



Twilio Investor Day

November 3, 2022



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This presentation and the accompanying oral presentation contain 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 performance, objectives of management for future operations of Twilio Inc. and its subsidiaries (“Twilio” or the “Company”), market size and growth opportunities, projections and forecasts, competitive position and technological and market trends, expectations regarding long-term growth prospects for Twilio’s messaging and software products and services, expected cross-sell opportunities among the Company’s products and services, and Twilio’s ability to drive profitability and growth through restructuring actions, are forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “expect,” “plan,” “anticipate,” “intend,” “target,” “project,” “predict,” “potential,” “explore” or “continue” or the negative of these terms or other similar words. Twilio has based these forward-looking statements largely on its current expectations and assumptions and on information available as of the date of this presentation.

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This presentation also contains estimates and other statistical data made by independent parties and by the Company relating to market size and growth and other industry data. These data involve a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The Company has not independently verified the statistical and other industry data generated by independent parties and contained in this presentation and, accordingly, it cannot guarantee their accuracy or completeness. In addition, projections, assumptions and estimates of its future performance and the future performance of the markets in which the Company competes are necessarily subject to a high degree of uncertainty and risk due to a variety of factors. These and other factors could cause results or outcomes to differ materially from those expressed in the estimates made by the independent parties and by Twilio.

This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of the Company’s non-GAAP financial measures as tools for comparison. The Company has provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the appendix. A reconciliation of non-GAAP forward looking information to the corresponding GAAP measures cannot be provided without unreasonable efforts due to the challenge in quantifying various items.

Further information on potential factors that could affect Twilio’s financial results is included in our most recent annual report on Form 10-K, as amended, and subsequent quarterly reports on Form 10-Q filed with the SEC. In addition, Twilio is subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly, Twilio files periodic reports, current reports, proxy statements and other information with the SEC. These periodic reports, current reports, proxy statements and other information are available on the SEC’s website at <http://www.sec.gov>. The forward-looking statements included in this presentation represent the Company’s views only as of the date of this presentation, and Twilio assumes no obligation to update these forward-looking statements, except as required by law.



Today's agenda and featured speakers



JEFF LAWSON
CO-FOUNDER, CEO, & CHAIR

**INTRODUCTION AND
VISION**

1:35PM - 1:50PM



EYAL MANOR
CHIEF PRODUCT OFFICER

**PRODUCT
STRATEGY**

1:50PM - 2:05PM



ELENA DONIO
PRESIDENT OF REVENUE

**GO TO MARKET
STRATEGY**

2:05PM - 2:20PM



KHOZEMA SHIPCHANDLER
CHIEF OPERATING OFFICER

**FINANCIAL OVERVIEW
AND KEY METRICS**

2:20PM - 3:05PM

EXECUTIVE Q&A

3:15PM - 4:45PM

Introduction and Vision



Jeff Lawson

Co-Founder, CEO & Chair

CEO - Top of mind



1 Messaging unit economics are strong, re-focus on efficient product-led growth

2 Segment and customer data: the foundation of Act II

3 Why we'll win: better together

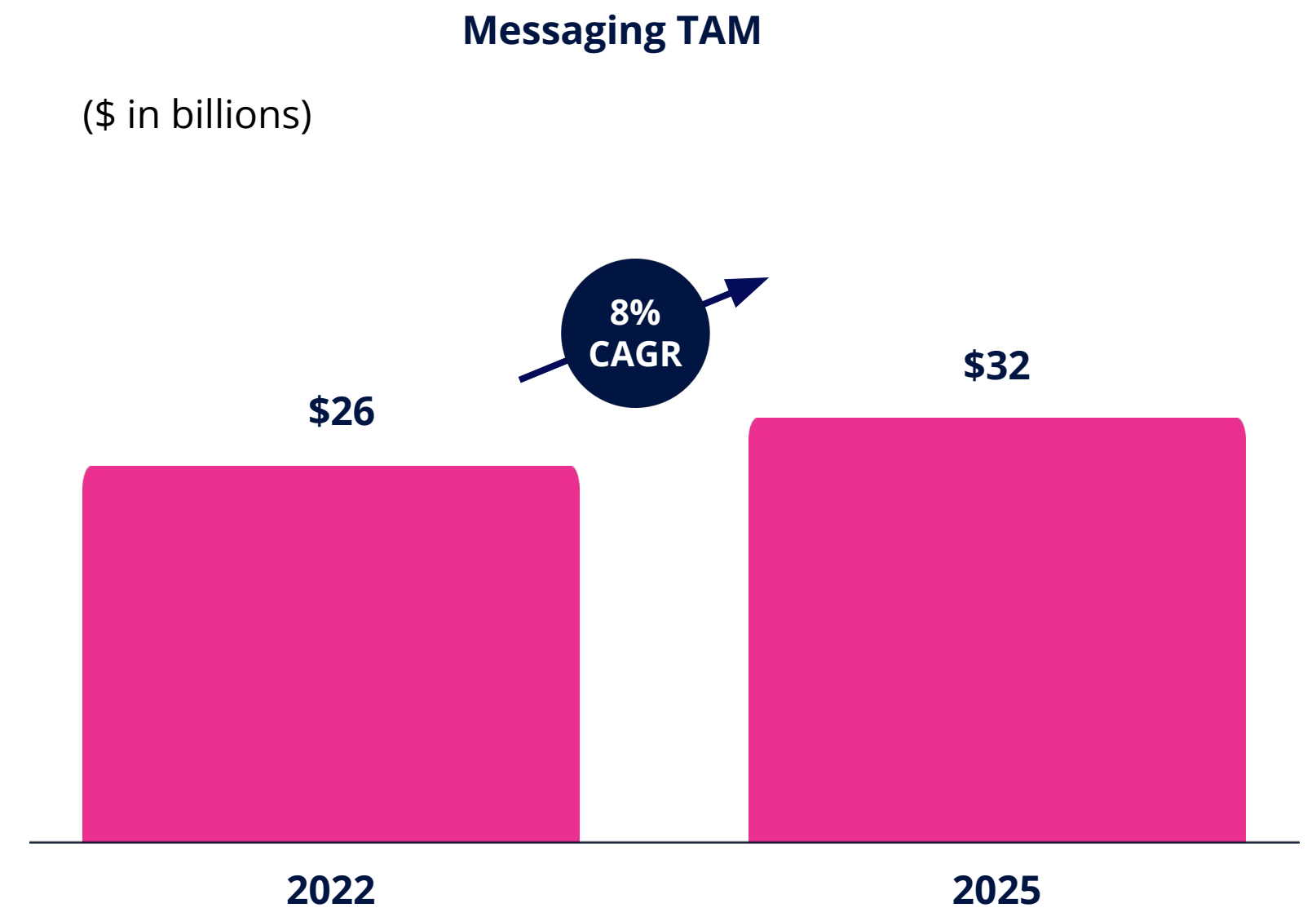
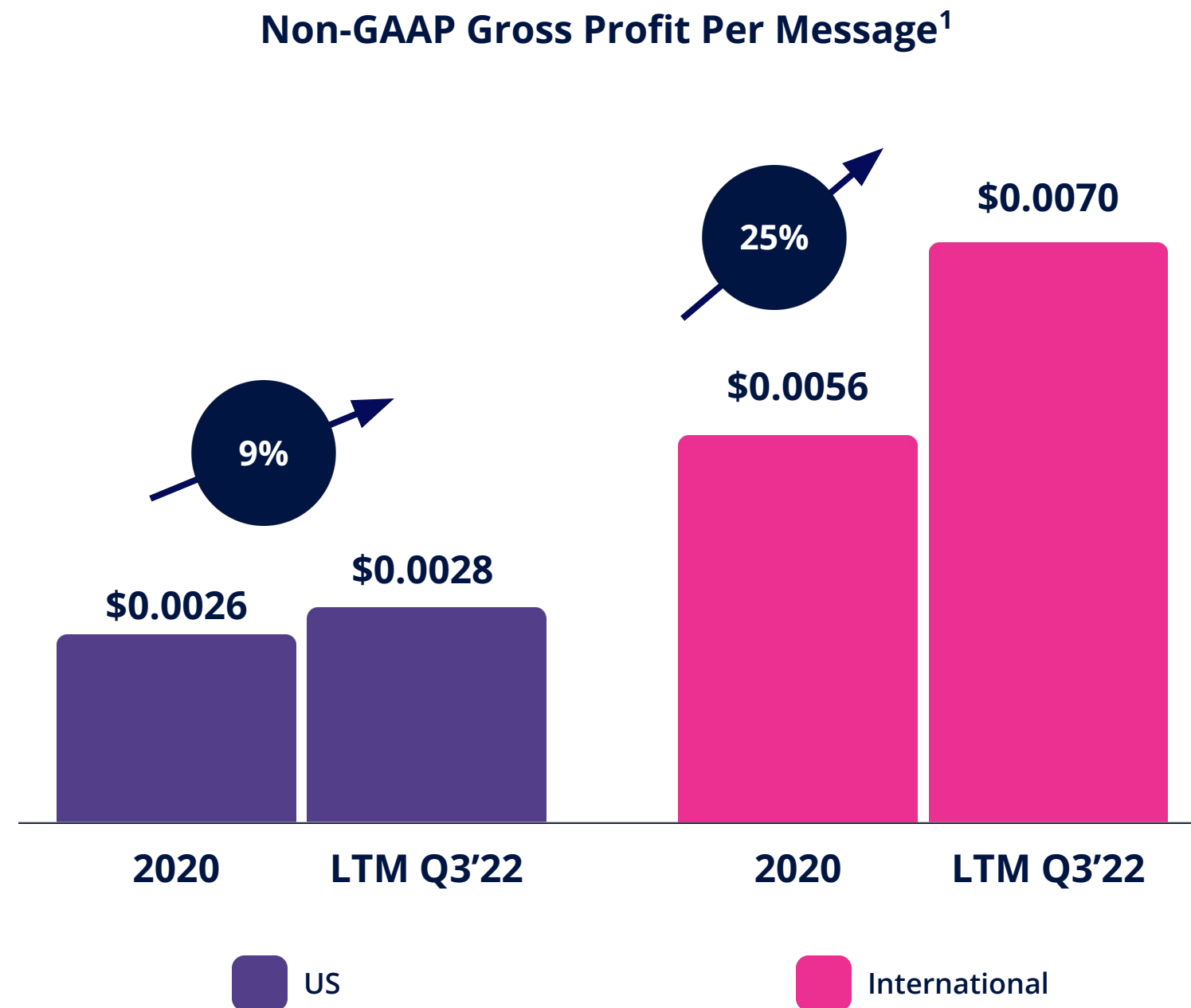
4 Laser focused on profitability and operating leverage

Messaging unit economics are strong



Gross profit per message is growing...

And the market is large and growing...



Note: Non-GAAP gross profit is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures. TAM based on industry analyst estimates and internal Twilio analysis.
1. Includes Twilio Core messaging. Excludes data from all acquisitions since October 2020. Numbers are rounded.



**The digital giants are winning because they have
the best customer data.**

Now every other B2C company needs to catch up.

amazon  **NETFLIX** **Google**

CRM ≠ Customer Engagement

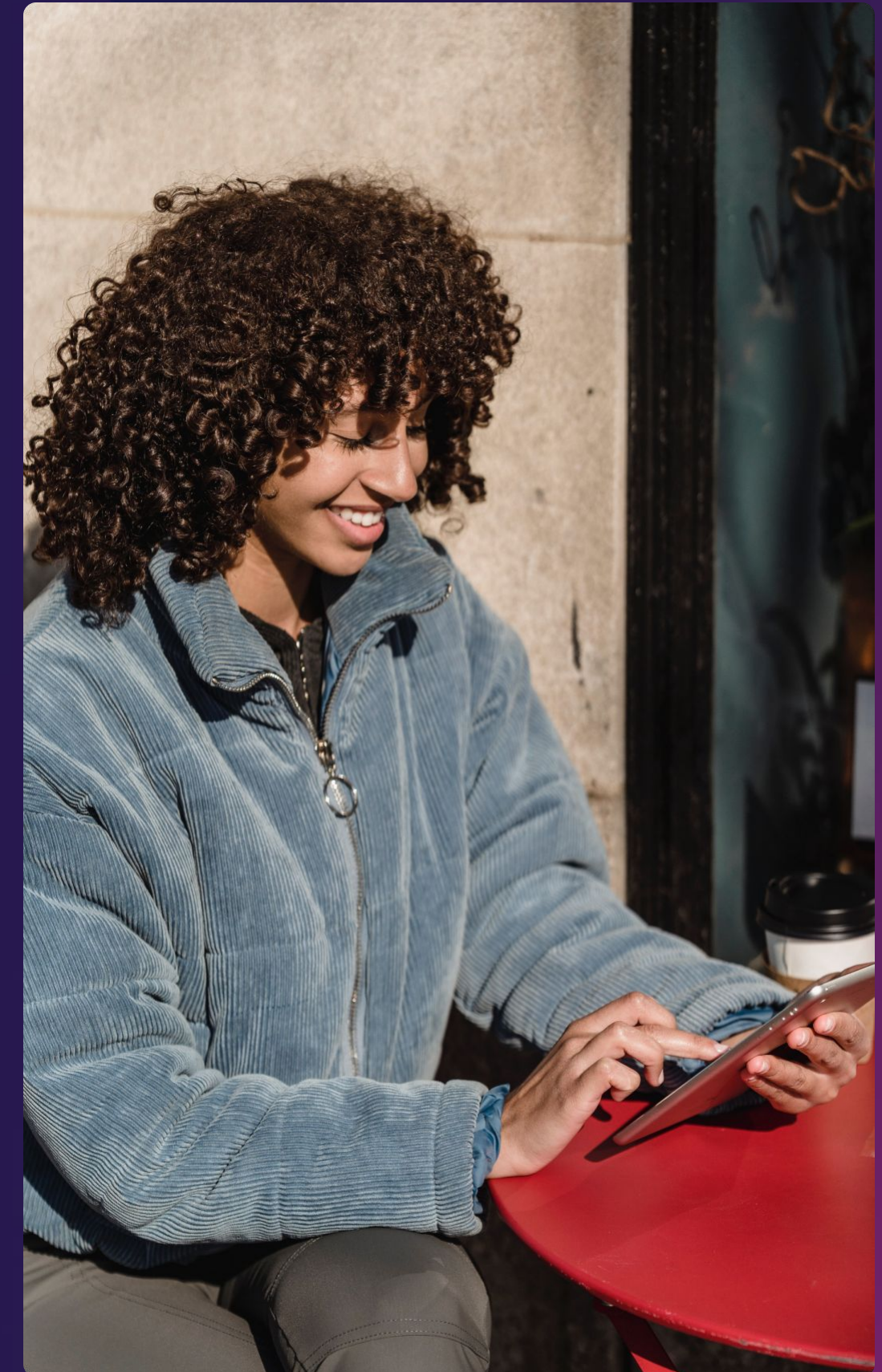


\$69B

Companies spent \$69B worldwide in 2020 investing in relationship management¹

13%

Yet only 13% of customers in the US say their experience is 'excellent'²





Twilio Customer Engagement Platform



Why we'll win: better together

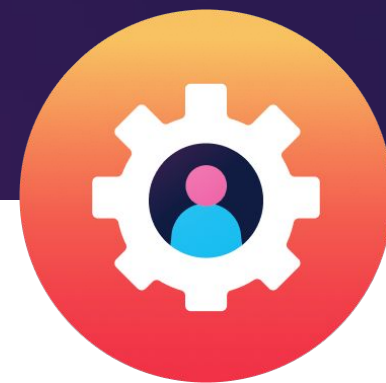


Combining leadership in communications and customer data, to create a strong, integrated value proposition



Leader in CPaaS

Twilio is a leading CPaaS for 2021 market share per IDC¹



Leader in CDP

Twilio is the #1 CDP for 2021 market share as determined by IDC²



Leader in Customer Engagement

Twilio is a leader in CEP for 2022 market share as determined by Omdia³

1. Source: IDC MarketScape: Worldwide Communications Platform as a Service 2021 Vendor Assessment
2. Source: IDC Worldwide Customer Data Platform Market Shares, 2021: Stellar CDP Growth Proves Value of Unified Data for CX
3. Source: Omdia Universe: Customer Engagement Platforms, 2022-23

Laser focused on profitability and operating leverage



Levers of profitability are within our control:

1

Back to our roots:

Gain leverage in communications through more **product-led growth** and more **efficient customer acquisition**

2

Accelerate software:

Focus more of our Go to Market resources on selling our high margin software:
Segment, Flex and Engage

Act II, Day 1



Despite short term headwinds, we believe we are well positioned for long term success

**Great
Customers**

**Right
Team**

**Large &
Growing
TAM**

**Leading
Products**

**Significant
Leverage
Opportunity**

Product Strategy



Eyal Manor
Chief Product Officer

CPO - Top of mind

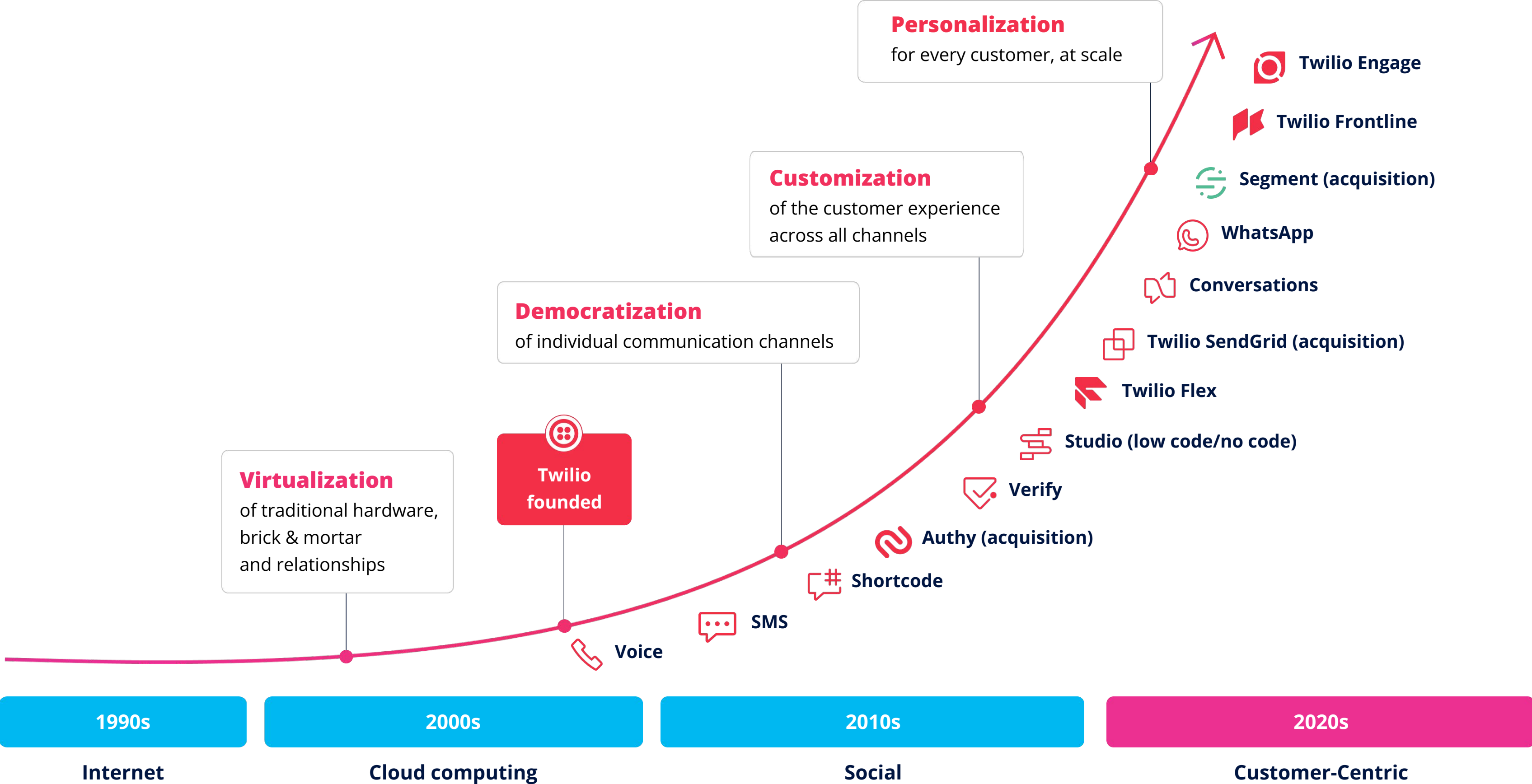


1 Focus on continued innovation

2 Build from a strong foundation

3 Prioritize R&D investments that differentiate our CEP

Twilio's evolution to the CEP



Twilio's Customer Engagement Platform



Combining the best CPaaS and CDP to build a single platform that intelligently orchestrates customer engagement across the customer life cycle



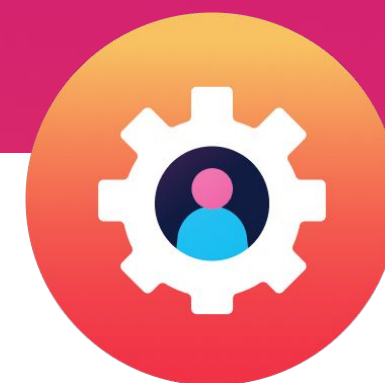
CPaaS

Twilio is a leading CPaaS for market share for 2021 per IDC¹



Intelligent Applications

Surfacing *real-time* context and investing in intelligence in our products enable desired outcomes for our customers



CDP

Twilio is ranked #1 for worldwide CDP market share for 2021 as determined by IDC²

1. Source: IDC MarketScape: Worldwide Communications Platform as a Service 2021 Vendor Assessment

2. Source: IDC Worldwide Customer Data Platform Market Shares, 2021: Stellar CDP Growth Proves Value of Unified Data for CX

CPaaS at global, enterprise scale



- ✔ **Millions of developers** choose Twilio's easy-to-use CPaaS solution to power omni-channel engagement with their customers world-wide
- ✔ Our Super Network connects with over **1500 global carrier** connections
- ✔ We provide advanced **compliance** management to support changing ecosystem regulations

