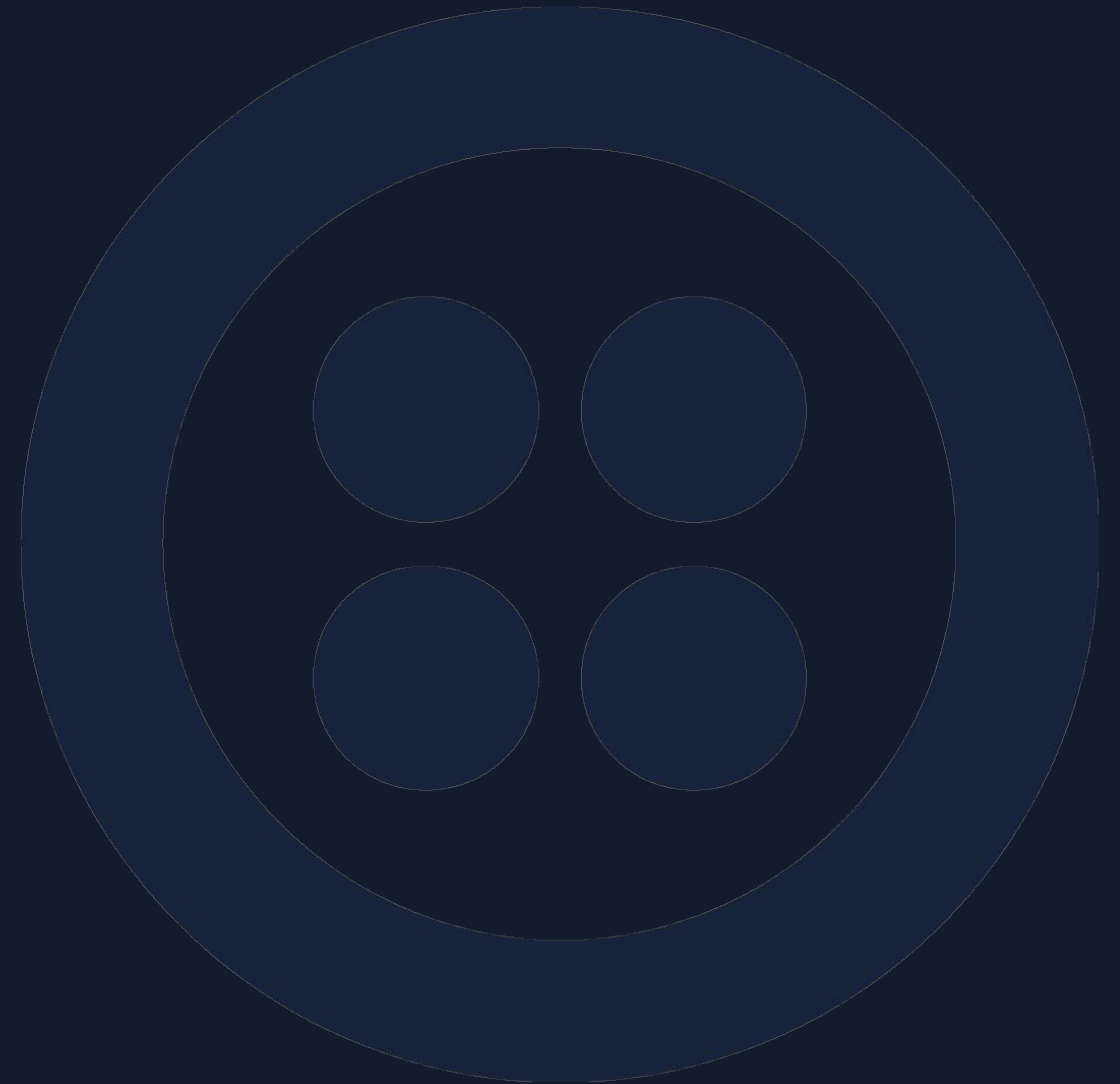




# Q4 2024 Earnings Results

February 13, 2025



# 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 the Appendix, 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](https://www.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 these operating metrics can be found in the Appendix.

