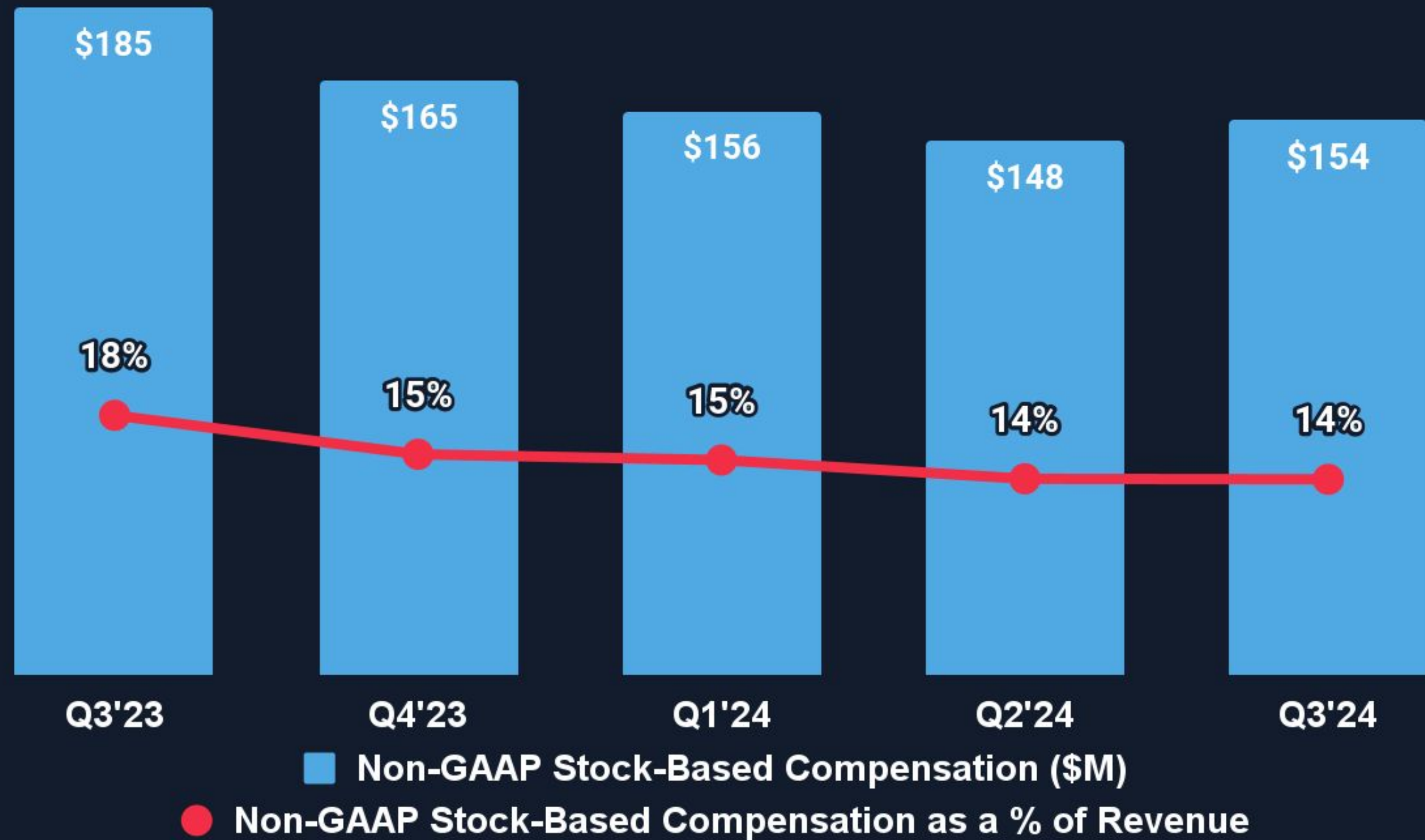


9%
Q3'24 NON-GAAP GROSS
PROFIT GROWTH Y/Y

Note: Non-GAAP gross profit and non-GAAP gross profit growth are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.