180+

Countries reached

144B+

Messages sent LTM

54B+

Voice minutes per year

127B+

Emails sent monthly

200+

Technology Partners

280k+

Twilio customer accounts

Twilio Segment CDP

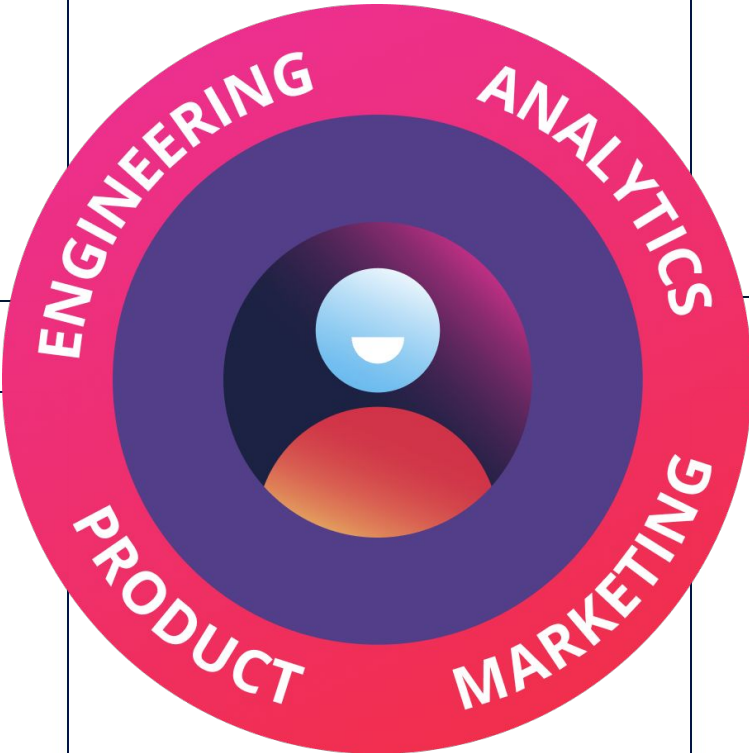


Real-time Collection

Collect data across every touch point – online and offline. Industry-leading data completeness and ease of implementation
1T+ API calls monthly

Govern & Process

Control your data by creating trusted and compliant data sets with the assistance of our data standardization and privacy by design capabilities



Single Profile Aggregation

Synthesize raw data points into a single view of the customer across the entire customer journey

Take Action with Ease

Activate your data in Engage or via a complete set of destinations from your data warehouse to SaaS applications without code
400+ pre-built integrations¹

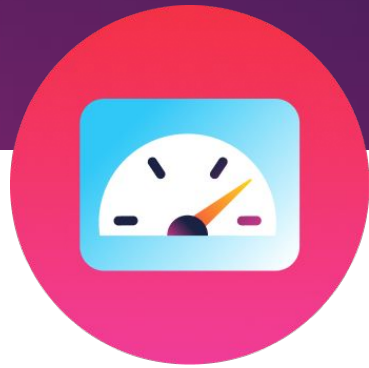


QUARTZ



1. Includes integrations in public beta

Focused on highest impact areas



Growing CPaaS profitably

Harness connectivity and channels to power profitable CPaaS growth



Accelerating Software

Prioritizing software that benefits from strength in CPaaS and Data



Shifting investment strategy

Resources deployed against products aligned to our CEP future

Solving business challenges across customer engagement



Consumer privacy and deprecation of 3rd party cookies drive demand for 1st party data

Twilio Segment collects, organizes, and activates 1st party data

81%

of companies still rely on 3rd party data¹

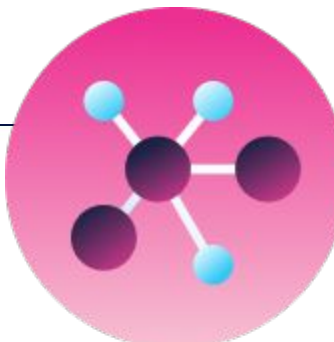


Legacy CRMs and siloed data create barriers to personalized experiences

Twilio Segment's single view of a customer powers real-time personalization across any engagement channel

60%

of consumers become repeat buyers after a personalized experience²



Businesses need digital channels to meet consumer expectations

Twilio's CPaaS offering provides companies with unified APIs to reach customers where they are

70%

of companies see increase in revenue when investing in engagement tools¹

1. Source: Twilio's 2022 State of Customer Engagement Report
2. Source: Twilio Segment's The State of Personalization 2021 Report



A contact center built to be flexible

The screenshot displays the Twilio Flex interface. On the left, an 'Interaction history' sidebar lists events: 'Test Drive requested via webform', 'Follow-up call', 'Internal Chat', 'Test booked' (August 21st at 1pm | Owl Autos Center, London), 'Details requested', and 'Details provided' (August 11th at 1pm | Owl). The main area shows a conversation with Michelle Smith (09:01) and Adam Jones (09:02). Michelle's message: 'I can get you on a flight 30 min earlier or an hour later; business class, an aisle seat and a vegetarian meal. How does that sound?'. Adam's response: 'That would work perfectly, thanks so much Michelle.' Below the chat are several analytics dashboards: 'TASK SUMMARY' (Active: 1,198, In Wrap up: 527, Abandoned: 14), 'HANDLING TIME' (Average: 7.9m, 78.9% calls under), 'SALES | SEPT 2018' (28% MONTH INCREASE, Closed: 956, Follow up: 301), and 'AVAILABILITY' (10.17.18).



Customer conversations on all channels

Meet your customers where they are with one continuous conversation across any channel

Seamless employee experiences

Empower your reps to serve, sell, and support by providing the context they need on one screen

Extensible platform to fit your business

Build a digital storefront or create a world-class contact center, Flex extends to fit your business



BOSCH

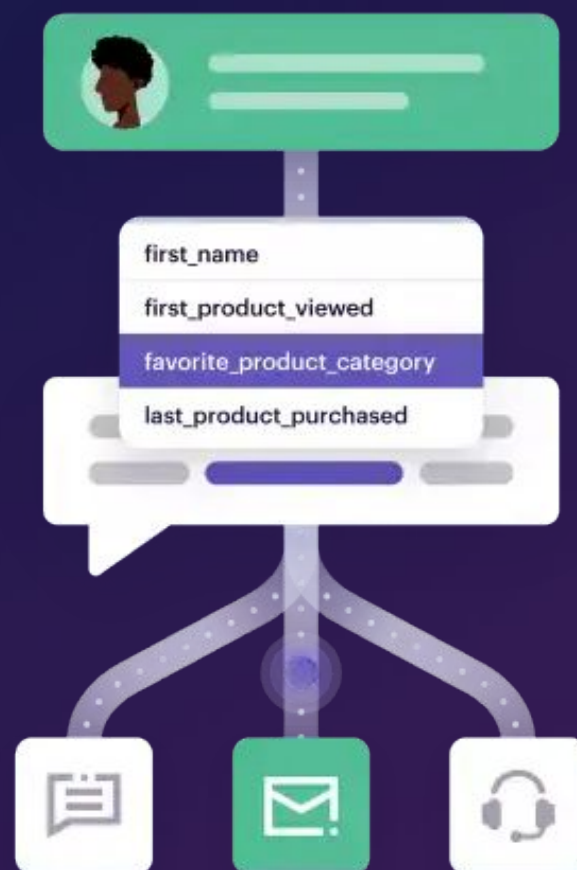


MaineHealth



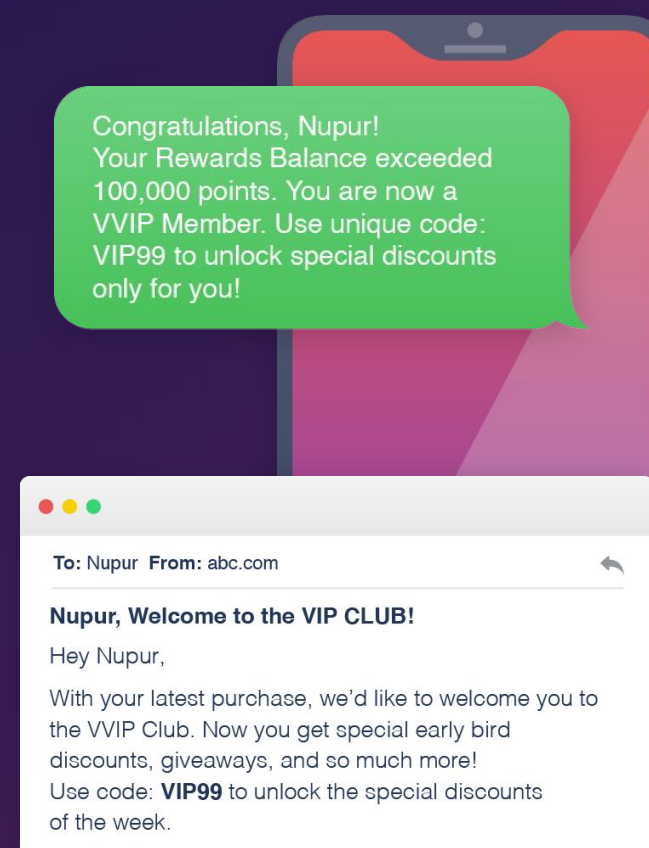
The *real-time, data-first* marketing platform

The right message



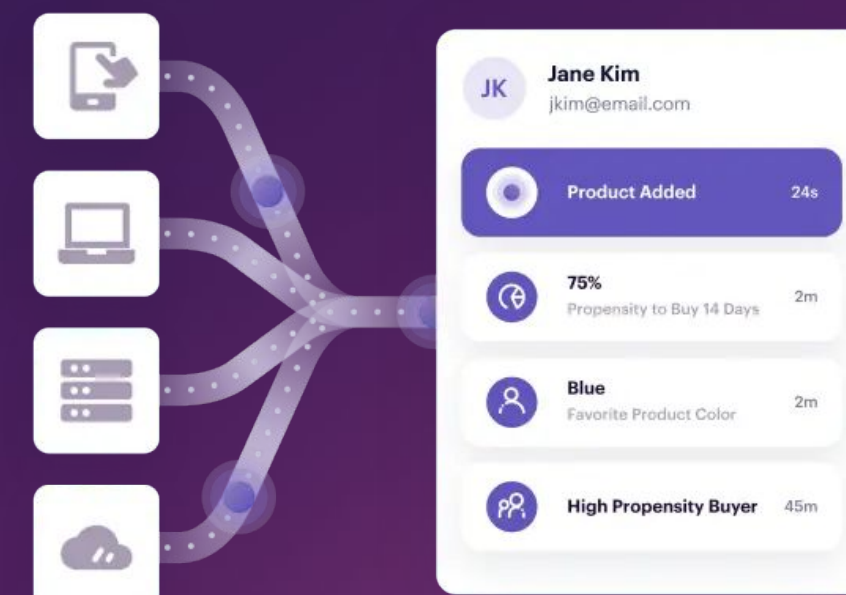
Personalize your message using a complete view of your customers

The right channel



Reach your customers with natively integrated Twilio channels

The right time



Use real-time data to connect with customers at key moments



Building a differentiated approach to customer engagement

One Platform

A resilient, secure, and unified approach

A modern, global platform with trusted infrastructure and digital reach that delivers the power to drive engagement across the entire customer journey

Built on Data

Foundation for fueling customer relationships

The only unified view of customer and communication data to produce real-time intelligent profiles across all critical engagement applications

Driven by AI

Intelligence-driven actions and outcomes

Automating the best action, whether reaching the right support agent, targeting the audience, or sending a message at the perfect moment

Go to Market Strategy



Elena Donio
President of Revenue

President of Revenue - Top of mind



1 We have a massive software opportunity

2 Continue to build strong strategic relationships with customers

3 Messaging GTM can be significantly more efficient

Our strong foundation for growth



Large Customer Base

280,000 customers around the world, ~ $\frac{2}{3}$ of revenue from large enterprise and mid market¹, with significant potential for cross-sell



Scaled Sales Motion with Automation Opportunities

Highly scaled sales process

Building greater customer self-service capabilities



Product Strength & Differentiation

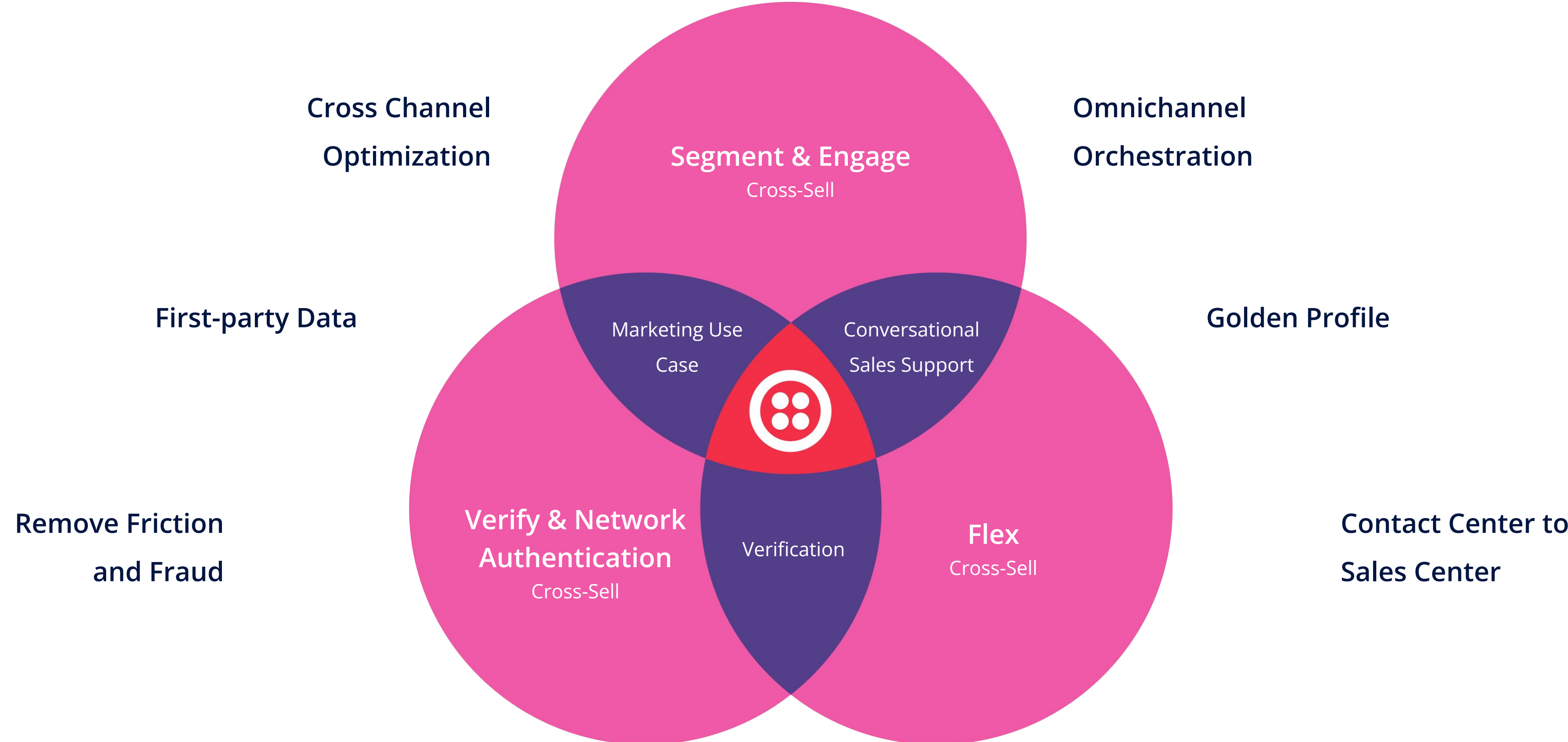
One of the largest communication platform as a service players to build upon for sales, marketing and service solutions

1. Represents revenue mix aligned to company size as represented by our sales customer mapping for Legacy Twilio and Email only.

Significant growth opportunity through cross-sell








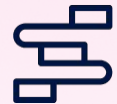










Messaging + Segment/Engage/Flex/Authentication

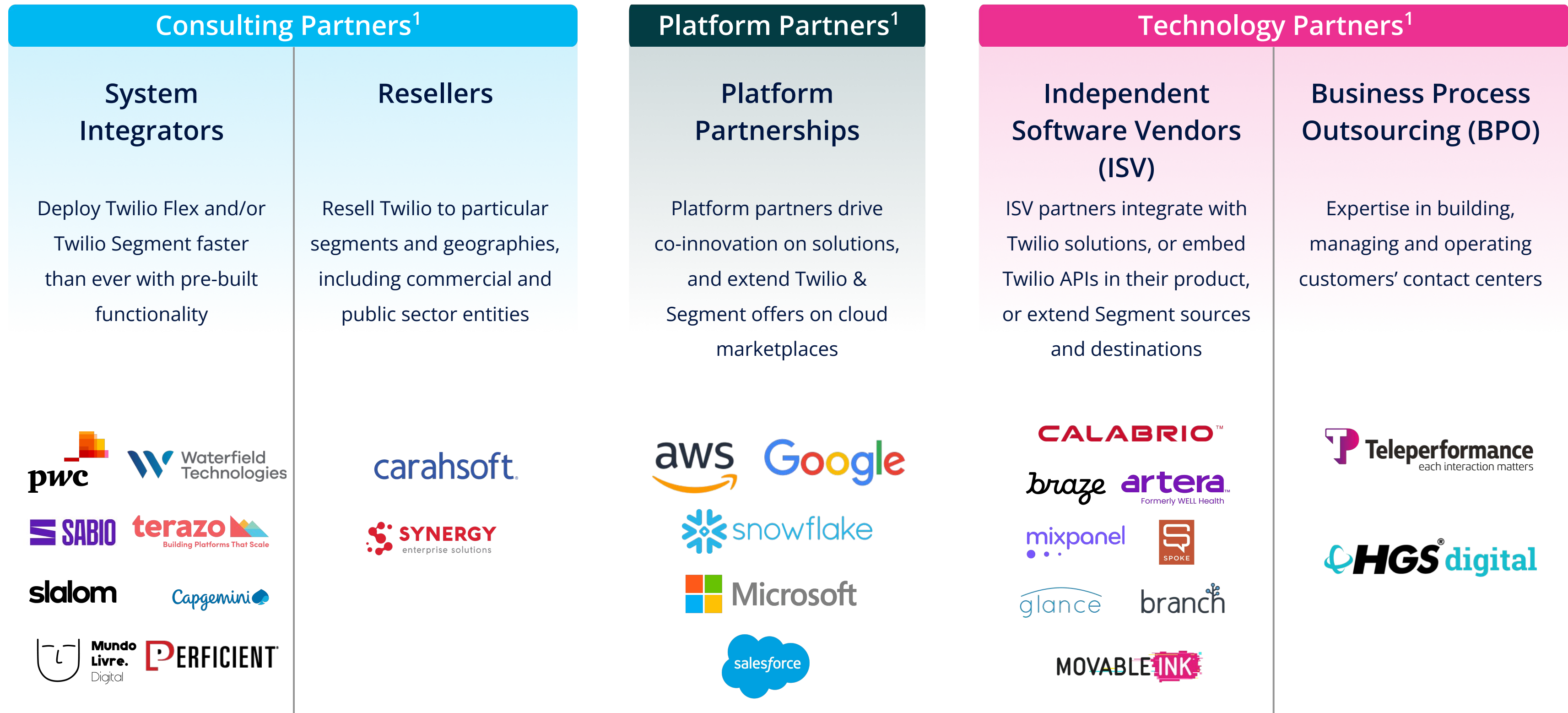


We have multiple land and expand opportunities



	Product Builders & Developers	Marketing & Data Analytics	Inside Sales & Customer Experience
Impact	Building scalable frictionless experiences that drive conversion and usage	Strong ROI through first-party data for personalization and data driven interaction	Measurable growth in sales conversion through one click digital sales
Typical Product / Land	 Email  Messaging  Voice	 Messaging  Segment  Email	 Voice  Studio  Messaging
Cross-sell Product / Expand	 Segment  Network Authentication	 Engage  New Comms Channels	 Segment  Flex  FrontLine

Large and growing Twilio Partner Ecosystem



Leverage partner ecosystem to co-innovate, enhance distribution, and increase GTM efficiency

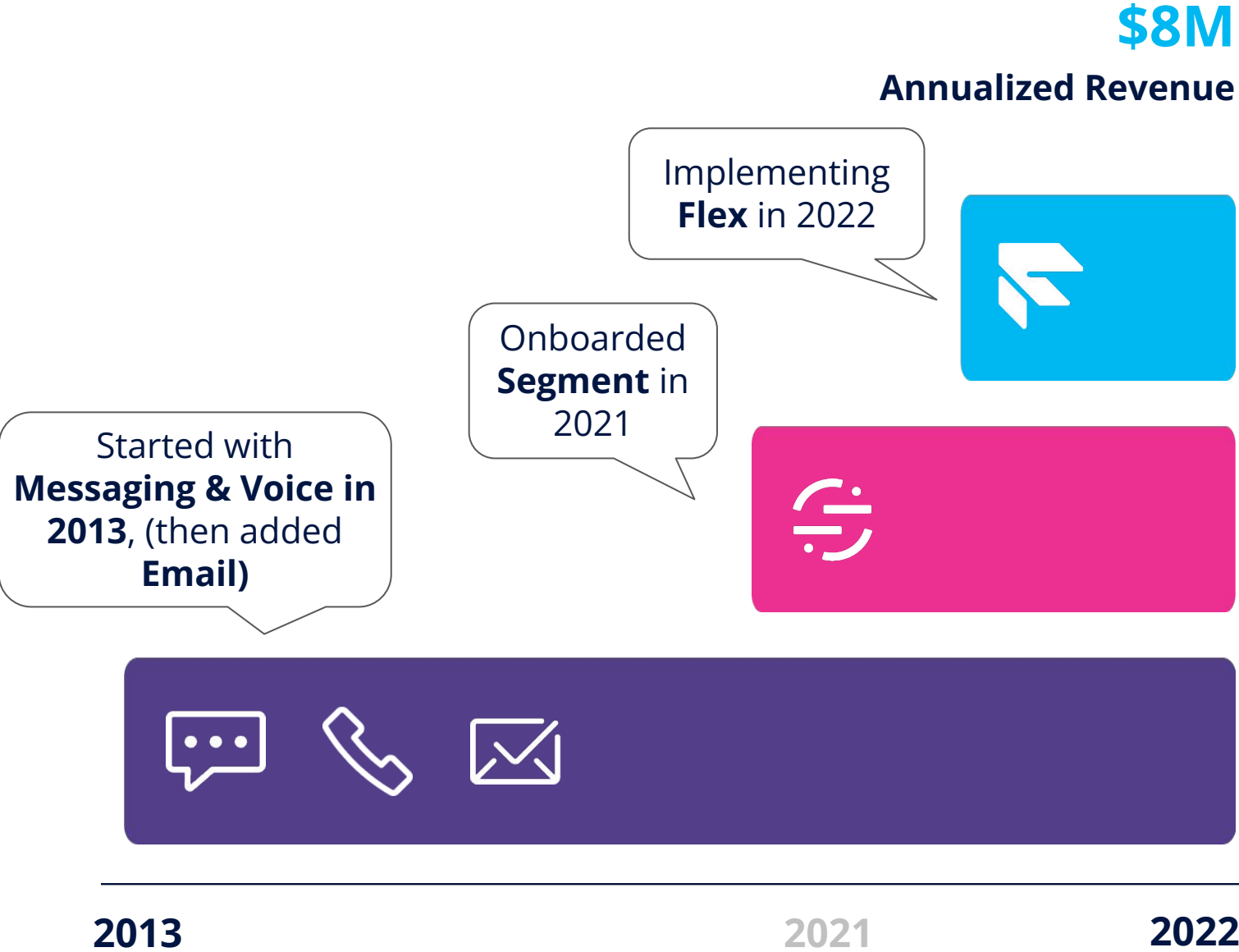
1. Representative list of partners.