This presentation and the accompanying conference call also contain non-GAAP financial measures. The non-GAAP financial measures, including non-GAAP gross profit, non-GAAP gross profit growth, non-GAAP gross margin, non-GAAP income (loss) from operations, 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), organic revenue, organic revenue growth, 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 these non-GAAP financial measures, and reconciliations to their most directly comparable GAAP measures, can be found in the Appendix.



# Financial Overview





# Total Company Results

	Q4 2024	FY 2024
<b>Total Revenue</b>	<b>\$1,195M</b>	<b>\$4,458M</b>
<i>Y/Y Revenue Growth</i>	11%	7%
<i>Y/Y Organic Revenue Growth</i>	11%	9%
<b>Non-GAAP Gross Profit</b>	<b>\$621M</b>	<b>\$2,364M</b>
<i>Non-GAAP Gross Margin</i>	52.0%	53.0%
<b>Non-GAAP Income from Operations</b>	<b>\$197M</b>	<b>\$714M</b>
<i>Non-GAAP Operating Margin</i>	16.5%	16.0%
<b>Free Cash Flow</b>	<b>\$93M</b>	<b>\$657M</b>
<i>Free Cash Flow Margin</i>	7.8%	14.7%
<b>Dollar-Based Net Expansion Rate</b>	<b>106%</b>	<b>104%</b>
<b>Active Customer Accounts</b>	<b>325,000+</b>	<b>325,000+</b>

Note: Organic revenue growth, 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. See Appendix for non-GAAP definitions and reconciliations.

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



# Communications Results

	Q4 2024	FY 2024
<b>Communications Revenue</b>	<b>\$1,121M</b>	<b>\$4,160M</b>
<i>Y/Y Communications Revenue Growth</i>	12%	8%
<i>Y/Y Communications Organic Revenue Growth</i>	12%	9%
<b>Communications Non-GAAP Gross Profit</b>	<b>\$567M</b>	<b>\$2,146M</b>
<i>Communications Non-GAAP Gross Margin</i>	50.6%	51.6%
<b>Communications Non-GAAP Income from Operations</b>	<b>\$275M</b>	<b>\$1,042M</b>
<i>Communications Non-GAAP Operating Margin</i>	24.6%	25.0%
<b>Communications Dollar-Based Net Expansion Rate</b>	<b>108%</b>	<b>105%</b>
<b>Communications Active Customer Accounts</b>	<b>317,000+</b>	<b>317,000+</b>

Note: Organic revenue growth, non-GAAP gross profit and non-GAAP gross margin for our Communications business are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.

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

	Q4 2024	FY 2024
<b>Segment Revenue</b>	<b>\$74M</b>	<b>\$298M</b>
<i>Y/Y Segment Revenue Growth</i>	<i>(1%)</i>	<i>1%</i>
<b>Segment Non-GAAP Gross Profit</b>	<b>\$54M</b>	<b>\$218M</b>
<i>Segment Non-GAAP Gross Margin</i>	<i>72.3%</i>	<i>73.3%</i>
<b>Segment Non-GAAP Loss from Operations</b>	<b>(\$10M)</b>	<b>(\$63M)</b>
<i>Segment Non-GAAP Operating Margin</i>	<i>(13.6%)</i>	<i>(21.0%)</i>
<b>Segment Dollar-Based Net Expansion Rate</b>	<b>93%</b>	<b>92%</b>
<b>Segment Active Customer Accounts</b>	<b>7,400+</b>	<b>7,400+</b>

Note: Non-GAAP gross profit and non-GAAP gross margin for our Segment business are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.

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.



# Q1 2025 & Full Year 2025 Guidance

## Q1 2025 Guidance:

- Total revenue: \$1.130 billion to \$1.140 billion, up 8% to 9% year-over-year
- Non-GAAP income from operations: \$180 million to \$190 million
- Non-GAAP diluted earnings per share<sup>1</sup>: \$0.88 - \$0.93
- Non-GAAP weighted average diluted shares outstanding: 162 million