Non-GAAP Stock-Based Compensation Expense

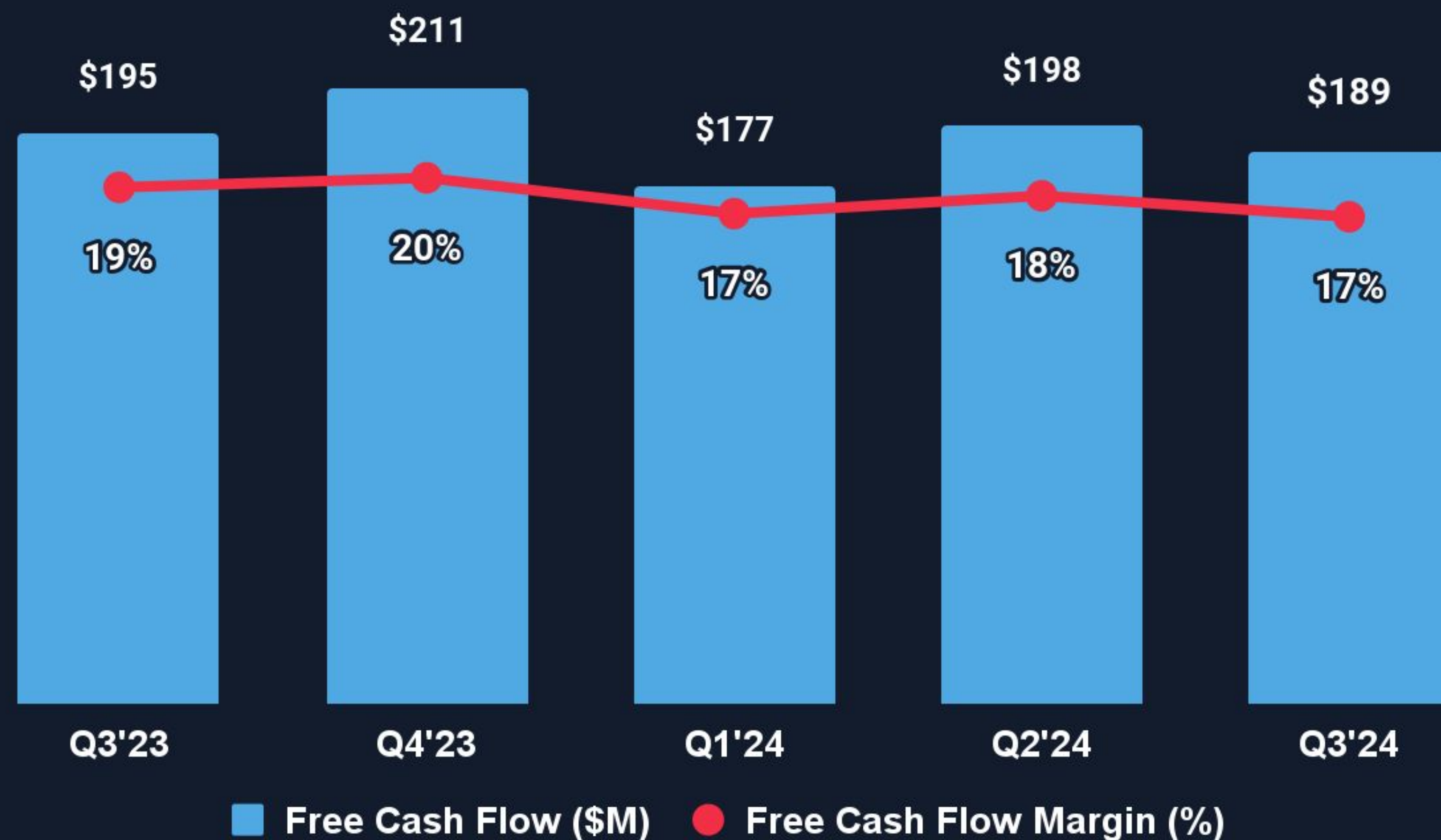


14%
Q3'24 NON-GAAP
STOCK-BASED
COMPENSATION AS A % OF
REVENUE

Note: Non-GAAP stock-based compensation expense and non-GAAP stock-based compensation expense as a percentage of revenue are non-GAAP financial measures. Refer to "Non-GAAP Financial Measures" in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.



Free Cash Flow



17%
Q3'24 FREE CASH FLOW
MARGIN

Note: Free cash flow and free cash flow margin are non-GAAP financial measures. Refer to “Non-GAAP Financial Measures” in the appendix for their definitions and a reconciliation of each non-GAAP measure to its most directly comparable GAAP measure.