Starting to see strong validation of our sales strategy

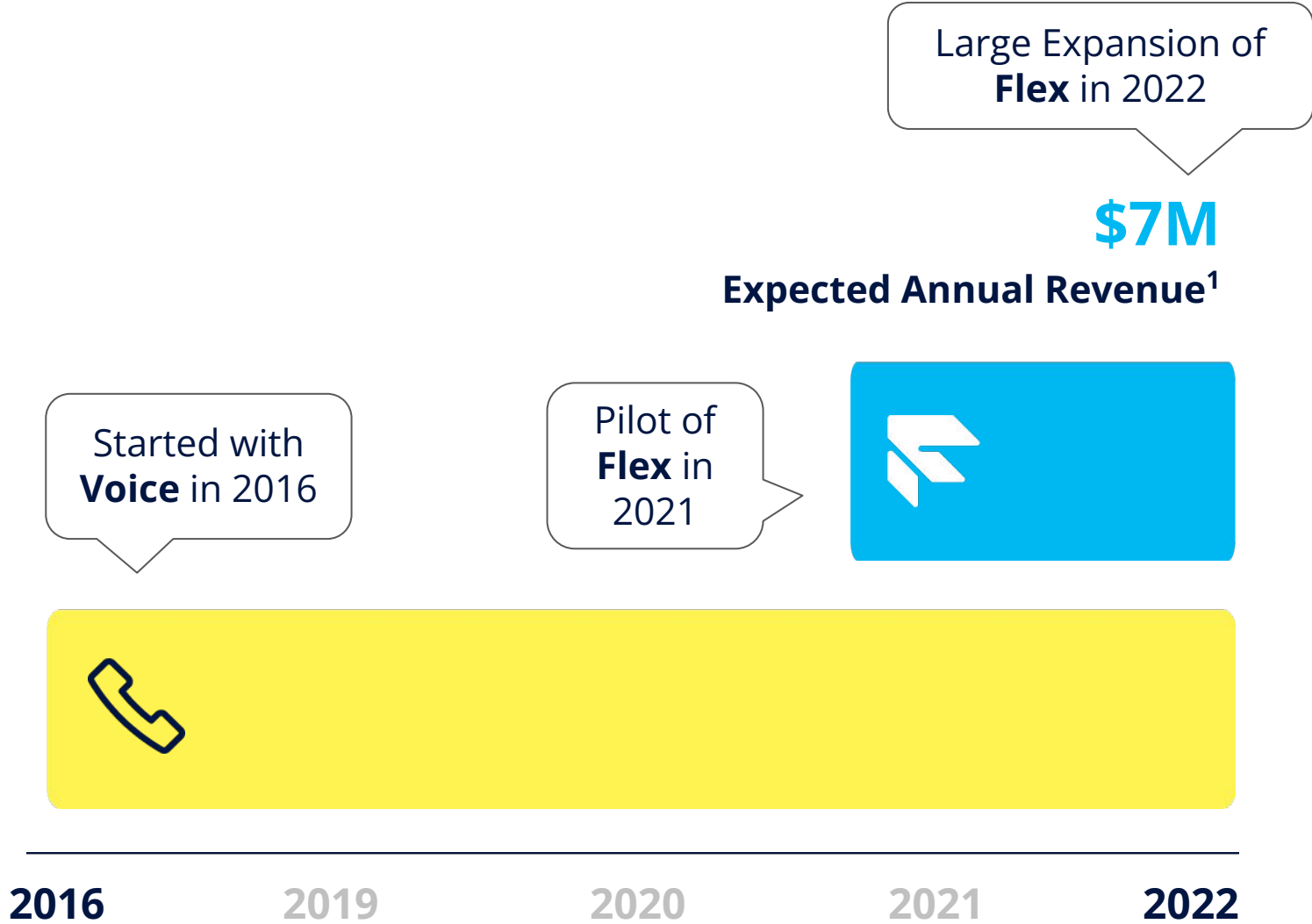


Customer Expansion Examples:

Customer A: Fortune 500 Financial Services Company



Customer B: Fortune 100 Retailer



1. After completion of implementation in 2023

Engage can be a game-changer for CDP



Customer Example:

Large Canadian Retailer

Marketing analytics team typically batch processes the data while struggling to find the right data tables and sources.

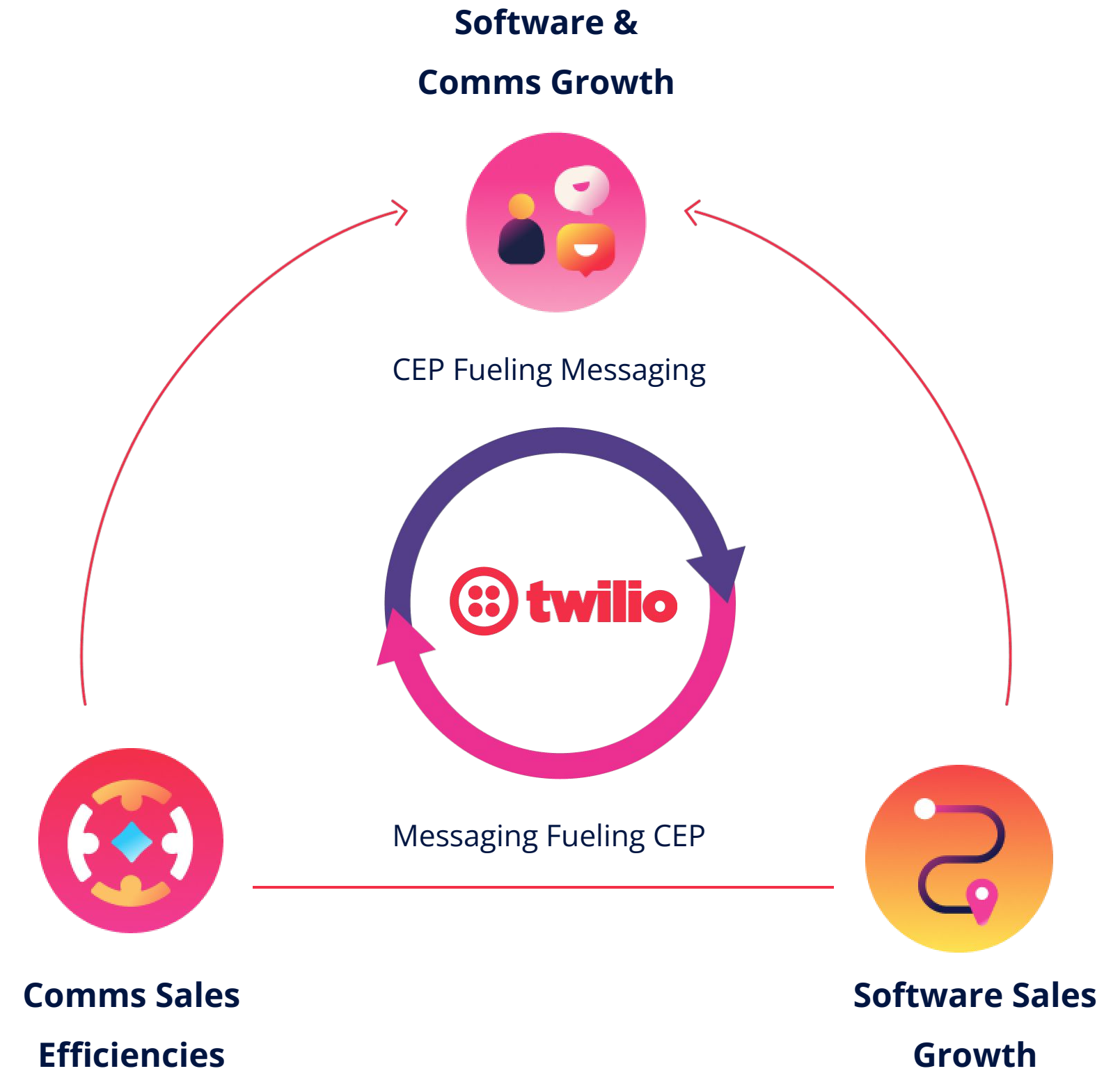
The lag time in getting the data to acting on it was typically multiple weeks - too late to drive or influence outcomes.

Twilio Engage provided one source with the power to trigger email or messages on real-time events!

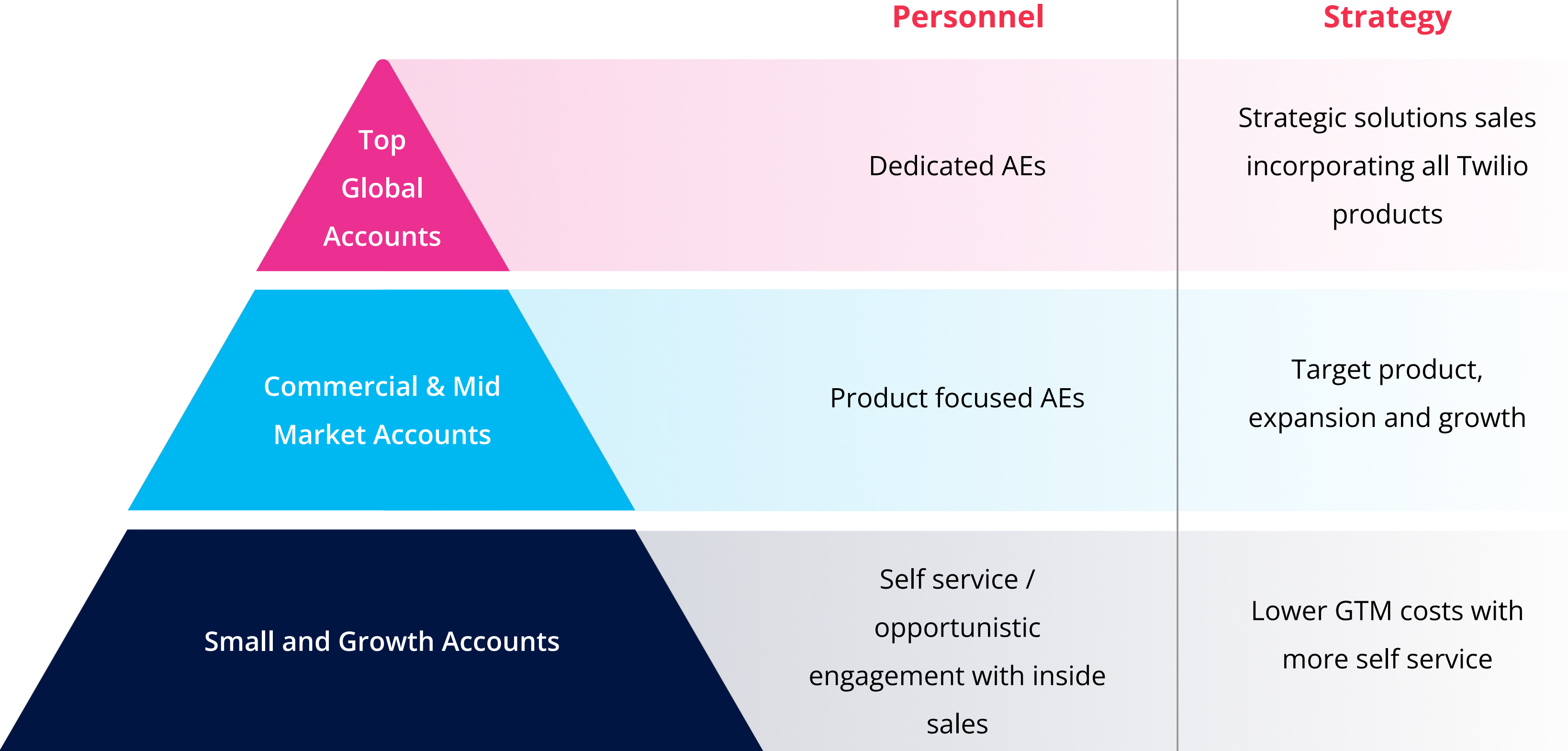


Revamped GTM Strategy

- ✔ Focused initiatives to reduce costs and **drive profitability for our messaging business**
 - Shift to more self-service automation
- ✔ Investments in **software solution value selling**
 - Building team and driving cross sell initiatives
- ✔ **Software growth drives comms** usage at scaled efficiency
 - Growing software will drive more efficient messaging sales



The result is a focused, efficient sales model



GTM transformation



Driving
Efficiencies



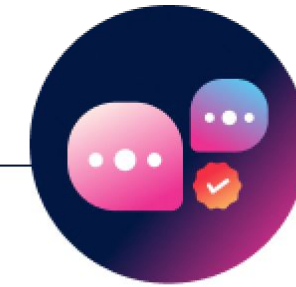
Customer Self-Service

Drive greater sales efficiencies through automation and self service capabilities



Product-led Growth

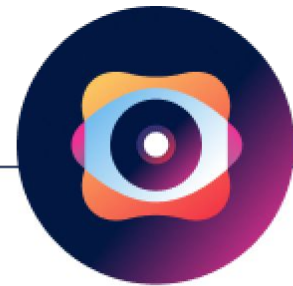
Improve developer experience to determine Product Qualified Leads (PQLs) to target based on activity and usage



Leverage Messaging for Growth

Leverage our messaging customer base to drive profitable growth by cross selling software

Investing
for Growth



Investing in Twilio Segment AEs

Increase AE sales coverage for Segment including Twilio Engage



Double-down in Flex Sales

Increase sales capacity for Twilio Flex



Build Channel Sales Partners

Leverage partner ecosystem to implement software solutions and cultivate channel sales opportunities

Financial Overview and Key Metrics



Khozema Shipchandler
Chief Operating Officer

COO - Top of mind



1 Focus on driving disciplined, organic growth

2 Deliver meaningful operating profits, regardless of gross margin

3 Continuously improve consistency in performance and metrics

Q3 2022 earnings recap



	Q3 Results	Q4 Guidance	Implied FY Guidance
Revenue	\$983M	\$995M - \$1,005M	\$3,797M - \$3,807M
<i>Y/Y Growth</i>	<i>33%</i>	<i>18% - 19%</i>	<i>34% - 34%</i>
<i>Organic Y/Y Growth</i>	<i>32%</i>	<i>18% - 19%</i>	<i>29% - 29%</i>
Non-GAAP Op. Loss	(\$6M)¹	(\$15M) - (\$5M)	(\$23M) - (\$13M)¹
<i>Reported</i>	<i>(\$35M)</i>	<i>N/A</i>	<i>(\$52M) - (\$42M)</i>
Dollar-based Net Expansion	122%	N/A	N/A
Active Customer Accounts	280,000+	N/A	N/A

Note: Refer to the appendix for the definition of dollar-based net expansion rate and active customers accounts. Non-GAAP operating loss is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. Excludes non-cash accrual of \$29 million related to the implementation of the Company's new sabbatical program for tenured employees.

Agenda

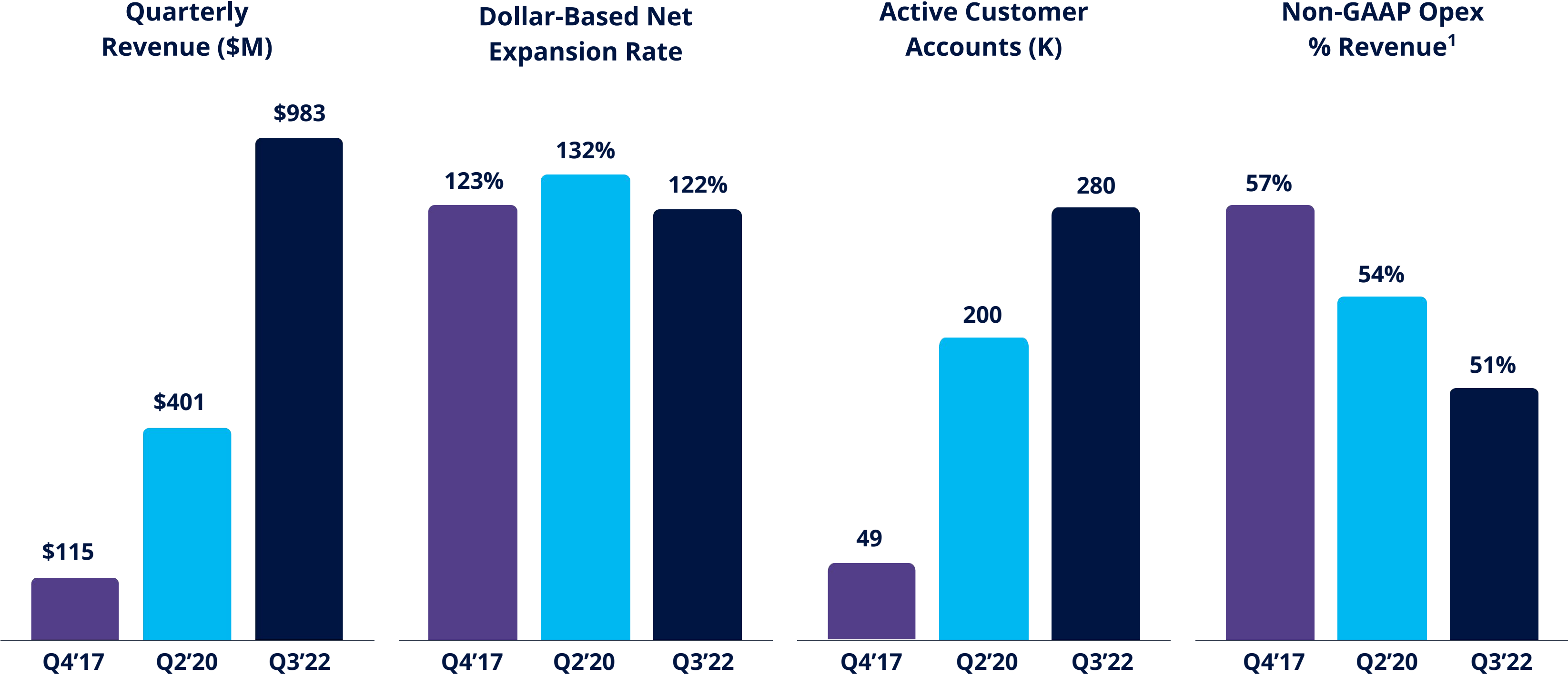


- 01 | Our Business
- 02 | Communications Overview
- 03 | Software Overview
- 04 | Driving Operating Leverage
- 05 | Moving Forward



Our Business

We've driven progress since our previous Investor Days

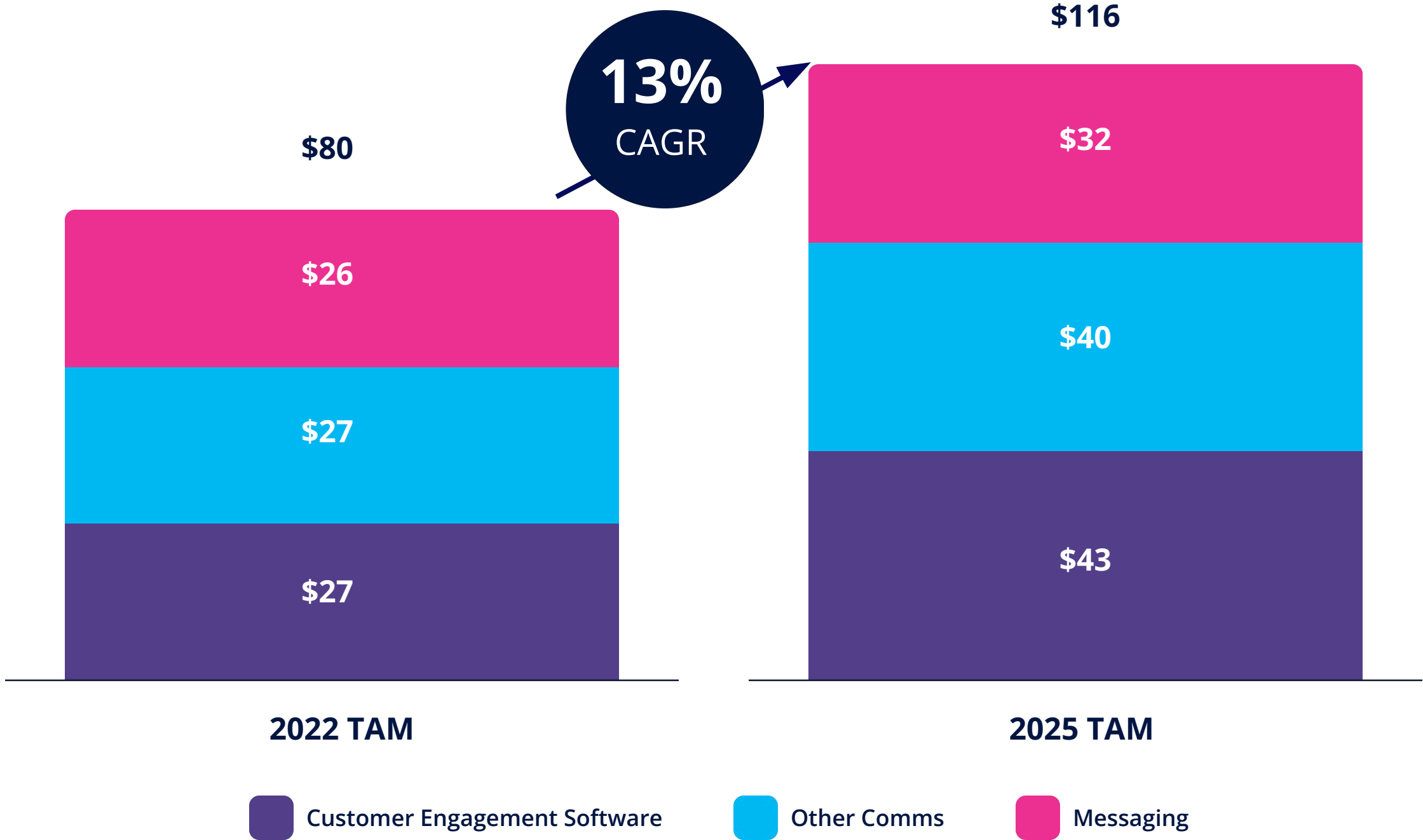


Note: Refer to the appendix for the definition of dollar-based net expansion rate and active customers accounts. Non-GAAP operating expenses is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. Q3'22 non-GAAP operating expense excludes the non-cash accrual of \$29 million related to the implementation of the Company's new sabbatical program for tenured employees. Including this expense, Non-GAAP operating expense as a percent of revenue would be 54% in Q3'22.