## Full Year 2025 Guidance:

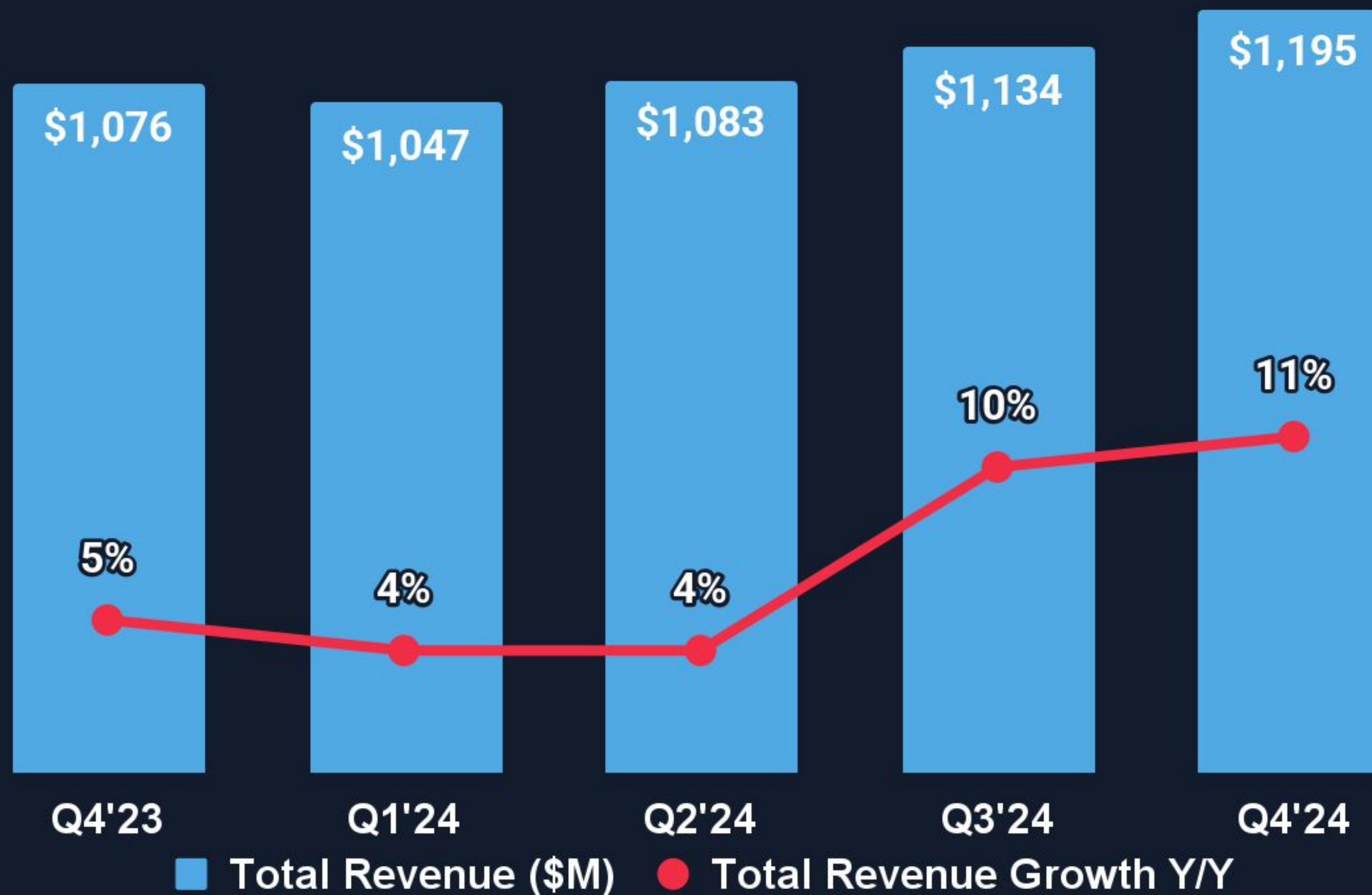
- Organic revenue growth: 7% to 8% year-over-year
- Non-GAAP income from operations: \$825 million to \$850 million
- Free cash flow: \$825 to \$850 million

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

Note: Organic revenue growth, non-GAAP income from operations, non-GAAP diluted earnings per share and free cash flow are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.