Q3 2024: Representative Customer Wins





Top Customer Wins from the Quarter

Communications:

- Twilio signed a deal with Xero, the global small business platform and an existing Segment customer, to support their new product currently in beta, Just Ask Xero (JAX). JAX completes tasks like generating an invoice or editing a quote, either in Xero or other commonly used apps and devices that businesses use day-to-day, such as mobile, WhatsApp and email. Twilio enables Xero to reach their customers remotely from any device while using JAX.
- We signed a deal with a major global airline to bring RCS branded messaging for customer travel notifications.
- We signed a new Verify deal with a major streaming platform to support their app launch in APJ markets. Verify stood out as the best solution given it can be implemented quickly and helps mitigate fraud risk across the app's 7 launch countries.
- We expanded our relationship with Insider, a leading CX Platform, by winning a seven figure competitive messaging takeout. This will provide Insider with global scalability and reliability as it grows its footprint, while consolidating their traffic onto a single provider in Twilio.
- In July, we completed the industry's first CTIA Branded Call, which allows businesses to display their name, logo, and call reason to drive a more trusted consumer experience. In Q3, HR software provider Sense is using this new feature to enhance their Conversational Voice AI solution and improve answer rates and engagement with customers.



Top Customer Wins from the Quarter (cont.)

Communications (continued):

- We expanded our relationship with women's activewear brand Halara by winning a competitive messaging takeout. Halara chose Twilio based on our superior global scalability as well as proven success and trust built through a recent email win. The combination of our email and messaging solutions will give Halara the flexibility to scale their global marketing efforts efficiently.
- Following a Flex win in Q2, we signed a cross sell deal with Fresha to deploy RCS and WhatsApp capabilities to help increase open rates and build brand trust on their existing channels.
- We expanded our relationship with several ISVs, including a leading cloud-software platform for beauty, wellness & fitness. We signed an eight figure, multi year committed contract where this customer chose Twilio to consolidate their SMS traffic from 3 vendors to one while adding Voice and Voice Intelligence to differentiate from competitors.



Top Customer Wins from the Quarter (cont.)

Segment:

- Twilio signed a multi-year new business deal with Zscaler, the World's largest security cloud. With Segment, Zscaler will enrich account profiles with behavioral data and build high propensity ABM campaigns to drive product recommendations and enhance GTM strategies.
- Twilio signed a multi-year new business deal with a leading online mortgage lender. Segment was chosen over competitors to be the CDP that will connect various businesses into one to enhance personalization at scale.
- Twilio signed a deal with an Australian software company that provides tax & accounting software. They have complex and siloed data in their data warehouse between products, accounts, businesses, and users. Linked Audiences enables them to activate targeted campaigns to specific groups of users based on the business and specific product. This helps them improve revenue and increase cross-sell of additional product.



Q3 Customer Success Stories

Click customer name to learn more

- [Camping World](#) - With Segment, "Data-driven paid media efforts saw a substantial 35% increase in conversions, defined as a lead submission. Additionally, they saw a 16% decrease in cost-per-lead due to cleaner and properly implemented data collection allowing Camping World's ad algorithms to perform better."
- [CareSignal](#) - "Twilio Branded Calling displays CareSignal's customer's company name to call recipients, improving call pick-up rates by 6-7% in just three months."
- [Commure](#) - "Together through voice, chat, and SMS, Commure and Twilio are empowering healthcare providers to a patient-centric approach, empowering healthcare organizations with innovative tools and solutions tailored to the industry's unique needs."
- [Odontoprev](#) - "As a result, there was a 44% reduction in the time taken to handle complaints made through regulatory channels, when comparing the use of WhatsApp and telephone, in addition to a 5% improvement in beneficiary satisfaction on WhatsApp compared to chat."
- [Reddit](#) - "Reddit is also using Fraud Guard with Twilio Verify, which uses automatic SMS pumping fraud detection to block suspicious messages from being sent by analyzing current and historical SMS traffic for unusual patterns."
- [Sotheby's](#) - "The increase in onsite registrations by 15%, driven by engagement with editorial content, underscores the value of personalized content in converting interest into action. Email registrants alone have contributed over \$1 billion in annual spending, demonstrating the substantial financial impact of targeted, data-driven email marketing."
- Other Stories: [EvoluServices](#), [Polaris](#), [Stone](#)



Thank you!