Our market opportunity continues to expand



(\$ in billions)



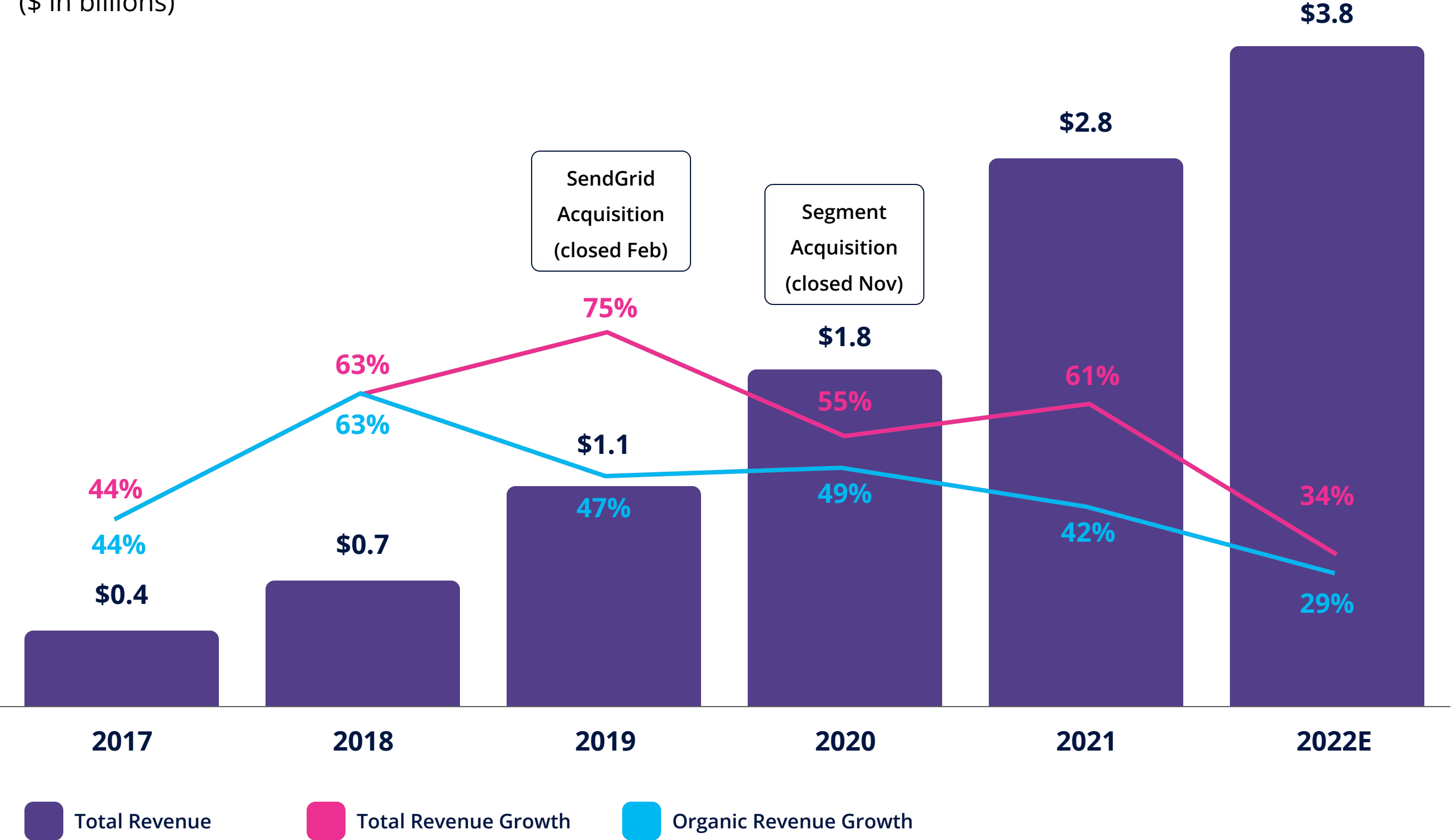
Note: TAM based on industry analyst estimates and internal Twilio analysis. Customer Engagement Software includes CDP, Marketing Campaigns, and CCaaS. TAM numbers are rounded and may not sum.

We've delivered consistent revenue growth at scale



Total Revenue

(\$ in billions)



\$3.9B
Q3'22 Annual Revenue Run Rate

57%
5-YR CAGR '17-'22E

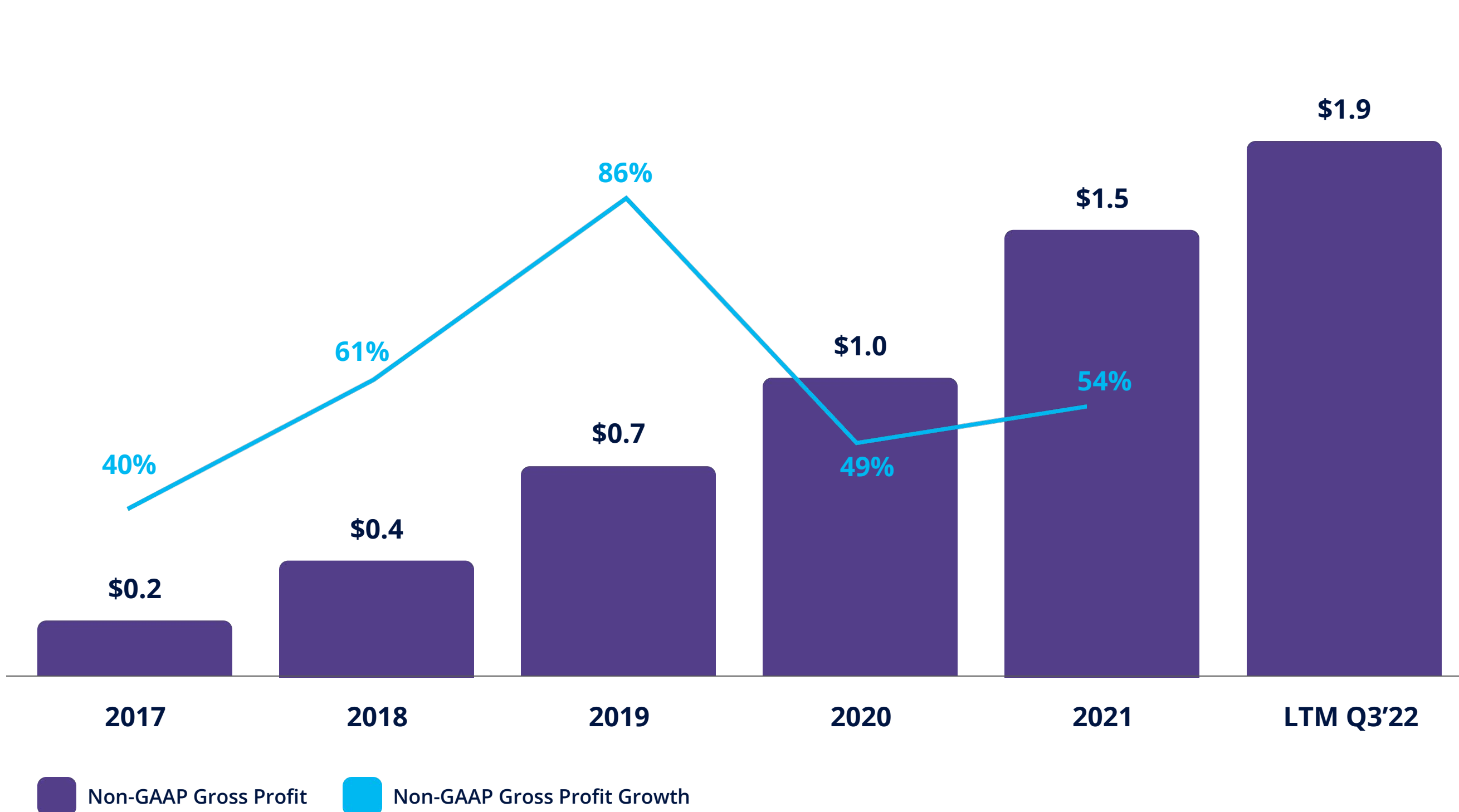
66% / 34%
Domestic vs. International 2022 YTD Revenue¹

Note: 2022E revenue based on actual revenue for the first three quarters of 2022, plus the midpoint of the Q4'22 revenue guidance range. The 5-year revenue CAGR is based on this same revenue estimate for 2022.
1. Revenue by geographic area is based on the IP address or the mailing address at the time of registration.

Non-GAAP gross profit dollar growth fuels investments



(\$ in billions)



56%

5-YR CAGR
Q3'17-Q3'22

51%

Non-GAAP Gross Margin
LTM Q3'22

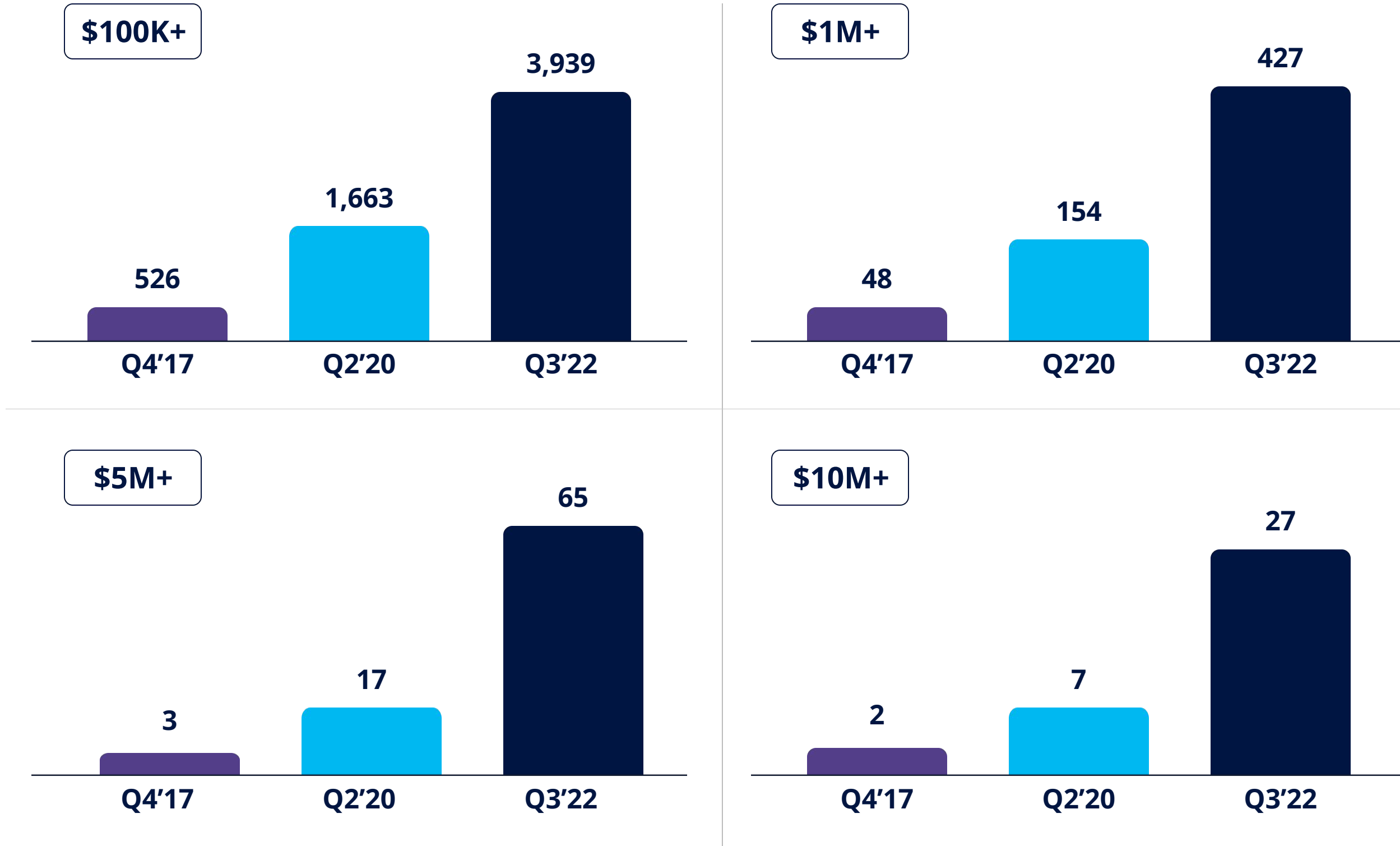
Focus on
**UNIT
ECONOMICS**

Note: Non-GAAP gross profit is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

Continuing to increase our strategic value



Customer Count by Trailing 12-Month Revenue (comparison versus previous Investor Days)

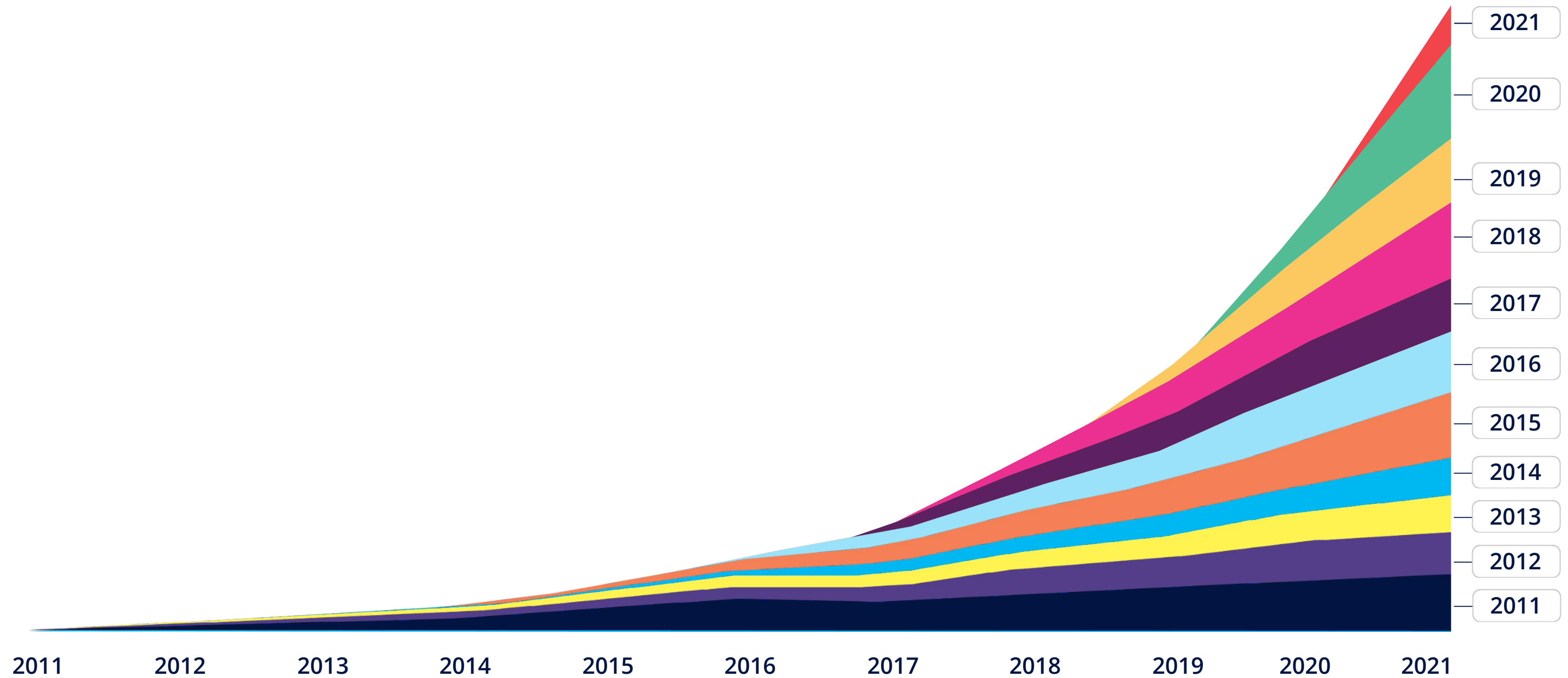


1,028
G2K Customers¹

\$216M
Q3'22 Revenue from
G2K Customers

1. G2K data excludes revenue and customer count from Segment. Data for Q2'20 and Q3'22 includes Twilio SendGrid customers, which were previously excluded from this dataset when we shared it in our October 2020 Investor Day presentation.

Existing customers are continuing to grow with Twilio

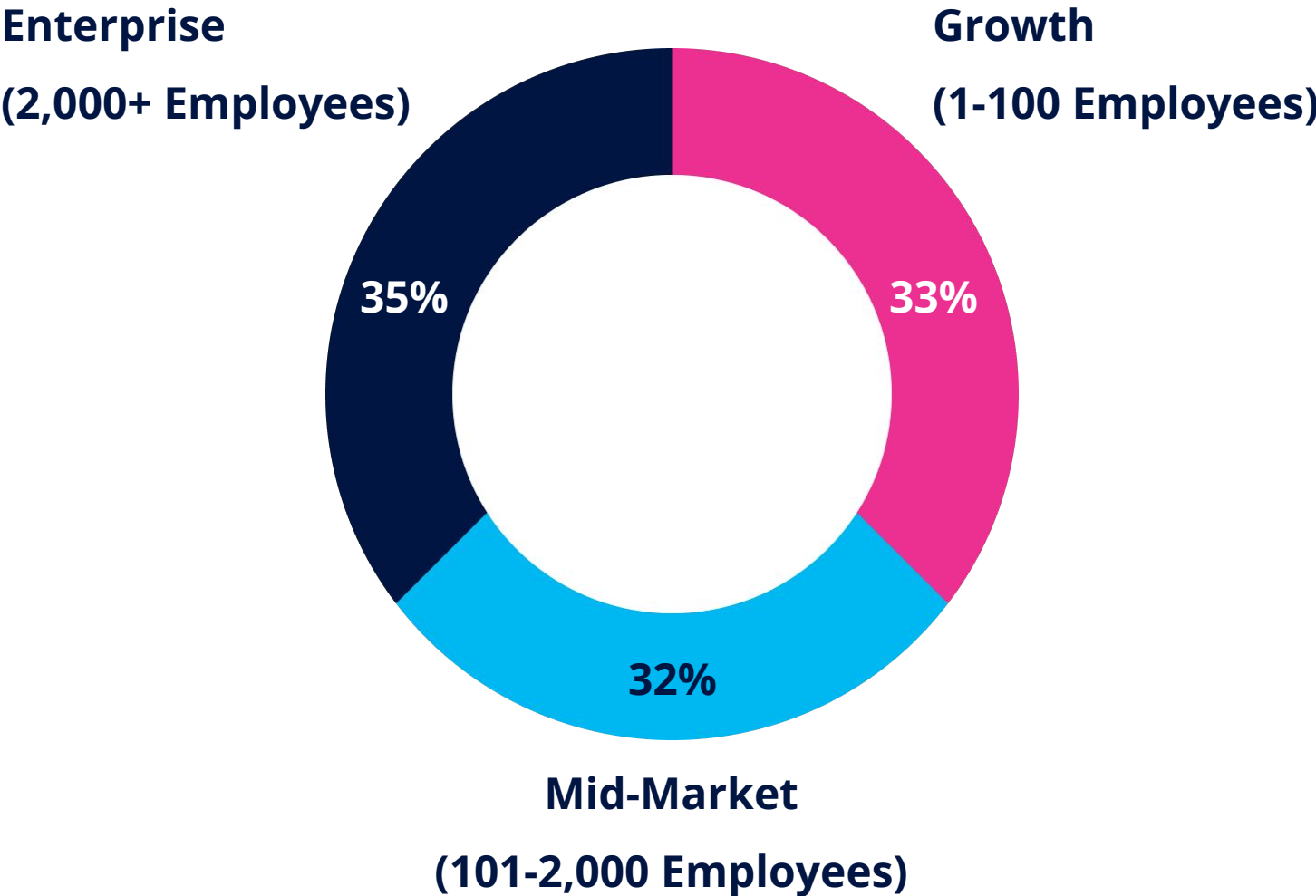


Note: Represents revenue from our Active Customer Accounts for Legacy Twilio, Email and Segment products. Segment data begins November 2, 2020. Grouped by cohorts based on the year when each customer account cohort originated.

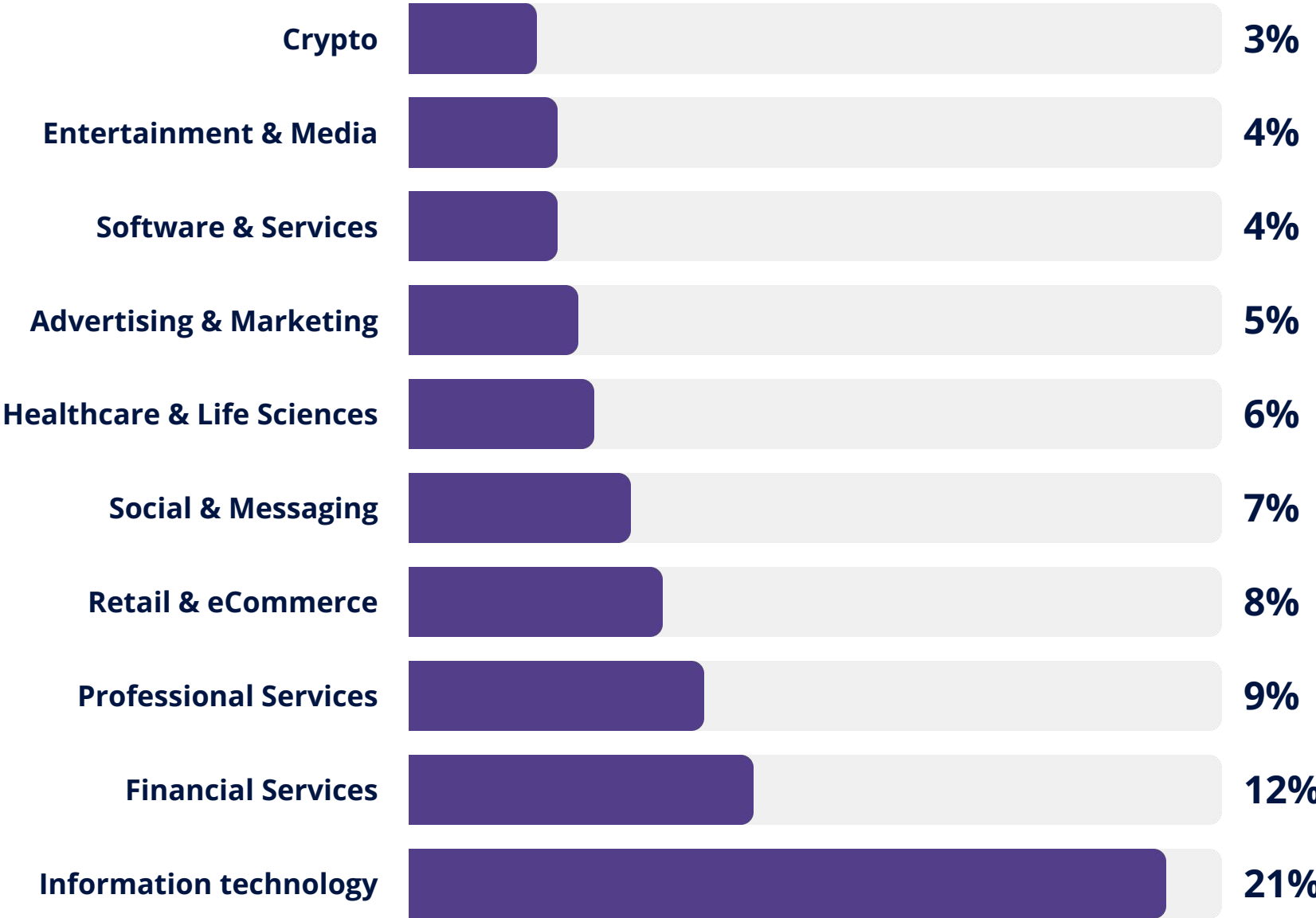
We are well diversified across customer size and industry



Q3'22 Revenue Mix by Customer Size¹



Q3'22 Revenue Mix by Industry - Top 10²








1. Represents revenue mix aligned to company size as represented by our sales customer mapping for Legacy Twilio and Email only. Excludes revenue from all acquisitions since October 2020.

2. Revenue mix by customer size and by industry includes revenue from our current customers for Legacy Twilio and Email only. Excludes revenue from all acquisitions since October 2020. Note that industry data is for selected industries only, and that percentages are rounded to the nearest whole number.

Product portfolio provides multiple growth vectors

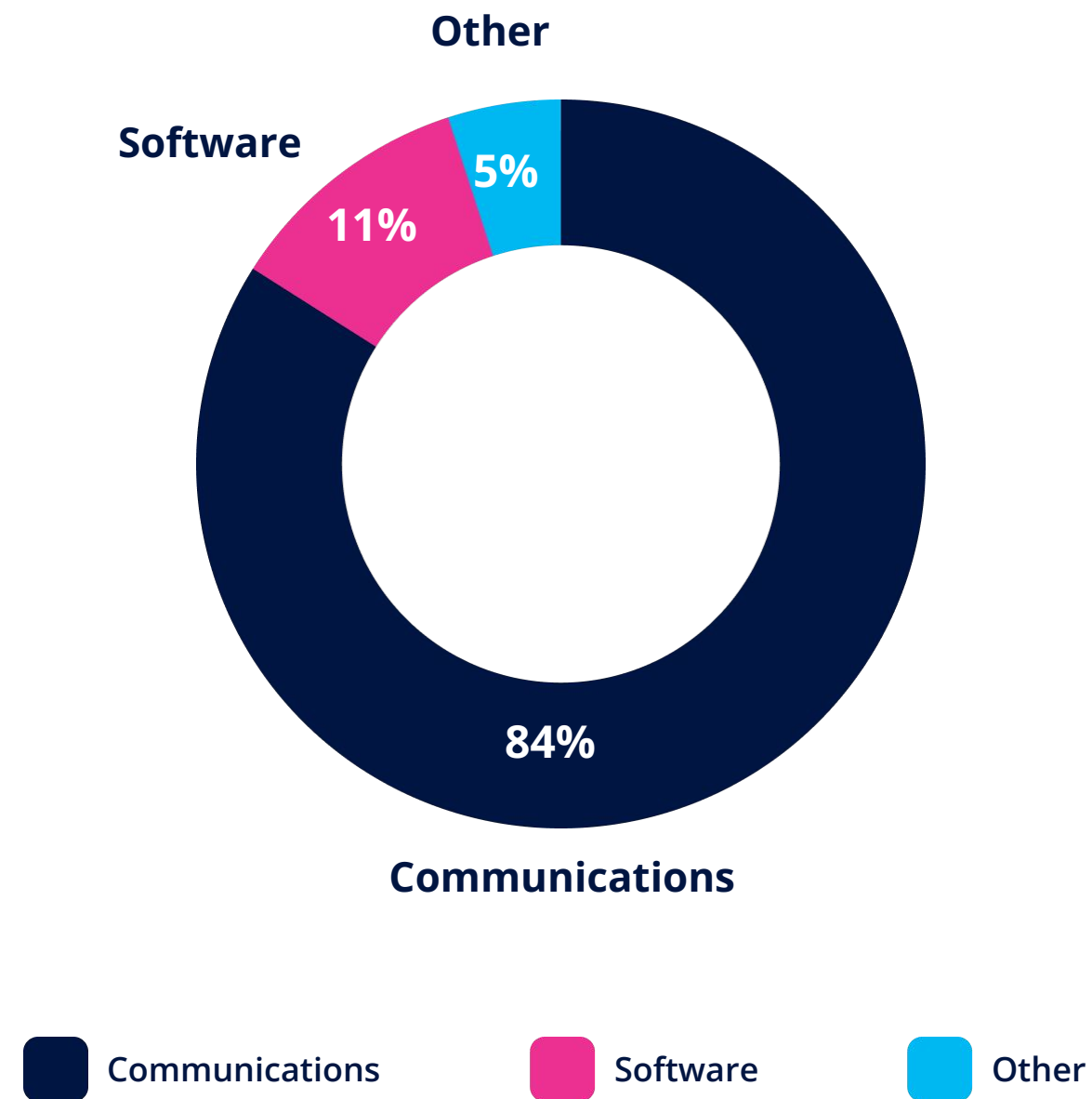


	Q3'22 LTM REV	Primary products			Typical attributes		
Other comms	\$1.1B	Voice / SIPT	Phone Numbers	Account Security	<ul style="list-style-type: none"> ✓ Primarily usage-based ✓ Mixed growth / high margin 		
		Email	Video				
Messaging	\$2.0B	Messaging			<ul style="list-style-type: none"> ✓ Usage-based ✓ High growth / mixed margin that varies by geo given telco costs 		
Software	\$0.4B	 Segment	 Flex	 Frontline	 Engage	 Marketing Campaigns	<ul style="list-style-type: none"> ✓ Primarily subscription-based with usage elements ✓ Predominantly high growth / high margin
Other	\$0.2B						

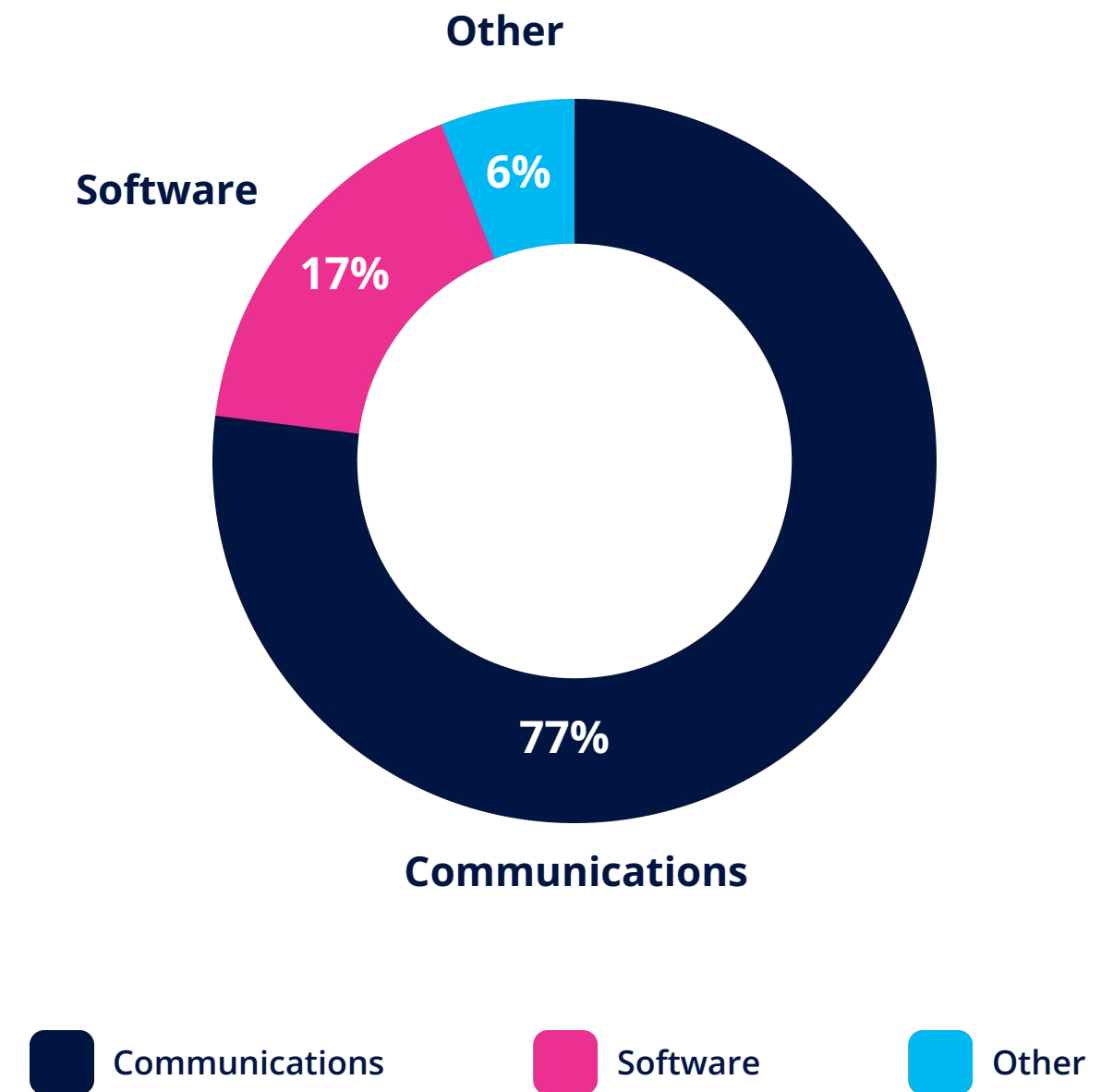
Note: Numbers are rounded and may not sum. Other consists of enterprise and support plans, professional services, minimum commits, IoT/wireless and other smaller products.

Revenue and non-GAAP gross profit mix across our portfolio

LTM Q3'22 Revenue Mix Product (%)



LTM Q3'22 Non-GAAP Gross Profit Mix by Product (%)





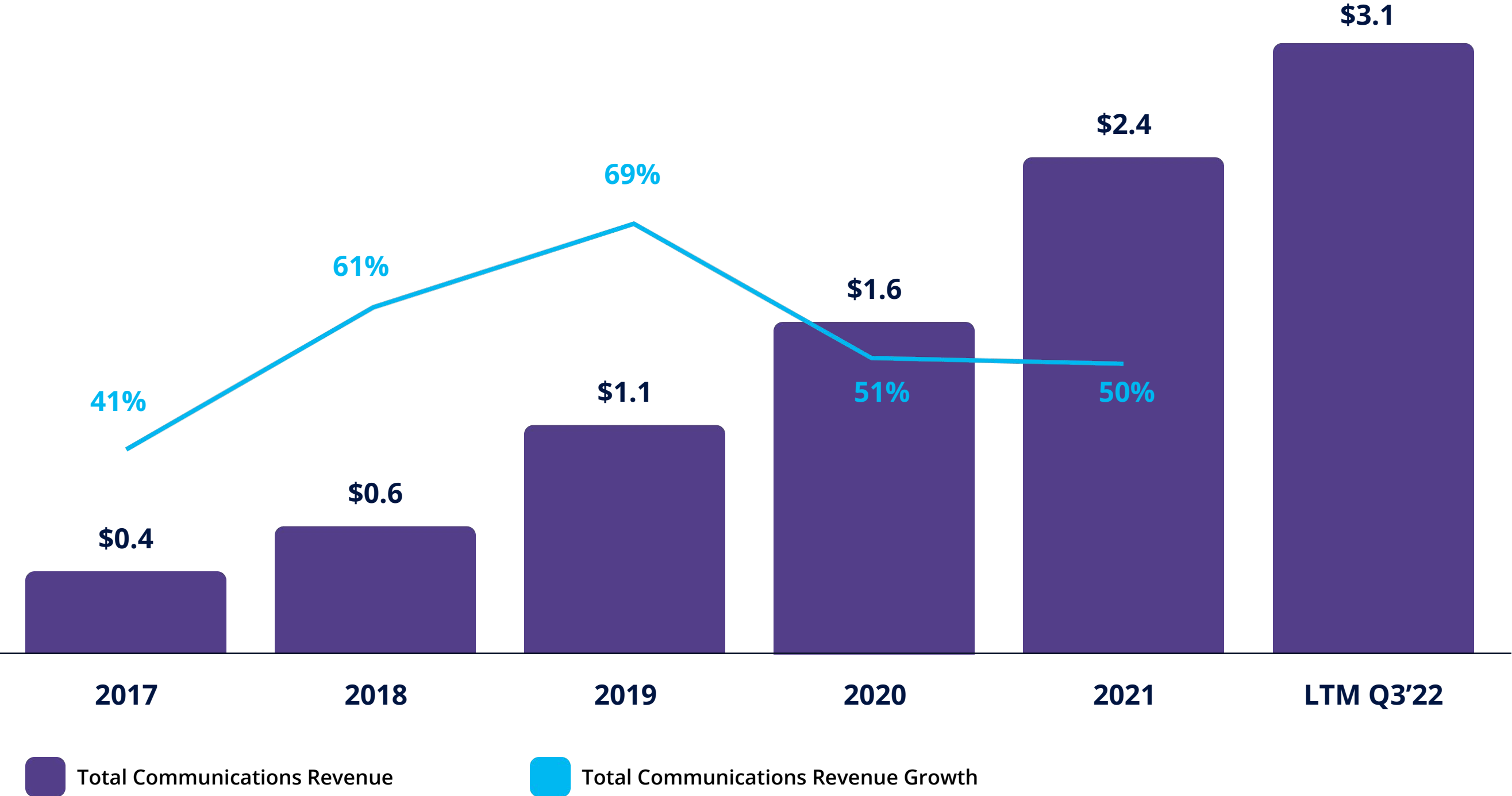
Communications Overview

Communications revenue experiencing solid growth



Total Communications Revenue

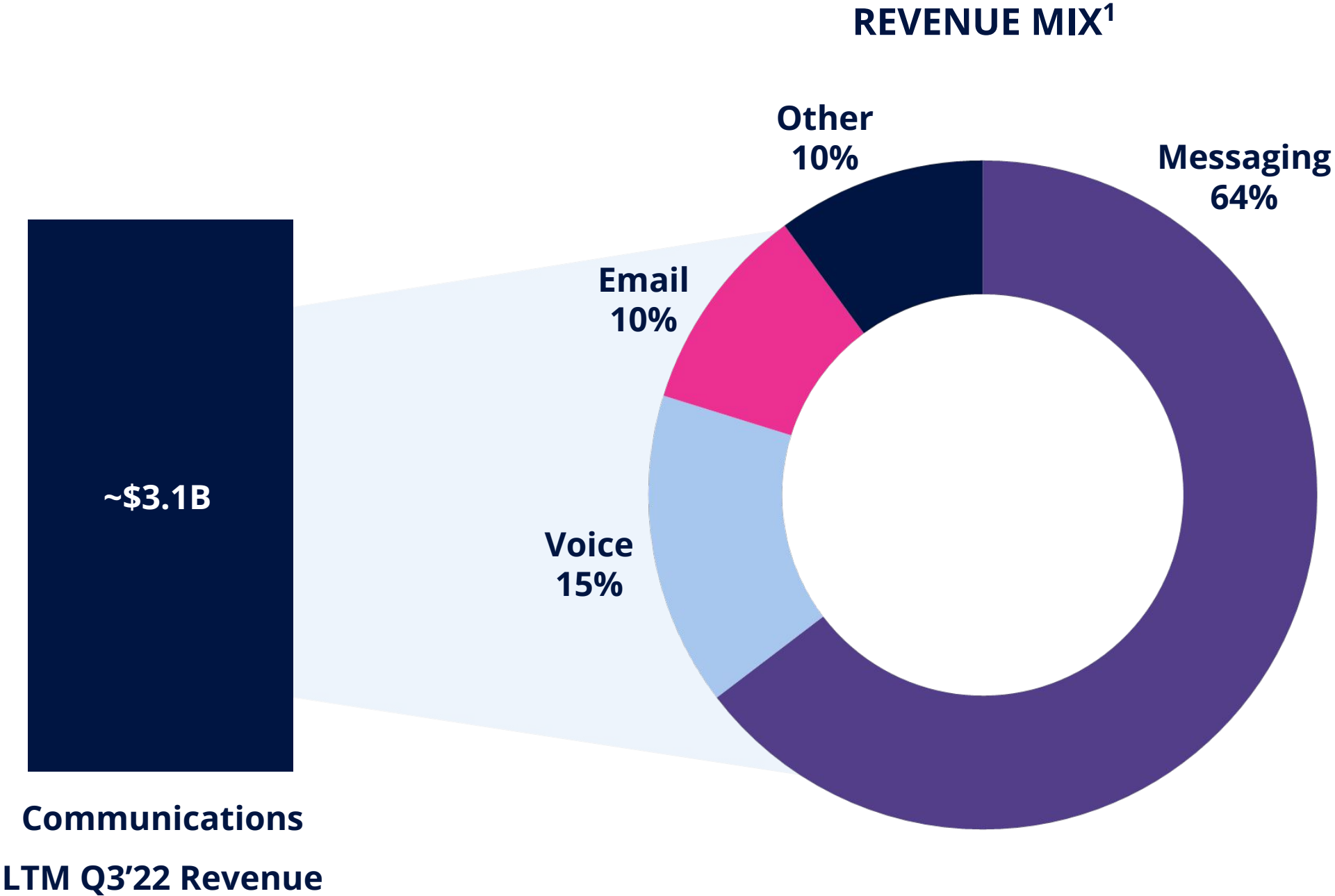
(\$ in billions)



\$3.3B
Q3'22 Annual Revenue
Run Rate

54%
5-YR CAGR
Q3'17-Q3'22

Communications portfolio composition



PRODUCT PROFILES²

	Growth	Non-GAAP Gross Margins
Messaging	High	Mixed
Voice	Moderate	High
Email	Moderate	High
Numbers	Moderate	Average
Video	Moderate	High
Account Security	High	High

1. Revenue percentage numbers are rounded and may not sum to 100%. "Other" includes Numbers, Video and Account Security.
 2. Growth: "High" is 30%+, "Moderate" is 10-30%; Margin: "High" is 75%+, "Average" is the corporate average.