Appendix



Forward-Looking Statements



This presentation and the accompanying conference call contain forward-looking statements within the meaning of the federal securities laws, 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 presentation and the accompanying conference call include, but are not limited to, statements about: our future financial performance, including our expected financial results and our guidance; our expectations regarding profitability, including when we will become profitable on GAAP and non-GAAP bases; our anticipated strategies and business plans; our expectations regarding our relationships with ISVs, partners and resellers, and our self-service and cross-sell efforts, and our ability to expand into new markets, larger deal sizes and more multi-year deals; our ability to execute on our announced plans and targets for Segment following our operational review; our ability to create synergies with our Communications and Segment products; the ongoing effects of our previous workforce reductions and other cost-saving measures; our expectations regarding compensation programs; our expectations regarding levels of stock-based compensation; the reorganization of our business and the shift in our segment reporting structure; our expectations regarding our sales pipeline; the benefits to us of recently signed deals, partnerships and new product releases; the effects of our increased investment and go-to-market focus to capture market share; our expectations regarding our revenue growth, profit potential and anticipated cash flows; our strategy for streamlining and adding value to the customer experience; our ability to develop products related to generative artificial intelligence and machine learning; our ability to be a winner in the age of artificial intelligence; our ability to deliver on our product roadmap and our focus on innovation; our expectations regarding share repurchases; and our expectations regarding the impact of macroeconomic and industry conditions, the impact of such conditions on our customers, and our ability to operate in such conditions. You should not rely upon forward-looking statements as predictions of future events.

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

The forward-looking statements contained in this presentation and the accompanying conference call are also subject to additional risks, uncertainties, and factors, including those more fully described in our most recent filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Should any of these risks materialize, or should our assumptions prove to be incorrect, actual financial results could differ materially from our projections or those implied by these forward-looking statements. Further information on potential risks that could affect actual results will be included in the subsequent periodic and current reports and other filings that we make with the Securities and Exchange Commission from time to time. Moreover, we operate in a very competitive and rapidly changing environment, and new risks and uncertainties may emerge that could have an impact on the forward-looking statements contained in this presentation and the accompanying conference call. Forward-looking statements represent our management’s beliefs and assumptions only as of the date such statements are made. We undertake no obligation to update any forward-looking statements made in this presentation or the accompanying conference call to reflect events or circumstances occurring after this presentation or accompanying conference call, as applicable, or to reflect new information or the occurrence of unanticipated events, except as required by law.

Operating Metrics



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

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

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

Operating Metrics



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. As a result, for the quarter ended September 30, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any acquisitions made after July 1, 2023. 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. As a result, for the quarter ended September 30, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any divestitures made after September 30, 2023. Communications Dollar-Based Net Expansion Rate and Segment Dollar-Based Net Expansion Rate are calculated using the same methodology, but using only revenue attributable to the respective segment and Active Customer Accounts and customer accounts from Zipwhip for that respective segment. Revenue from customer accounts from Zipwhip, which we acquired on July 14, 2021, has been included in our Dollar-Based Net Expansion Rate beginning in the quarter ended December 31, 2022.

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



Non-GAAP Financial Measures

In addition to financial information presented in accordance with U.S. generally accepted accounting principles (“GAAP”), this presentation and the accompanying conference call include certain non-GAAP financial measures, including non-GAAP gross profit and non-GAAP gross profit growth, non-GAAP gross margin, non-GAAP operating margin, non-GAAP net income (loss) per share attributable to common stockholders, diluted (which we refer to as “non-GAAP diluted earnings per share”), non-GAAP income (loss) from operations, organic revenue and organic revenue growth, Communications organic revenue and Communications organic revenue growth, non-GAAP stock-based compensation expense and non-GAAP stock-based compensation expense as a percentage of revenue, free cash flow and free cash flow margin. We use these non-GAAP financial measures to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures may be helpful to investors because they provide consistency and comparability with past financial performance, facilitate period-to-period comparisons of results of operations and assist in comparisons with other companies, many of which use similar non-GAAP financial measures to supplement their GAAP results. We believe organic revenue, organic revenue growth, Communications organic revenue and Communications organic revenue growth are useful in understanding the ongoing results of our operations on a consolidated basis and at the segment level. We believe free cash flow and free cash flow margin provide useful supplemental information to help investors understand underlying trends in our business and our liquidity. These non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered substitutes for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measures is included in the appendix. We have not provided the forward-looking GAAP equivalents for certain forward-looking non-GAAP measures presented in this presentation or the accompanying conference call, or a GAAP reconciliation, as a result of the uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation expense. Accordingly, a reconciliation of these non-GAAP guidance metrics to their corresponding forward-looking GAAP equivalents is not available without unreasonable effort. However, it is important to note that material changes to reconciling items could have a significant effect on future GAAP results.