Messaging continues to drive attractive growth



Highlights

- ✔ Significant market with growing demand
- ✔ High customer ROI
- ✔ Compelling unit economics
- ✔ Typically a shorter sales cycle and easier to land
- ✔ Provides opportunity to cross-sell other products
- ✔ Opportunity to run more efficiently

Challenges

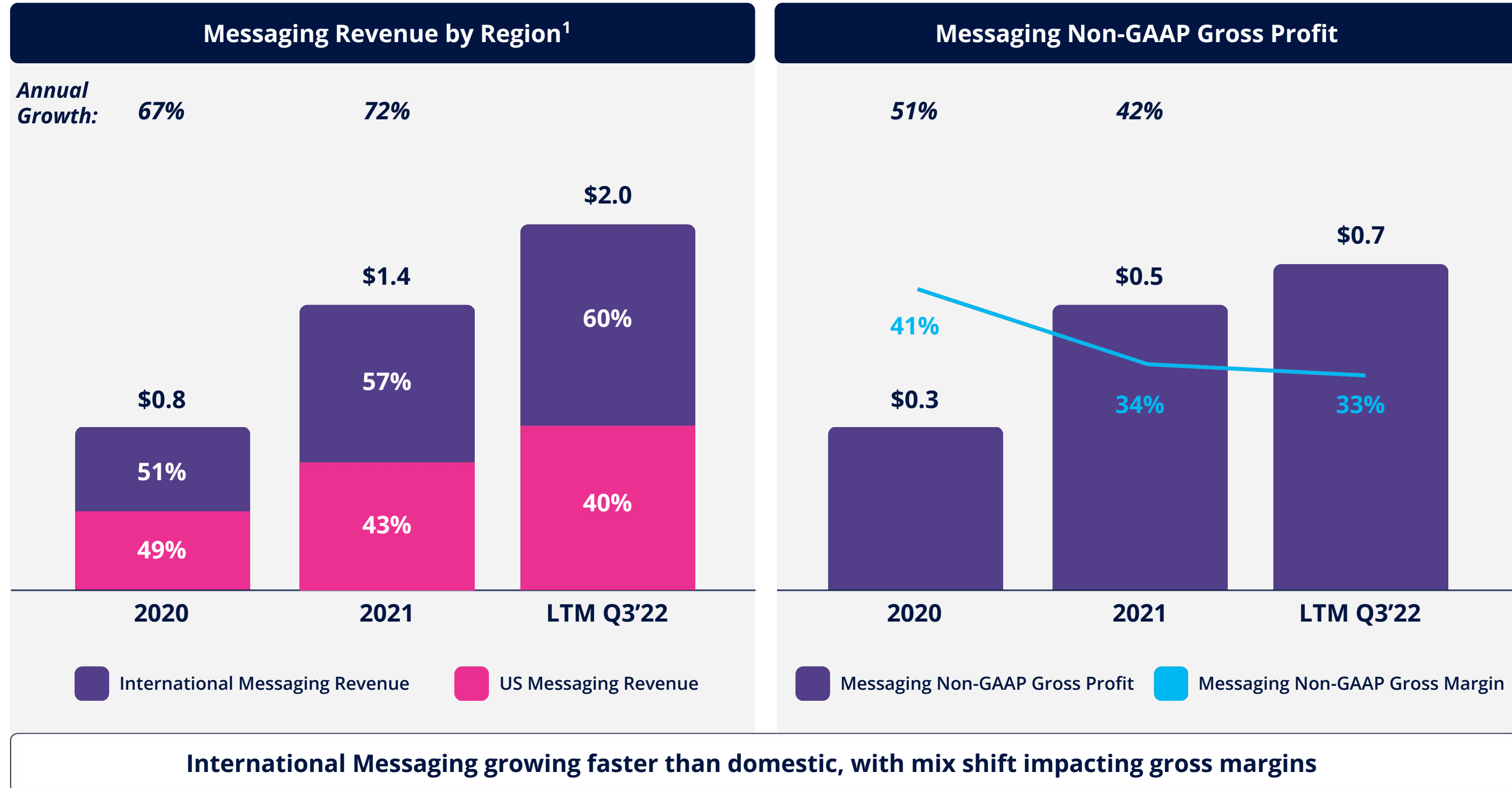
- ✔ Volatility of carrier costs in high-growth geos
- ✔ Increasing operational costs associated with carrier compliance



Termination location drives margin changes



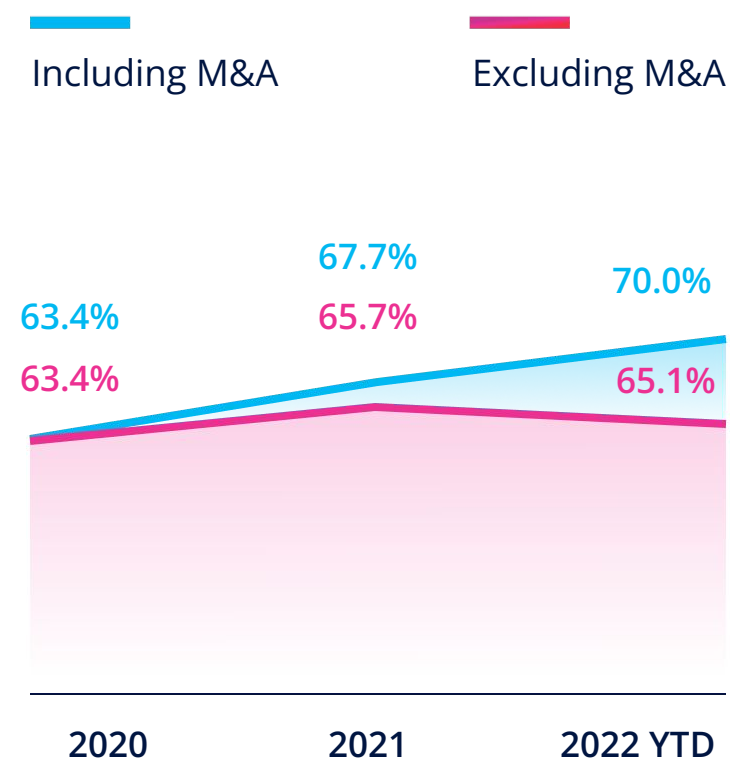
(\$ in billions)



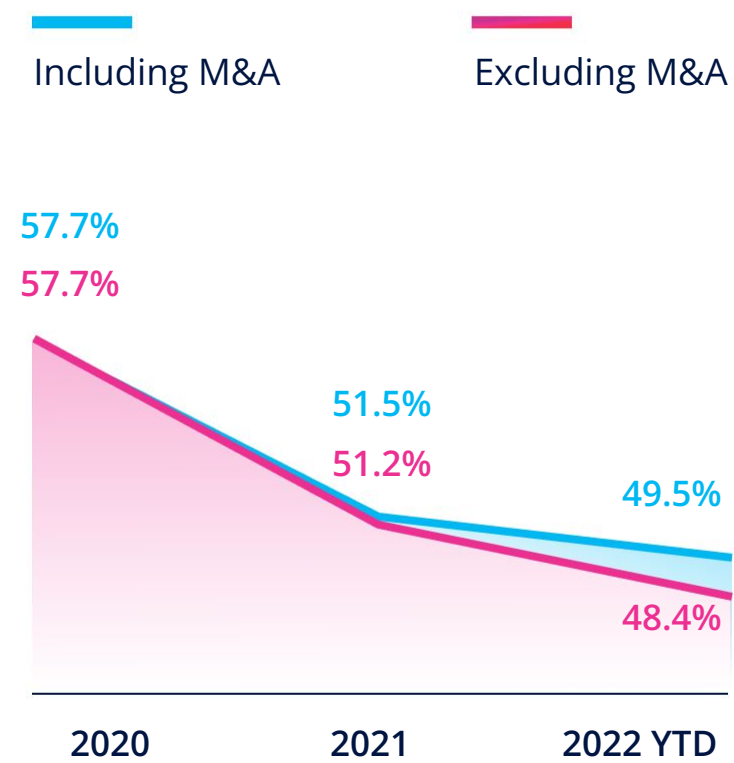
Note: Non-GAAP gross profit is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. Messaging revenue split between International and US is based on location of where messages terminate. Represents total messaging business inclusive of M&A.

Messaging US & International non-GAAP gross margin trends

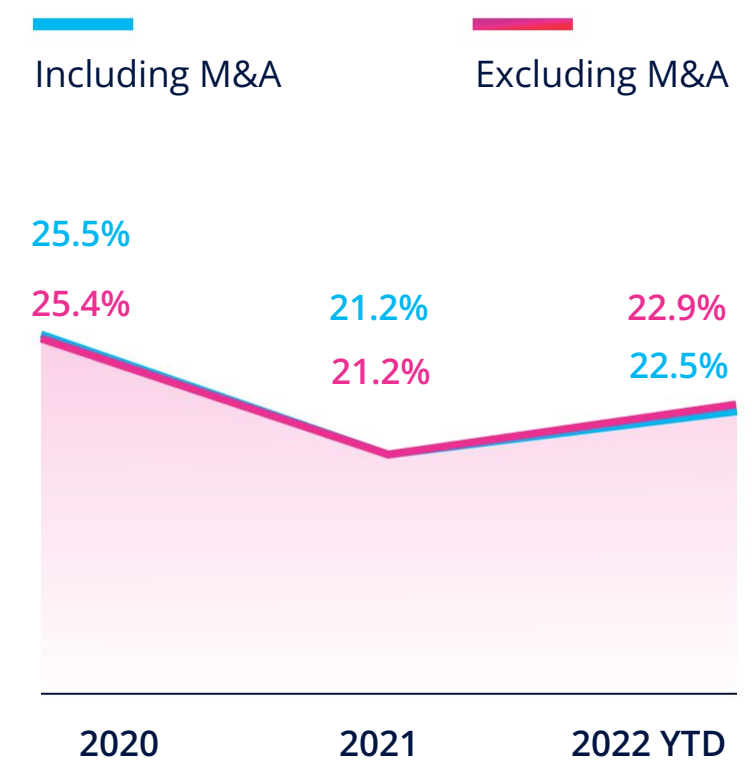
US Messaging Excl. Fees¹



US Messaging Incl. Fees¹



International Messaging

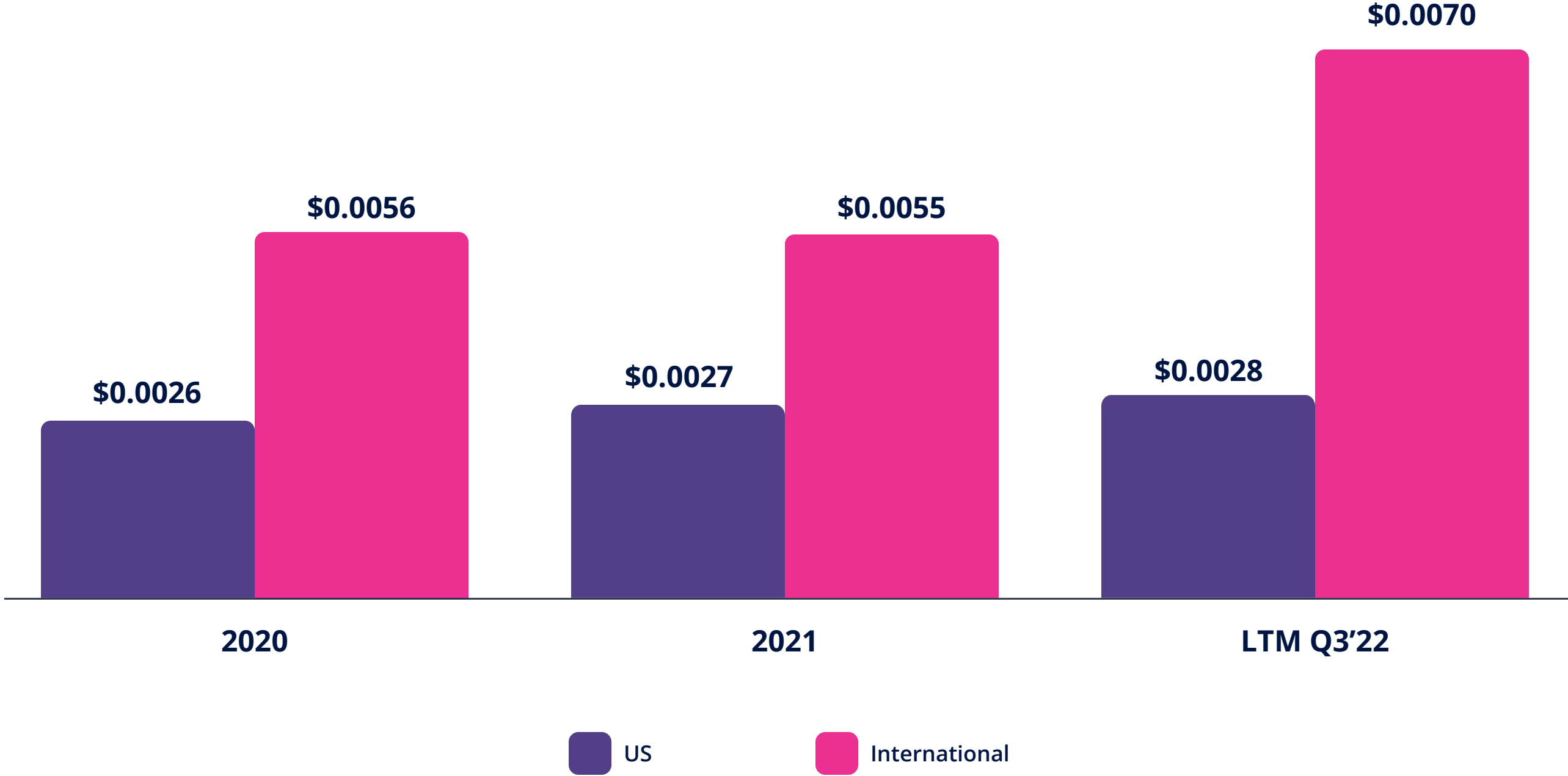


Note: All gross margin data is non-GAAP. Non-GAAP gross margin is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. "Fees" refer to 10DLC A2P and related fees imposed by U.S. carriers.

Messaging has attractive gross profit unit economics



Non-GAAP Gross Profit Per Message¹

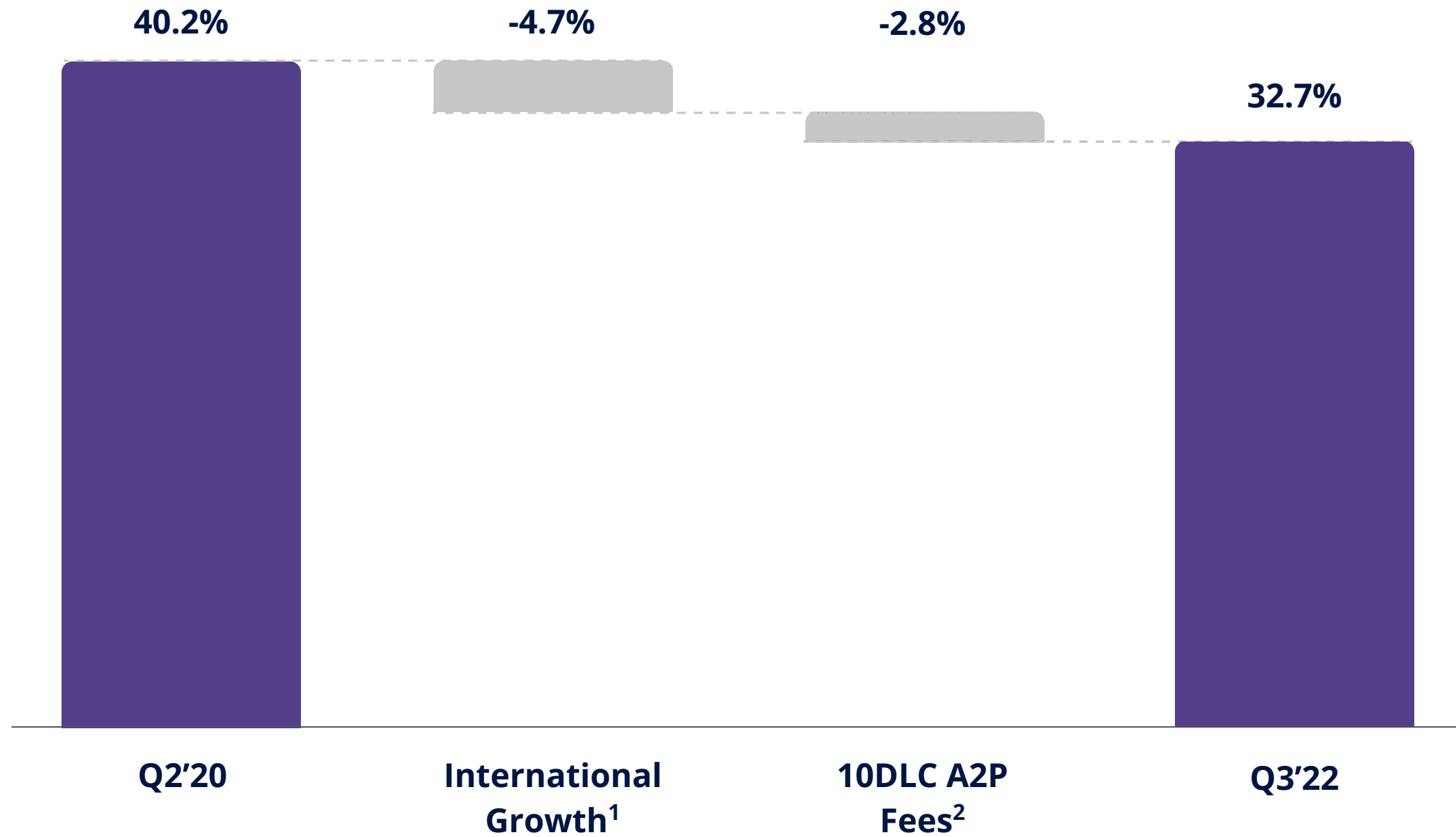


Note: Non-GAAP gross profit is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
1. Includes Twilio Core messaging. Excludes data from all acquisitions since October 2020. Numbers are rounded.

Messaging non-GAAP margins impacted by fees and mix



Non-GAAP Messaging Gross Margin Bridge



53% / 61%

Q2'20 vs Q3'22
International % of
Messaging Revenue:
(Based on Termination)

49% / 22%

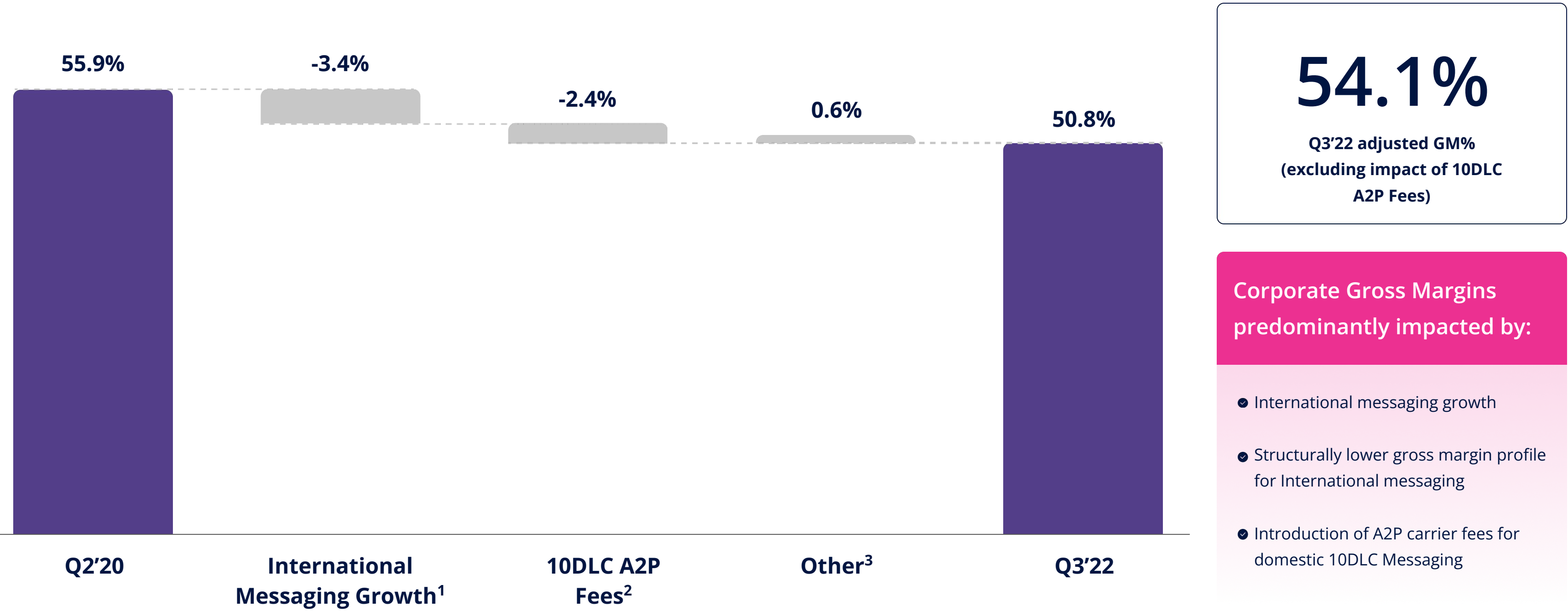
Domestic vs. International
Messaging non-GAAP Gross
Margin - Q3'22

Note: Non-GAAP gross margin is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. Includes Quiubas and ValueFirst.
 2. Represents revenues from 10DLC A2P and related fees imposed by U.S. carriers on Twilio's core messaging business and includes revenue from 10DLC A2P fees related to Zipwhip customers.

Messaging impact on Twilio non-GAAP gross margins



Non-GAAP Total Gross Margin Bridge



Corporate Gross Margins predominantly impacted by:

- International messaging growth
- Structurally lower gross margin profile for International messaging
- Introduction of A2P carrier fees for domestic 10DLC Messaging

Note: Non-GAAP gross margin is a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. Includes Quiubas and ValueFirst.
 2. Represents revenues from 10DLC A2P and related fees imposed by U.S. carriers on Twilio's core messaging business and includes revenue from 10DLC A2P fees related to Zipwhip customers.
 3. Other includes impact of M&A (e.g. Segment, SendGrid) and changes in product mix.

Messaging - summary takeaways



1 Gross margin decline driven by 10DLC fees and international growth

2 Stability of gross margin in the US (ex-10DLC fees)

3 Attractive unit economics

4 Solid product, strong demand, and generates gross profit to reinvest



Software Overview

Software products offer high margin growth opportunity



Highlights

- ✓ High growth and high margin
- ✓ Primarily subscription-based revenue model
- ✓ Compelling retention and expansion characteristics
- ✓ First party data moat provides unique differentiation
- ✓ Pulls through other communication channels
- ✓ Strong customer feedback

Challenges

- ✓ Different selling motion and different buyer
- ✓ Requires specialist sales capacity
- ✓ Scaling business currently a profitability drag

1T+

Segment events
processed per
month

\$100M+

Flex revenue
run-rate in Q3

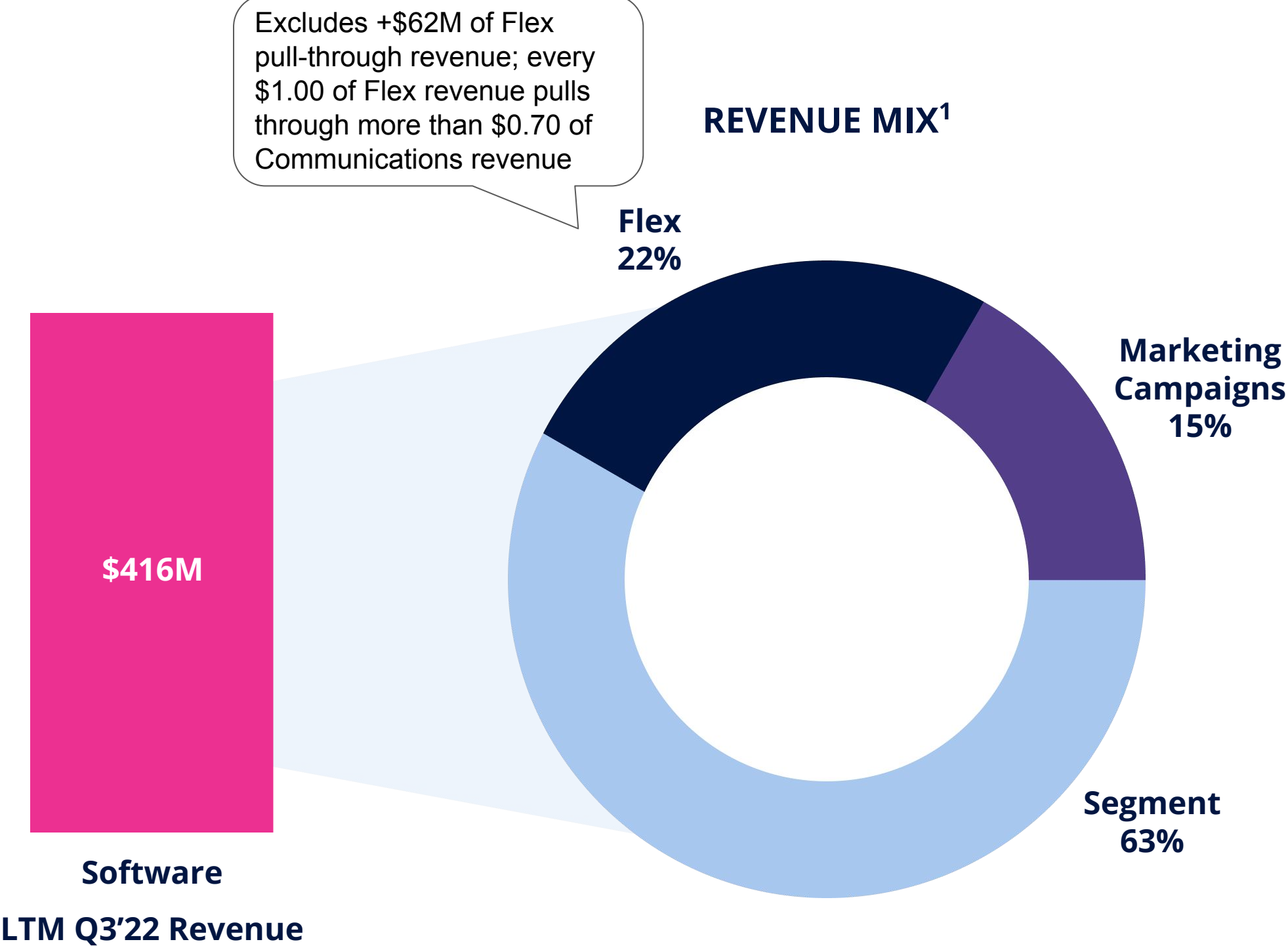
Engage

GA in Q3

44%

Y/Y increase in
Flex MAUs in Q3

Software products have a strong financial profile



PRODUCT PROFILES²

	Growth	Non-GAAP Gross Margins
Segment	High	High
Flex	High	High
Engage	N/A	High
Marketing Campaigns	Moderate	High
Frontline	High	High

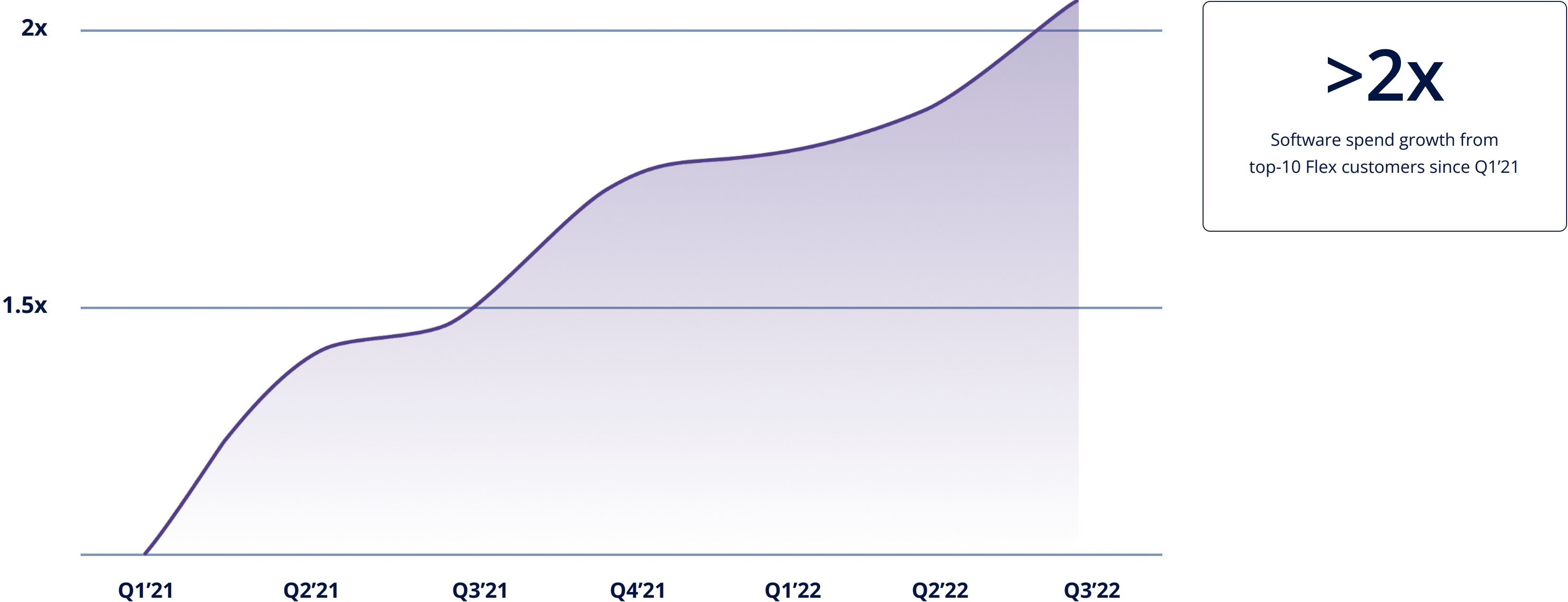
1. Revenue percentage numbers are rounded. Excludes Frontline and Engage, as currently those revenues are immaterial relative to the other products.

2. Growth: "High" is 30%+, "Moderate" is 10-30%; Margin: "High" is 75%+.

Top Flex customers have more than doubled their spend



Average revenue from top 10 Flex customers

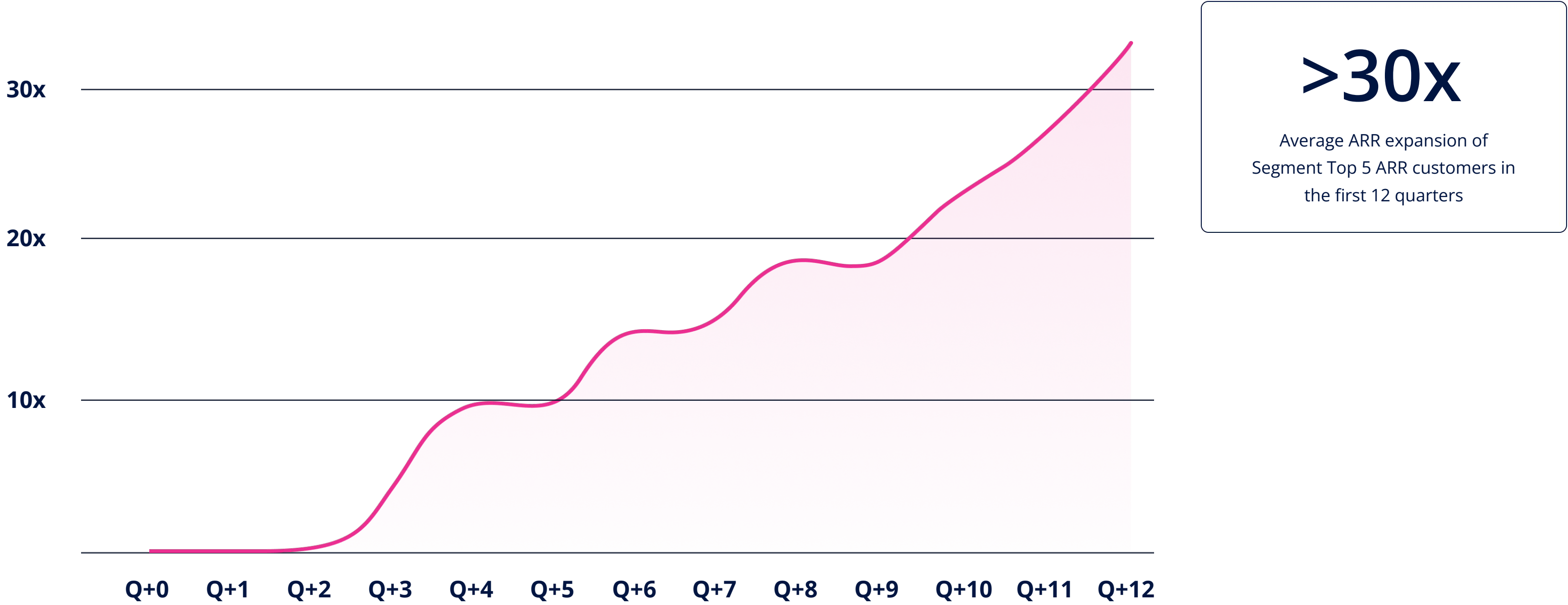


Note: Represents the top 10 Flex customers based on 2022 YTD revenues.

Segment customers continue to expand



Segment Top 5 customers average ARR expansion in first 12 quarters





Driving Operating Leverage

Non-GAAP Opex has been declining as a percent of revenue




	2019	2020	2021	YTD 2022 ¹
S&M	24%	24%	26%	24%
R&D	23%	19%	18%	18%
G&A	11%	11%	10%	9%
TOTAL	58%	54%	54%	52%

**Non-GAAP
Opex % of
revenue**

Note: All numbers presented are non-GAAP. Non-GAAP operating expenses are a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
1. 2022 YTD non-GAAP operating expense excludes the \$29 million one-time, non-cash charge in Q3 related to the implementation of the Company's sabbatical program for tenured employees.

We've taken recent actions to reduce operating expenses



Initiatives	Annual Impact
 Restructuring actions	~\$200M
 Slowed pace of new hires	~\$100M
 Reduced real estate footprint	~\$30M
We will continue to evaluate opportunities to increase efficiency and improve profitability as we scale our business	

Restructuring actions taken across the business



Sales & Marketing

- ✔ Shifted more sales focus to software
- ✔ Promoting more self-service where applicable
- ✔ Reduced emphasis on high-touch generalist selling of pure messaging
- ✔ Reduced size of support teams
- ✔ Consolidated duplicative teams
- ✔ Shifted roles to lower cost regions

R&D / G&A

- ✔ Reduced R&D management layers and redundancies
- ✔ Created consistency around span of control in R&D
- ✔ Reduced size of G&A teams supporting Sales
- ✔ Shifted transactional G&A roles to lower cost regions
- ✔ Scaled down talent acquisition team

We will continue to drive leverage going forward



Non-GAAP Opex as a % of Revenue

	2021	2022 YTD ¹	Medium Term	Long Term
S&M	26%	24%	18-21%	↓
R&D	18%	18%	14-17%	↘
G&A	10%	9%	6-8%	↘

Note: All numbers presented are non-GAAP. Non-GAAP operating expenses are a non-GAAP financial measure. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.
 1. 2022 YTD non-GAAP operating expense excludes the \$29 million one-time, non-cash charge in Q3 related to the implementation of the Company's sabbatical program for tenured employees.

Making changes to drive down SBC expenses



Today
~22%
% of revenue¹



Medium Term
15-20%
% of revenue

SBC outlook

- ✓ Expect some increase in 2023 due to hiring rate over past few years
- ✓ Proactively taking action to achieve more leverage on SBC over time

Actions taken that will lower SBC profile

- ✓ Restructuring and headcount management
- ✓ Hiring in lower cost geographies
- ✓ Annual equity awards tied to employee performance

1. SBC today refers to Q3 2022 YTD figures.



Moving Forward

Financial framework moving forward



	2023 Outlook	Medium Term
Organic Y/Y Revenue Growth	Guiding quarter to quarter	15-25%
Software Y/Y Revenue Growth	GTM shift	30%+
Non-GAAP Gross Margins	Continued variability	Prioritizing software
Non-GAAP Operating Margin	Positive	+100-300 bps annually
Stock-based Compensation / Revenue	Some increase from 2022	15-20%

20%+ long-term non-GAAP operating margin target remains unchanged

How to think about the financial framework



1 Macro conditions will likely impact organic growth in short term

2 GTM shifts will accelerate software, but will take time to scale revenue

3 Focused on non-GAAP op profit in 2023, with annual accretion thereafter

4 SBC to moderate over time and plan to deliver FCF in near/medium term

5 Strong balance sheet enables significant capital allocation flexibility

In closing: CEO - Top of mind



1 Messaging unit economics are strong, re-focus on efficient product-led growth

2 Segment and customer data: the foundation of Act II

3 Why we'll win: better together

4 Laser focused on profitability and operating leverage

Executive Q&A



JEFF LAWSON
CO-FOUNDER, CEO, & CHAIR



EYAL MANOR
CHIEF PRODUCT OFFICER



ELENA DONIO
PRESIDENT OF REVENUE



KHOZEMA SHIPCHANDLER
CHIEF OPERATING OFFICER



Thank You



Appendix

Operating Metrics



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

Twilio's Dollar-Based Net Expansion Rate compares the total revenue from all Active Customer Accounts in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, Twilio first identifies the cohort of Active Customer Accounts that were Active Customer Accounts in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When Twilio calculates Dollar-Based Net Expansion Rate for periods longer than one quarter, it uses the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period. Revenue from acquisitions does not impact the Dollar-Based Net Expansion Rate calculation until the quarter following the one-year anniversary of the applicable acquisition, unless the acquisition closing date is the first day of a quarter.

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

International Customer Revenue: During our closing process for Q1 2022, we identified a misclassification of some of our domestic customers for Q4 2021, which impacted the reported domestic versus international revenue split in that quarter. While this didn't impact overall revenue or any other reported financial results, it did overstate the international mix and understate the domestic mix for Q4 2021. We have updated the revenue mix and the 34% referenced for Q4 2021 is the revised international revenue share number compared to 40% as previously reported.

GAAP to Non-GAAP Reconciliation



TWILIO INC. Reconciliation to Non-GAAP Financial Measures (In thousands, except share and per share amounts)															
	Three Months Ended									Year Ended				Nine Months Ended	Last Twelve Months
	December 31, 2017	June 30, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2017	December 31, 2019	December 31, 2020	December 31, 2021	September 30, 2022	10/1/21 through 9/30/22
Revenue	\$ 115,236	\$ 400,849	\$ 589,988	\$ 668,931	\$ 740,176	\$ 842,744	\$ 875,363	\$ 943,354	\$ 983,030	\$ 399,020	\$ 1,134,468	\$ 1,761,776	\$ 2,841,839	\$ 2,801,747	\$ 3,644,491
GAAP gross profit	\$ 60,214	\$ 209,131	\$ 298,304	\$ 331,247	\$ 364,615	\$ 396,547	\$ 425,071	\$ 445,289	\$ 462,075	\$ 216,125	\$ 608,917	\$ 915,661	\$ 1,390,713	\$ 1,332,435	\$ 1,728,982
Non-GAAP adjustments:															
Stock-based compensation	190	2,143	2,717	3,024	3,720	4,613	4,521	3,996	6,114	650	7,123	8,857	14,074	14,631	19,244
Amortization of acquired intangibles	1,215	12,695	26,342	26,204	31,558	30,792	30,636	31,236	30,729	4,644	45,267	59,501	114,896	92,601	123,393
Payroll taxes related to stock-based compensation	-	-	-	-	-	-	-	242	215	-	104	-	-	457	457
Non-GAAP gross profit	\$ 61,619	\$ 223,969	\$ 327,363	\$ 360,475	\$ 399,893	\$ 431,952	\$ 460,228	\$ 480,763	\$ 499,133	\$ 221,419	\$ 661,411	\$ 984,019	\$ 1,519,683	\$ 1,440,124	\$ 1,872,076
Non-GAAP gross margin	53%	56%	55%	54%	54%	51%	53%	51%	51%	55%	58%	56%	53%	51%	51%
GAAP research and development	\$ 32,829	\$ 120,701	\$ 174,800	\$ 181,280	\$ 209,890	\$ 223,249	\$ 240,611	\$ 279,641	\$ 284,735	\$ 120,739	\$ 391,355	\$ 530,548	\$ 789,219	\$ 804,987	\$ 1,028,236
Non-GAAP adjustments:															
Stock-based compensation	(6,121)	(39,841)	(56,959)	(58,871)	(69,242)	(73,600)	(79,369)	(109,524)	(90,787)	(22,808)	(126,012)	(173,303)	(258,672)	(279,680)	(353,280)
Amortization of acquired intangibles	(38)	-	-	(378)	(462)	(420)	(420)	(420)	(420)	(139)	(126,012)	(173,303)	(258,672)	(1,260)	(1,680)
Payroll taxes related to stock-based compensation	(122)	(2,983)	(10,729)	(3,767)	(6,035)	(3,338)	(6,178)	(2,610)	(1,533)	(1,466)	(7,870)	(14,606)	(23,869)	(10,321)	(13,659)
Gain on lease termination	-	-	-	-	-	-	-	-	-	150	-	-	-	-	-
Non-GAAP research and development	\$ 26,548	\$ 77,877	\$ 107,112	\$ 118,264	\$ 134,151	\$ 145,891	\$ 154,644	\$ 167,087	\$ 191,995	\$ 96,476	\$ 257,473	\$ 342,639	\$ 505,418	\$ 513,726	\$ 659,617
Non-GAAP research and development as a % of revenue	23%	19%	18%	18%	18%	17%	18%	18%	20%	24%	23%	19%	18%	18%	18%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,742)	\$ -	\$ -	\$ -	\$ -	\$ (13,742)	\$ (13,742)
Adjusted Non-GAAP research and development	\$ 26,548	\$ 77,877	\$ 107,112	\$ 118,264	\$ 134,151	\$ 145,891	\$ 154,644	\$ 167,087	\$ 178,253	\$ 96,476	\$ 257,473	\$ 342,639	\$ 505,418	\$ 499,984	\$ 645,875
% of revenue	23%	19%	18%	18%	18%	17%	18%	18%	18%	24%	23%	19%	18%	18%	18%
GAAP sales and marketing	\$ 27,622	\$ 129,823	\$ 210,590	\$ 238,058	\$ 264,548	\$ 331,422	\$ 287,907	\$ 334,958	\$ 328,833	\$ 100,669	\$ 369,079	\$ 567,407	\$ 1,044,618	\$ 951,698	\$ 1,283,120
Non-GAAP adjustments:															
Stock-based compensation	(2,861)	(23,086)	(41,636)	(47,940)	(53,843)	(69,932)	(47,586)	(78,492)	(58,747)	(9,822)	(60,886)	(103,450)	(213,351)	(184,825)	(254,757)
Amortization of acquired intangibles	(214)	(7,889)	(18,694)	(18,762)	(23,741)	(21,296)	(20,403)	(20,509)	(20,500)	(753)	(27,540)	(38,915)	(82,493)	(61,412)	(82,708)
Payroll taxes related to stock-based compensation	(100)	(2,957)	(7,349)	(2,633)	(3,721)	(5,423)	(3,830)	(2,667)	(2,261)	(714)	(3,692)	(9,930)	(19,126)	(8,758)	(14,181)
Gain on lease termination	-	-	-	-	-	-	-	-	-	100	-	-	-	-	-
Non-GAAP sales and marketing	\$ 24,447	\$ 95,891	\$ 142,911	\$ 168,723	\$ 183,243	\$ 234,771	\$ 216,088	\$ 233,290	\$ 247,325	\$ 89,480	\$ 276,961	\$ 415,112	\$ 729,648	\$ 696,703	\$ 931,474
Non-GAAP sales and marketing as a % of revenue	21%	24%	24%	25%	25%	28%	25%	25%	25%	22%	24%	24%	26%	25%	26%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,114)	\$ -	\$ -	\$ -	\$ -	\$ (12,114)	\$ (12,114)
Adjusted Non-GAAP research and development	\$ 24,447	\$ 95,891	\$ 142,911	\$ 168,723	\$ 183,243	\$ 234,771	\$ 216,088	\$ 233,290	\$ 235,211	\$ 89,480	\$ 276,961	\$ 415,112	\$ 729,648	\$ 684,589	\$ 919,360
% of revenue	21%	24%	24%	25%	25%	28%	25%	25%	24%	22%	24%	24%	26%	24%	25%
GAAP general and administrative	\$ 18,809	\$ 61,251	\$ 110,253	\$ 114,183	\$ 122,522	\$ 125,502	\$ 114,362	\$ 142,626	\$ 135,331	\$ 59,619	\$ 218,268	\$ 310,607	\$ 472,460	\$ 392,319	\$ 517,821
Non-GAAP adjustments:															
Stock-based compensation	(4,474)	(14,317)	(35,843)	(34,333)	(37,238)	(38,774)	(23,799)	(50,078)	(37,973)	(16,339)	(70,297)	(76,301)	(146,188)	(111,850)	(150,624)
Amortization of acquired intangibles	(20)	(11)	(115)	(10)	-	(10)	(7)	-	-	(84)	-	(78)	(135)	(7)	(17)
Acquisition-related expenses	-	(21)	(2,764)	(2,836)	(1,620)	(229)	(660)	(1,840)	(121)	(310)	(15,713)	(21,765)	(7,449)	(2,621)	(2,850)
Charitable contributions	-	(3,972)	(9,405)	(6,789)	(8,389)	(6,586)	(4,232)	(2,373)	(1,911)	-	-	(18,993)	(31,169)	(8,516)	(15,102)
Gain on lease termination	-	-	-	-	-	-	-	-	-	45	-	-	-	-	-
Release of tax liability upon obligation settlement	284	-	-	-	-	-	-	-	-	13,365	-	-	-	-	-
Payroll taxes related to stock-based compensation	(79)	(2,238)	(2,093)	(929)	(978)	(1,422)	(1,210)	(647)	(416)	(770)	(3,522)	(2,853)	(5,422)	(2,273)	(3,695)
Non-GAAP general and administrative	\$ 14,520	\$ 40,692	\$ 60,033	\$ 69,286	\$ 74,297	\$ 78,481	\$ 84,454	\$ 87,688	\$ 94,910	\$ 55,526	\$ 128,736	\$ 190,617	\$ 282,097	\$ 267,052	\$ 345,533
Non-GAAP general and administrative as a % of revenue	13%	10%	10%	10%	10%	9%	10%	9%	10%	14%	11%	11%	10%	10%	9%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,473)	\$ -	\$ -	\$ -	\$ -	\$ (3,473)	\$ (3,473)
Adjusted Non-GAAP research and development	\$ 14,520	\$ 40,692	\$ 60,033	\$ 69,286	\$ 74,297	\$ 78,481	\$ 84,454	\$ 87,688	\$ 91,437	\$ 55,526	\$ 128,736	\$ 190,617	\$ 282,097	\$ 263,579	\$ 342,060
% of revenue	13%	10%	10%	10%	10%	9%	10%	9%	9%	14%	11%	11%	10%	9%	9%