Non-GAAP Gross Profit and Non-GAAP Gross Margin. For the periods presented, we define non-GAAP gross profit and non-GAAP gross margin as GAAP gross profit and GAAP gross margin, respectively, adjusted to exclude stock-based compensation, amortization of acquired intangibles and payroll taxes related to stock-based compensation. Segment-level non-GAAP gross profit and non-GAAP gross margin are calculated using the same methodology, but using (and excluding, as applicable) only revenue and expenses attributable to the applicable segment.

Non-GAAP Gross Profit Growth. For the periods presented, we calculate non-GAAP gross profit growth by dividing (i) non-GAAP gross profit for the period presented less non-GAAP gross profit in the comparative period by (ii) non-GAAP gross profit in the comparative period.

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

Non-GAAP Stock-Based Compensation Expense and Non-GAAP Stock-Based Compensation Expense as a Percentage of Revenue. For the periods presented, we define non-GAAP stock-based compensation expense as GAAP stock-based compensation expense, adjusted to exclude stock-based compensation reflected in restructuring costs.

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



Non-GAAP Financial Measures

Organic Revenue. For the periods presented, we define organic revenue as GAAP revenue, excluding (i) revenue from each acquired business and revenue from application-to-person (“A2P”) 10DLC fees imposed by major U.S. carriers on our core messaging business, in each case until the beginning of the first full quarter following the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (ii) revenue from each divested business beginning in the quarter of the closing date of such divestiture; provided that (a) if an acquisition closes or such fees are initially charged on the first day of a quarter, such revenue will be included in organic revenue beginning on the one-year anniversary of the closing date of such acquisition or the initial date such fees were charged and (b) if a divestiture closes on the last day of a quarter, such revenue will be included in organic revenue for that quarter. A2P 10DLC fees are fees imposed by U.S. mobile carriers for A2P SMS messages delivered to its subscribers, and we pass these fees to our messaging customers at cost.

Organic Revenue Growth. For the periods presented, we calculate organic revenue growth by dividing (i) organic revenue for the period presented less organic revenue in the comparative period by (ii) organic revenue in the comparative period. If revenue from certain acquisitions, divestitures or A2P 10DLC fees is included or excluded in organic revenue in the period presented, then revenue from the same acquisitions, divestitures and A2P 10DLC fees is included or excluded in organic revenue in the comparative period for purposes of the denominator in the organic revenue growth calculation. As a result, the denominator used in this calculation will not always equal the organic revenue reported for the comparative period. Communications organic revenue growth is calculated using the same methodology, but using (and excluding, as applicable) only revenue attributable to the Communications segment.

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

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended			
	September 30, 2022	December 31, 2022	March 31, 2023	June 30, 2023
Non-GAAP gross profit and gross margin				
Revenue	\$ 983,030	\$ 1,024,574	\$ 1,006,564	\$ 1,037,761
GAAP gross profit	\$ 462,075	\$ 481,142	\$ 490,690	\$ 505,755
GAAP gross profit growth (Y/Y)				
GAAP gross margin	47.0 %	47.0 %	48.7 %	48.7 %
Non-GAAP adjustments:				
Stock-based compensation	6,114	6,505	5,290	6,334
Amortization of acquired intangibles	30,729	30,052	29,961	29,669
Payroll taxes related to stock-based compensation	215	82	195	123
Non-GAAP gross profit	\$ 499,133	\$ 517,781	\$ 526,136	\$ 541,881
Non-GAAP gross profit growth (Y/Y)				
Non-GAAP gross margin	50.8 %	50.5 %	52.3 %	52.2 %

	Three Months Ended				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Non-GAAP gross profit and gross margin					
Revenue	\$ 1,033,670	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649
GAAP gross profit	\$ 516,319	\$ 531,166	\$ 544,041	\$ 555,845	\$ 578,629
GAAP gross profit growth (Y/Y)	12 %	10 %	11 %	10 %	12 %
GAAP gross margin	50.0 %	49.4 %	52.0 %	51.3 %	51.0 %
Non-GAAP adjustments:					
Stock-based compensation	7,053	7,666	5,891	5,503	5,436
Amortization of acquired intangibles	29,045	24,591	15,682	15,682	15,682
Payroll taxes related to stock-based compensation	181	200	345	283	257
Non-GAAP gross profit	\$ 552,598	\$ 563,623	\$ 565,959	\$ 577,313	\$ 600,004
Non-GAAP gross profit growth (Y/Y)	11 %	9 %	8 %	7 %	9 %
Non-GAAP gross margin	53.5 %	52.4 %	54.1 %	53.3 %	52.9 %

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Non-GAAP stock-based compensation expense					
Revenue	\$ 1,033,670	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649
Stock-based compensation	185,474	166,490	158,606	147,657	154,561
Stock-based compensation as a percentage of revenue	17.9%	15.5%	15.1%	13.6%	13.6%
Non-GAAP adjustments:					
Stock-based compensation recognized in restructuring costs	(467)	(1,919)	(2,448)	—	(730)
Non-GAAP stock-based compensation expense	\$ 185,007	\$ 164,571	\$ 156,158	\$ 147,657	\$ 153,831
Non-GAAP stock-based compensation expense as a percentage of revenue	17.9 %	15.3 %	14.9 %	13.6 %	13.6 %

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended		
	September 30, 2023	June 30, 2024	September 30, 2024
Non-GAAP income from operations and Non-GAAP operating margin			
Revenue	\$ 1,033,670	\$ 1,082,502	\$ 1,133,649
GAAP gross profit	\$ 516,319	\$ 555,845	\$ 578,629
Non-GAAP adjustments:			
Stock-based compensation	7,053	5,503	5,436
Amortization of acquired intangibles	29,045	15,682	15,682
Payroll taxes related to stock-based compensation	181	283	257
Non-GAAP gross profit	\$ 552,598	\$ 577,313	\$ 600,004
GAAP operating expenses	\$ 625,222	\$ 574,882	\$ 583,523
Non-GAAP adjustments:			
Stock-based compensation	(177,954)	(142,154)	(148,395)
Amortization of acquired intangibles	(19,827)	(12,502)	(11,755)
Acquisition and divestiture related expenses	(183)	—	—
Payroll taxes related to stock-based compensation	(3,156)	(3,227)	(792)
Charitable contributions	(1,339)	(15,315)	(1,301)
Restructuring costs	(3,437)	310	(3,694)
Impairment of long-lived assets	(3,162)	—	—
Non-GAAP operating expenses	\$ 416,164	\$ 401,994	\$ 417,586
GAAP loss from operations	\$ (108,903)	\$ (19,037)	\$ (4,894)
GAAP operating margin	(10.5)%	(1.8)%	(0.4)%
Non-GAAP adjustments:			
Stock-based compensation	185,007	147,657	153,831
Amortization of acquired intangibles	48,872	28,184	27,437
Acquisition and divestiture related expenses	183	—	—
Payroll taxes related to stock-based compensation	3,337	3,510	1,049
Charitable contributions	1,339	15,315	1,301
Restructuring costs	3,437	(310)	3,694
Impairment of long-lived assets	3,162	—	—
Non-GAAP income from operations	\$ 136,434	\$ 175,319	\$ 182,418
Non-GAAP operating margin	13.2%	16.2%	16.1%

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Organic revenue					
Total revenue	\$ 1,033,670	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649
Organic revenue	\$ 1,033,670	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649
Revenue growth	5 %	5 %	4 %	4 %	10 %
Organic revenue growth	8% ¹	8% ²	7% ³	7% ⁴	10% ⁵

¹ Q3'22 organic revenue, when used as the denominator for Q3'23 Organic Revenue Growth, excludes \$28 million of divestiture revenue. Q3'22 revenue was \$983 million.

² Q4'22 organic revenue, when used as the denominator for Q4'23 Organic Revenue Growth, excludes \$30 million of divestiture revenue. Q4'22 revenue was \$1,025 million.

³ Q1'23 organic revenue, when used as the denominator for Q1'24 Organic Revenue Growth, excludes \$28 million of divestiture revenue. Q1'23 revenue was \$1,007 million.