GAAP to Non-GAAP Reconciliation



TWILIO INC.															
Reconciliation to Non-GAAP Financial Measures															
(In thousands, except share and per share amounts)															
	Three Months Ended									Year Ended				Nine Months Ended	Last Twelve Months
	December 31, 2017	June 30, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2017	December 31, 2019	December 31, 2020	December 31, 2021	September 30, 2022	10/1/21 through 9/30/22
GAAP restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,451	\$ -	\$ -	\$ -	\$ -	\$ 72,451	\$ 72,451
Total restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,451	\$ -	\$ -	\$ -	\$ -	\$ 72,451	\$ 72,451
Non-GAAP restructuring costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GAAP Impairment of long-lived assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,722	\$ -	\$ -	\$ -	\$ -	\$ 97,722	\$ 97,722
Total impairment of long-lived assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,722	\$ -	\$ -	\$ -	\$ -	\$ 97,722	\$ 97,722
Non-GAAP impairment of long-lived assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	\$ 80,432	\$ 311,775	\$ 495,643	\$ 533,521	\$ 596,960	\$ 680,173	\$ 642,879	\$ 757,225	\$ 919,072	\$ 282,199	\$ 978,702	\$ 1,408,562	\$ 2,306,297	\$ 2,319,176	\$ 2,999,349
Non-GAAP adjustments:															
Stock-based compensation	(13,456)	(77,244)	(134,438)	(141,144)	(160,323)	(182,306)	(150,754)	(238,094)	(187,507)	(48,969)	(257,195)	(353,054)	(618,211)	(576,355)	(758,661)
Amortization of acquired intangibles	(272)	(7,900)	(18,809)	(19,150)	(24,203)	(21,726)	(20,830)	(20,929)	(20,920)	(976)	(27,540)	(38,993)	(83,888)	(62,679)	(84,405)
Acquisition related expenses	-	(21)	(2,764)	(2,836)	(1,620)	(229)	(660)	(1,840)	(121)	(310)	(15,713)	(21,765)	(7,449)	(2,621)	(2,850)
Payroll taxes related to stock-based compensation	(301)	(8,178)	(20,171)	(7,329)	(10,734)	(10,183)	(11,218)	(5,924)	(4,210)	(2,950)	(15,084)	(27,389)	(48,417)	(21,352)	(31,535)
Charitable contributions	(1,172)	(3,972)	(9,405)	(6,789)	(8,389)	(6,586)	(4,232)	(2,373)	(1,911)	(1,172)	-	(18,993)	(31,169)	(8,516)	(15,102)
Release of tax liability upon obligation settlement	284	-	-	-	-	-	-	-	-	13,365	-	-	-	-	-
Gain on lease termination	-	-	-	-	-	-	-	-	-	295	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-	-	(72,451)	-	-	-	-	(72,451)	(72,451)
Impairment of long-lived assets	-	-	-	-	-	-	-	-	(97,722)	-	-	-	-	(97,722)	(97,722)
Non-GAAP operating expenses	\$ 65,515	\$ 214,460	\$ 310,056	\$ 356,273	\$ 391,691	\$ 459,143	\$ 455,185	\$ 488,065	\$ 534,230	\$ 241,482	\$ 663,170	\$ 948,368	\$ 1,517,163	\$ 1,477,480	\$ 1,936,623
Non-GAAP operating expenses as % of revenue	57%	54%	53%	53%	53%	54%	52%	52%	54%	61%	58%	54%	53%	53%	53%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,328)	\$ -	\$ -	\$ -	\$ -	\$ (29,328)	\$ (29,328)
Adjusted Non-GAAP operating expenses	\$ 65,515	\$ 214,460	\$ 310,056	\$ 356,273	\$ 391,691	\$ 459,143	\$ 455,185	\$ 488,065	\$ 504,902	\$ 241,482	\$ 663,170	\$ 948,368	\$ 1,517,163	\$ 1,448,152	\$ 1,907,295
% of revenue	57%	54%	53%	53%	53%	54%	52%	52%	51%	61%	58%	54%	53%	52%	52%
GAAP loss from operations	\$ (20,218)	\$ (102,644)	\$ (197,339)	\$ (202,274)	\$ (232,345)	\$ (283,626)	\$ (217,808)	\$ (311,936)	\$ (456,997)	\$ (66,074)	\$ (369,785)	\$ (492,901)	\$ (915,584)	\$ (986,741)	\$ (1,270,367)
Non-GAAP adjustments:															
Stock-based compensation	13,646	79,387	137,155	144,168	164,043	186,919	155,275	242,090	193,621	49,619	264,318	361,911	632,285	590,986	777,905
Amortization of acquired intangibles	1,487	20,595	45,151	45,354	55,761	52,518	51,466	52,165	51,649	5,620	72,807	98,494	198,784	155,280	207,798
Acquisition related expenses	-	21	2,764	2,836	1,620	229	660	1,840	121	310	15,713	21,765	7,449	2,621	2,850
Charitable contributions	1,172	3,972	9,405	6,789	8,389	6,586	4,232	2,373	1,911	1,172	-	18,993	31,169	8,516	15,102
Payroll taxes related to stock-based compensation	301	8,178	20,171	7,329	10,734	10,183	11,218	6,166	4,425	2,950	15,188	27,389	48,417	21,809	31,992
Release of tax liability upon obligation settlement	(284)	-	-	-	-	-	-	-	-	(13,365)	-	-	-	-	-
Gain on lease termination	-	-	-	-	-	-	-	-	-	(295)	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-	-	72,451	-	-	-	-	72,451	72,451
Impairment of long-lived assets	-	-	-	-	-	-	-	-	97,722	-	-	-	-	97,722	97,722
Non-GAAP (loss)/income from operations	\$ (3,896)	\$ 9,509	\$ 17,307	\$ 4,202	\$ 8,202	\$ (27,191)	\$ 5,043	\$ (7,302)	\$ (35,097)	\$ (20,063)	\$ (1,759)	\$ 35,651	\$ 2,520	\$ (37,356)	\$ (64,547)
Non-GAAP operating margin	-3%	2%	3%	1%	1%	-3%	1%	-1%	-4%	-5%	0%	2%	0%	-1%	-2%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,328	\$ -	\$ -	\$ -	\$ -	\$ 29,328	\$ 29,328
Adjusted Non-GAAP (loss)/income from operations	\$ (3,896)	\$ 9,509	\$ 17,307	\$ 4,202	\$ 8,202	\$ (27,191)	\$ 5,043	\$ (7,302)	\$ (5,769)	\$ (20,063)	\$ (1,759)	\$ 35,651	\$ 2,520	\$ (8,028)	\$ (35,219)
% of revenue	-3%	2%	3%	1%	1%	-3%	1%	-1%	-1%	-5%	0%	2%	0%	0%	-1%

GAAP to Non-GAAP Reconciliation



TWILIO INC.															
Reconciliation to Non-GAAP Financial Measures															
(In thousands, except share and per share amounts)															
	Three Months Ended									Year Ended				Nine Months Ended	Last Twelve Months
	December 31, 2017	June 30, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2017	December 31, 2019	December 31, 2020	December 31, 2021	September 30, 2022	10/1/21 through 9/30/22
GAAP net loss attributable to common stockholders	\$ (18,919)	\$ (99,923)	\$ (206,542)	\$ (227,853)	\$ (224,109)	\$ (291,396)	\$ (221,627)	\$ (322,769)	\$ (482,327)	\$ (63,708)	\$ (307,064)	\$ (490,979)	\$ (949,900)	\$ (1,026,723)	\$ (1,318,119)
Non-GAAP adjustments:															
Stock-based compensation	13,646	79,387	137,155	144,168	164,043	186,919	155,275	242,090	193,621	49,619	264,318	361,911	632,285	590,986	777,905
Amortization of acquired intangibles	1,487	20,595	45,151	45,354	55,761	52,518	51,466	52,165	51,649	5,620	72,807	98,494	198,784	155,280	207,798
Acquisition related expenses	-	21	2,764	2,836	1,620	229	660	1,840	121	310	15,713	21,765	7,449	2,621	2,850
Charitable contributions	1,172	3,972	9,405	6,789	8,389	6,586	4,232	2,373	1,911	1,172	-	18,993	31,169	8,516	15,102
Payroll taxes related to stock-based compensation	301	8,178	20,171	7,329	10,734	10,183	11,218	6,166	4,425	2,950	15,188	27,389	48,417	21,809	31,992
Amortization of debt discount and issuance costs	-	6,178	3,373	1,708	376	370	338	375	380	-	23,696	23,759	5,827	1,093	1,463
Income tax benefit related to acquisition	-	(195)	(366)	(143)	(15,060)	(1,667)	(1,137)	(1,487)	(2,329)	-	(55,745)	(16,459)	(17,236)	(4,953)	(6,620)
Interest in loss (income) of equity method investment	-	-	-	-	-	-	-	-	13,376	-	-	-	-	13,376	13,376
Release of tax liability upon obligation settlement	(284)	-	-	-	-	-	-	-	-	(13,365)	-	-	-	-	-
Gain on lease termination	-	-	-	-	-	-	-	-	-	(295)	-	-	-	-	-
Restructuring costs	-	-	-	-	-	-	-	-	72,451	-	-	-	-	72,451	72,451
Impairment of long-lived assets	-	-	-	-	-	-	-	-	97,722	-	-	-	-	97,722	97,722
(Provision)/Benefit from income tax effects related to Non-GAAP adjustments**	-	(4,187)	(1,465)	1,465	-	-	-	-	-	-	(6,726)	(8,959)	-	-	-
Non-GAAP net loss attributable to common stockholders	\$ (2,597)	\$ 14,026	\$ 9,646	\$ (18,347)	\$ 1,754	\$ (36,258)	\$ 425	\$ (19,247)	\$ (49,000)	\$ (17,697)	\$ 22,187	\$ 35,914	\$ (43,205)	\$ (67,822)	\$ (104,080)
Non-GAAP net loss attributable to common stockholders as a % of revenue	-2%	3%	2%	-3%	0%	-4%	0%	-2%	-5%	-4%	2%	2%	-2%	-2%	-3%
Sabbatical costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,328	\$ -	\$ -	\$ -	\$ -	\$ 29,328	\$ 29,328
Adjusted Non-GAAP net loss attributable to common stockholders	\$ (2,597)	\$ 14,026	\$ 9,646	\$ (18,347)	\$ 1,754	\$ (36,258)	\$ 425	\$ (19,247)	\$ (19,672)	\$ (17,697)	\$ 22,187	\$ 35,914	\$ (43,205)	\$ (38,494)	\$ (74,752)
% of revenue	-2%	3%	2%	-3%	0%	-4%	0%	-2%	-2%	-4%	2%	2%	-2%	-1%	-2%

GAAP to Non-GAAP Reconciliation



TWILIO INC. Reconciliation to Non-GAAP Financial Measures (In thousands, except share and per share amounts)														
	Three Months Ended									Year Ended				
	December 31, 2017	June 30, 2020	March 31, 2021	June 30, 2021	September 30, 2021	December 31 2021	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2017	December 31, 2019	December 31, 2020	December 31, 2021	
GAAP net loss per share attributable to common stockholders, basic and diluted*	\$ (0.20)	\$ (0.71)	\$ (1.24)	\$ (1.31)	\$ (1.26)	\$ (1.63)	\$ (1.23)	\$ (1.77)	\$ (2.63)	\$ (0.70)	\$ (2.36)	\$ (3.35)	\$ (5.45)	
Non-GAAP adjustments:														
Stock-based compensation	0.15	0.52	0.76	0.83	0.89	1.04	0.84	1.33	1.05	0.54	1.85	2.30	3.63	
Amortization of acquired intangibles	0.02	0.13	0.25	0.25	0.30	0.29	0.28	0.29	0.28	0.06	0.51	0.62	1.14	
Acquisition related expenses	-	-	0.02	0.02	0.01	-	-	0.01	-	-	0.11	0.14	0.04	
Charitable contributions	0.01	0.03	0.05	0.04	0.05	0.04	0.02	0.01	0.01	0.01	-	0.12	0.18	
Payroll taxes related to stock-based compensation	-	0.05	0.11	0.04	0.06	0.06	0.06	0.03	0.02	0.03	0.11	0.17	0.28	
Amortization of debt discount and issuance costs	-	0.04	0.02	0.01	-	-	-	-	-	-	0.17	0.15	0.03	
Income tax benefit related to acquisition (Provision)/Benefit from income tax effects related to Non-GAAP adjustments**	-	-	-	-	(0.08)	(0.01)	(0.01)	(0.01)	(0.01)	-	(0.39)	(0.10)	(0.10)	
Dilutive securities	-	(0.03)	(0.01)	0.01	-	-	-	-	-	-	(0.05)	(0.06)	-	
Interest in loss (income) of equity method investment	-	0.06	0.09	-	0.04	-	0.04	0.00	0.02	-	0.21	0.24	-	
Release of tax liability upon obligation settlement	-	-	-	-	-	-	-	-	0.07	(0.15)	-	-	-	
Restructuring costs	-	-	-	-	-	-	-	-	0.39	-	-	-	-	
Impairment of long-lived assets	-	-	-	-	-	-	-	-	0.53	-	-	-	-	
Non-GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.03)	\$ 0.09	\$ 0.05	\$ (0.11)	\$ 0.01	\$ (0.20)	\$ -	\$ (0.11)	\$ (0.27)	\$ (0.19)	\$ 0.16	\$ 0.23	\$ (0.25)	
GAAP weighted-average shares used to compute net loss per share attributable to common stockholders, basic	93,246,941	141,618,541	167,160,458	173,407,187	177,231,285	178,934,692	180,898,713	182,347,864	183,692,564	91,224,607	130,083,046	146,708,663	174,180,465	
Weighted Average Diluted Shares Outstanding	-	12,116,189	13,442,439	-	7,720,226	-	3,615,224	-	-	-	12,873,540	10,895,399	-	
Non-GAAP weighted-average shares used to compute Non-GAAP net loss per share attributable to common stockholders, diluted	93,246,941	153,734,730	180,602,897	173,407,187	184,951,511	178,934,692	184,513,937	182,347,864	183,692,564	91,224,607	142,956,586	157,604,062	174,180,465	

* Some columns may not add due to rounding.

** Represents the tax effect of the non-GAAP adjustments. For fiscal 2020, the Company used an estimated non-GAAP tax rate of 25%, and for fiscal 2021, the Company is using an estimated non-GAAP tax rate of 22%.

GAAP to Non-GAAP Reconciliation



TWILIO INC.		Year Ended		Nine Months Ended	Last Twelve Months	% of Sub-total
<i>Reconciliation to Non-GAAP Financial Measures</i>						
(In millions, except share and per share amounts)		December 31, 2020	December 31, 2021	September 30, 2022	10/1/21 through 9/30/22	10/1/21 through 9/30/22
Non-GAAP gross profit by Product Category						
Messaging	\$	340.3	\$ 484.3	\$ 505.0	\$ 650.5	33%
All other Communications		590.7	761.0	655.1	858.1	44%
Total Communications		931.0	1,245.3	1,160.1	1,508.6	77%
Software		79.1	268.3	264.8	342.6	17%
Other		30.1	82.8	83.2	110.6	6%
Sub-total		1,040.2	1,596.4	1,508.1	1,961.8	
Unallocated costs		(56.2)	(76.7)	(68.0)	(89.7)	
Non-GAAP gross profit	\$	984.0	\$ 1,519.7	\$ 1,440.1	\$ 1,872.1	
Revenue	\$	1,761.8	\$ 2,841.8	\$ 2,801.7	\$ 3,644.5	
Non-GAAP gross margin		55.9%	53.5%	51.4%	51.4%	

TWILIO INC.		Three Months Ended			Three Months Ended		
<i>Reconciliation to Non-GAAP Financial Measures</i>		June 30, 2020			September 30, 2022		
Non-GAAP gross profit by Product Category	Revenue	Non-GAAP gross profit	Non-GAAP gross margin	Revenue	Non-GAAP gross profit	Non-GAAP gross margin	
Messaging	\$ 182.8	\$ 73.4	40.2%	\$ 537.0	\$ 175.4	32.7%	
All other Communications		143.5			226.3		
Total Communications		216.9			401.7		
Software		14.1			92.8		
Other		6.8			28.5		
Sub-total		237.8			523.0		
Unallocated costs		(13.8)			(23.9)		
Non-GAAP gross profit	\$	224.0		\$	499.1		

GAAP to Non-GAAP Reconciliation



TWILIO INC	Year Ended December 31, 2020				Year Ended December 31, 2021				Nine Months Ended September 30, 2022				Last Twelve Months (October 1, 2021 to September 30, 2022)			
<i>Reconciliation to Non-GAAP Financial Measures</i>	(In millions, except share and per share amounts)				(In millions, except share and per share amounts)				(In millions, except share and per share amounts)				(In millions, except share and per share amounts)			
	U.S.	International	Other	Total	U.S.	International	Other	Total	U.S.	International	Other	Total	U.S.	International	Other	Total
Non-GAAP gross margin less M&A and excluding fees*																
Messaging revenue	\$ 397.7	\$ 420.0	\$ 3.4	\$ 821.1	\$ 599.4	\$ 813.9	\$ 3.0	\$ 1,416.2	\$ 594.1	\$ 913.4	\$ 5.6	\$ 1,513.0	\$ 776.6	\$ 1,177.9	\$ 10.5	\$ 1,965.0
Messaging Non-GAAP gross profit	229.6	107.3	3.4	340.3	308.9	172.5	2.9	484.3	294.2	205.2	5.6	505.0	383.2	256.8	10.5	650.5
Messaging Non-GAAP gross margin	57.7%	25.5%	100.0%	41.4%	51.5%	21.2%	99.1%	34.2%	49.5%	22.5%	99.7%	33.4%	49.3%	21.8%	99.7%	33.1%
Messaging revenue	397.7	420.0	3.4	821.1	599.4	813.9	3.0	1,416.2	594.1	913.4	5.6	1,513.0	776.6	1,177.9	10.5	1,965.0
Less: M&A	-	1.5	-	1.5	55.5	63.1	-	118.5	101	75.6	-	176.6	132.9	103.5	-	236.4
Messaging revenue less M&A	397.7	418.5	3.4	819.6	543.9	750.8	3.0	1,297.7	493.1	837.8	5.6	1,336.4	643.7	1,074.4	10.5	1,728.6
Messaging Non-GAAP gross profit	229.6	107.3	3.4	340.3	308.9	172.5	2.9	484.3	294.2	205.2	5.6	505.0	383.2	256.8	10.5	650.5
Less: M&A	-	1.1	-	1.1	30.4	13.2	-	43.6	55.5	13.0	-	68.5	73.2	18.2	-	91.4
Messaging non-GAAP gross profit less M&A	229.6	106.2	3.4	339.2	278.5	159.3	2.9	440.7	238.7	192.2	5.6	436.5	310.0	238.6	10.5	559.1
Messaging non-GAAP gross margin less M&A	57.7%	25.4%	100.0%	41.4%	51.2%	21.2%	99.1%	34.0%	48.4%	22.9%	99.7%	32.7%	48.2%	22.2%	99.7%	32.3%
Messaging revenue	397.7	420.0	3.4	821.1	599.4	813.9	3.0	1,416.2	594.1	913.4	5.6	1,513.0	776.6	1,177.9	10.5	1,965.0
Less: 10DLC A2P fees	35.5	-	-	35.5	133.5	-	-	133.5	179.2	-	-	179.2	233.3	-	-	233.3
Messaging revenue excluding fees	362.2	420.0	3.4	785.6	465.9	813.9	3.0	1,282.8	414.9	913.4	5.6	1,333.8	543.3	1,177.9	10.5	1,731.7
Messaging Non-GAAP gross profit	229.6	107.3	3.4	340.3	308.9	172.5	2.9	484.3	294.2	205.2	5.6	505.0	383.2	256.8	10.5	650.5
Less: 10DLC A2P fees	-	-	-	-	(6.3)	-	-	(6.3)	3.9	-	-	3.9	3.9	-	-	3.9
Messaging non-GAAP gross profit excluding fees	229.6	107.3	3.4	340.3	315.2	172.5	2.9	490.6	290.3	205.2	5.6	501.1	379.3	256.8	10.5	646.6
Messaging non-GAAP gross margin excluding 10DLC A2P fees	63.4%	25.5%	100.0%	43.3%	67.7%	21.2%	99.1%	38.2%	70.0%	22.5%	99.7%	37.6%	69.8%	21.8%	99.7%	37.3%
Messaging revenue	397.7	420.0	3.4	821.1	599.4	813.9	3.0	1,416.2	594.1	913.4	5.6	1,513.0	776.6	1,177.9	10.5	1,965.0
Less: 10DLC A2P fees	35.5	-	-	35.5	110.3	-	-	110.2	132.6	-	-	132.5	173.0	-	-	173.0
Less: M&A including 10DLC A2P fees	-	1.5	-	1.5	55	63.1	-	118.5	101.0	75.6	-	176.6	133	103.5	-	236.4
Messaging revenue excluding fees and M&A	362.2	418.5	3.4	784.1	433.7	750.8	3.0	1,187.5	360.5	837.8	5.6	1,203.9	470.7	1,074.4	10.5	1,555.6
Messaging Non-GAAP gross profit	229.6	107.3	3.4	340.3	308.9	172.5	2.9	484.3	294.2	205.2	5.6	505.0	383.2	256.8	10.5	650.5
Less: 10DLC A2P fees	-	-	-	-	(6.3)	-	-	(6.3)	3.9	-	-	3.9	3.9	-	-	3.9
Less: M&A including 10DLC A2P fees	-	1.1	-	1.1	30.4	13.2	-	43.5	55.5	13.0	-	68.5	73.2	18.2	-	91.4
Messaging non-GAAP gross profit excluding fees and M&A	229.6	106.2	3.4	339.2	284.9	159.3	2.9	447.1	234.8	192.2	5.6	432.6	306.1	238.6	10.5	555.2
Messaging non-GAAP gross margin excluding 10DLC A2P fees and M&A	63.4%	25.4%	100.0%	43.3%	65.7%	21.2%	99.1%	37.6%	65.1%	22.9%	99.7%	35.9%	65.0%	22.2%	99.7%	35.7%

* Some columns may not add due to rounding.

GAAP to Non-GAAP Reconciliation



TWILIO INC.	
<i>Reconciliation to Non-GAAP Financial Measures</i>	
(In millions, except share and per share amounts)	Three Months Ended September 30, 2022
Non-GAAP gross margin excluding 10DLC and A2P fees	
Total revenue	\$ 983.0
Less: 10DLC A2P fees	63.0
Total revenue excluding fees	\$ 920.0
Non-GAAP gross profit	499.1
Less: 10DLC A2P fees	1.8
Non-GAAP gross profit excluding fees	\$ 497.3
Non-GAAP gross margin	50.8%
Non-GAAP gross margin adjusted for 10DLC A2P fees	54.1%