⁴ Q2'23 organic revenue, when used as the denominator for Q2'24 Organic Revenue Growth, excludes \$25 million of divestiture revenue. Q2'23 revenue was \$1,038 million.

⁵ Q3'23 organic revenue, when used as the denominator for Q3'24 Organic Revenue Growth, is equal to reported revenue.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended September 30, 2024
Communications organic revenue	
Communications revenue	\$ 1,060,250
Communications organic revenue	<u>\$ 1,060,250</u>
Communications revenue growth	10 %
Communications organic revenue growth	10% ¹

¹ Q3'23 Communications organic revenue, when used as the denominator for Q3'24 Communications Organic Revenue Growth, is equal to reported revenue.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	September 30, 2023	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024
Free cash flow and free cash flow margin					
Net cash provided by operating activities	\$ 206,427	\$ 222,545	\$ 190,123	\$ 213,343	\$ 204,329
Operating cash flow margin	20%	21%	18%	20%	18%
Non-GAAP adjustments:					
Capitalized software development costs	(10,451)	(9,399)	(11,154)	(14,681)	(14,424)
Purchases of long-lived and intangible assets	(765)	(2,291)	(1,671)	(1,085)	(792)
Free cash flow	\$ 195,211	\$ 210,855	\$ 177,298	\$ 197,577	\$ 189,113
Free cash flow margin	19%	20%	17%	18%	17%
Net cash (used in) provided by investing activities	\$ (144,032)	\$ (137,142)	\$ 189,770	\$ 784,614	\$ 267,355
Net cash used in financing activities	\$ (66,865)	\$ (107,389)	\$ (363,229)	\$ (897,793)	\$ (642,780)

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended		
	September 30, 2023	June 30, 2024	September 30, 2024
Communications Non-GAAP gross profit and gross margin			
Revenue	\$ 960,289	\$ 1,007,302	\$ 1,060,250
Communications GAAP gross profit	476,972	502,802	529,217
Communications GAAP gross margin	49.7%	49.9%	49.9%
Non-GAAP adjustments:			
Stock-based compensation	5,212	3,988	4,186
Amortization of acquired intangibles	15,117	15,117	15,116
Payroll taxes related to stock-based compensation	135	241	216
Communications Non-GAAP gross profit	\$ 497,436	\$ 522,148	\$ 548,735
Communications Non-GAAP gross margin	51.8%	51.8%	51.8%

	Three Months Ended		
	September 30, 2023	June 30, 2024	September 30, 2024
Segment Non-GAAP gross profit and gross margin			
Revenue	\$ 73,381	\$ 75,200	\$ 73,399
Segment GAAP gross profit	39,347	53,043	49,412
Segment GAAP gross margin	53.6%	70.5%	67.3%
Non-GAAP adjustments:			
Stock-based compensation	1,841	1,515	1,250
Amortization of acquired intangibles	13,928	565	566
Payroll taxes related to stock-based compensation	46	42	41
Segment Non-GAAP gross profit	\$ 55,162	\$ 55,165	\$ 51,269
Segment Non-GAAP gross margin	75.2%	73.4%	69.8%

Operating Results by Segment

(Dollars in thousands, unaudited)



	Three Months Ended	
	June 30, 2024	September 30, 2024
Revenue:		
Communications Segment	\$ 1,007,302	\$ 1,060,250
Total	\$ 1,082,502	\$ 1,133,649
Non-GAAP income (loss) from operations:		
Communications Segment	\$ 249,930	\$ 267,773
Corporate costs	(15,815)	(15,805)
Total	(58,796)	(69,550)
Non-GAAP operating margin:		
Communications Segment	24.8%	25.3%
	(21.0)%	(21.5)%
Reconciliation of non-GAAP income from operations to loss from operations:		
Total non-GAAP income from operations	\$ 175,319	\$ 182,418
Stock-based compensation	(147,657)	(153,831)
Amortization of acquired intangibles	(28,184)	(27,437)
Payroll taxes related to stock-based compensation	(3,510)	(1,049)
Charitable contributions	(15,315)	(1,301)
Restructuring costs	310	(3,694)
Loss from operations	(19,037)	(4,894)
Other (expenses) income, net	(7,206)	1,243
Loss before provision for income taxes	\$ (26,243)	\$ (3,651)