# Quarterly Revenue



**11%**  
Q4'24 Total Revenue  
Growth Y/Y

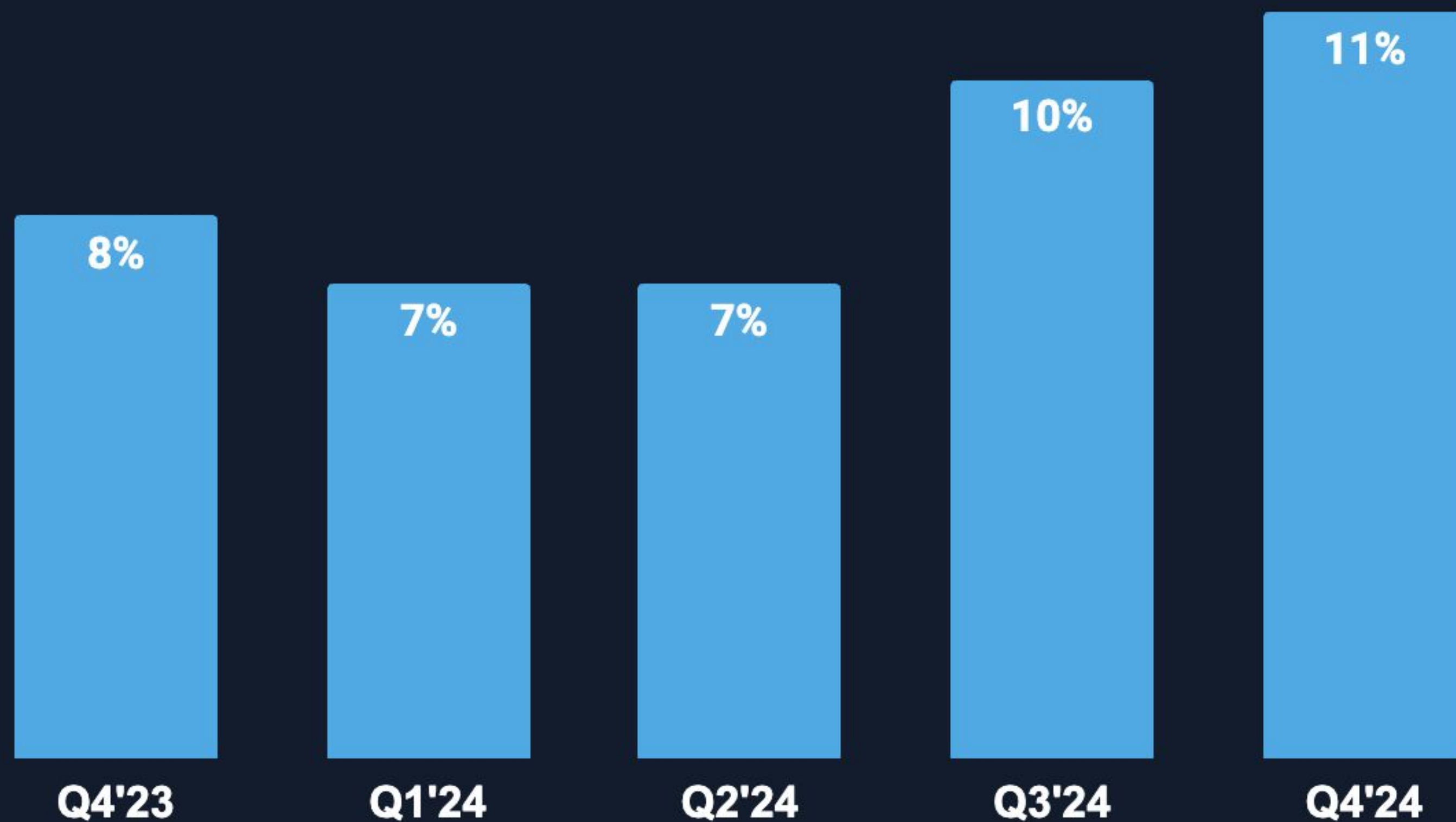
**12%**  
Q4'24 Communications  
Revenue Growth Y/Y

**(1%)**  
Q4'24 Segment Revenue  
Growth Y/Y

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



# Quarterly Organic Revenue Growth



**11%**  
Q4'24 Organic Revenue  
Growth Y/Y

Note: Organic revenue and organic revenue growth are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.

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 are equivalent.



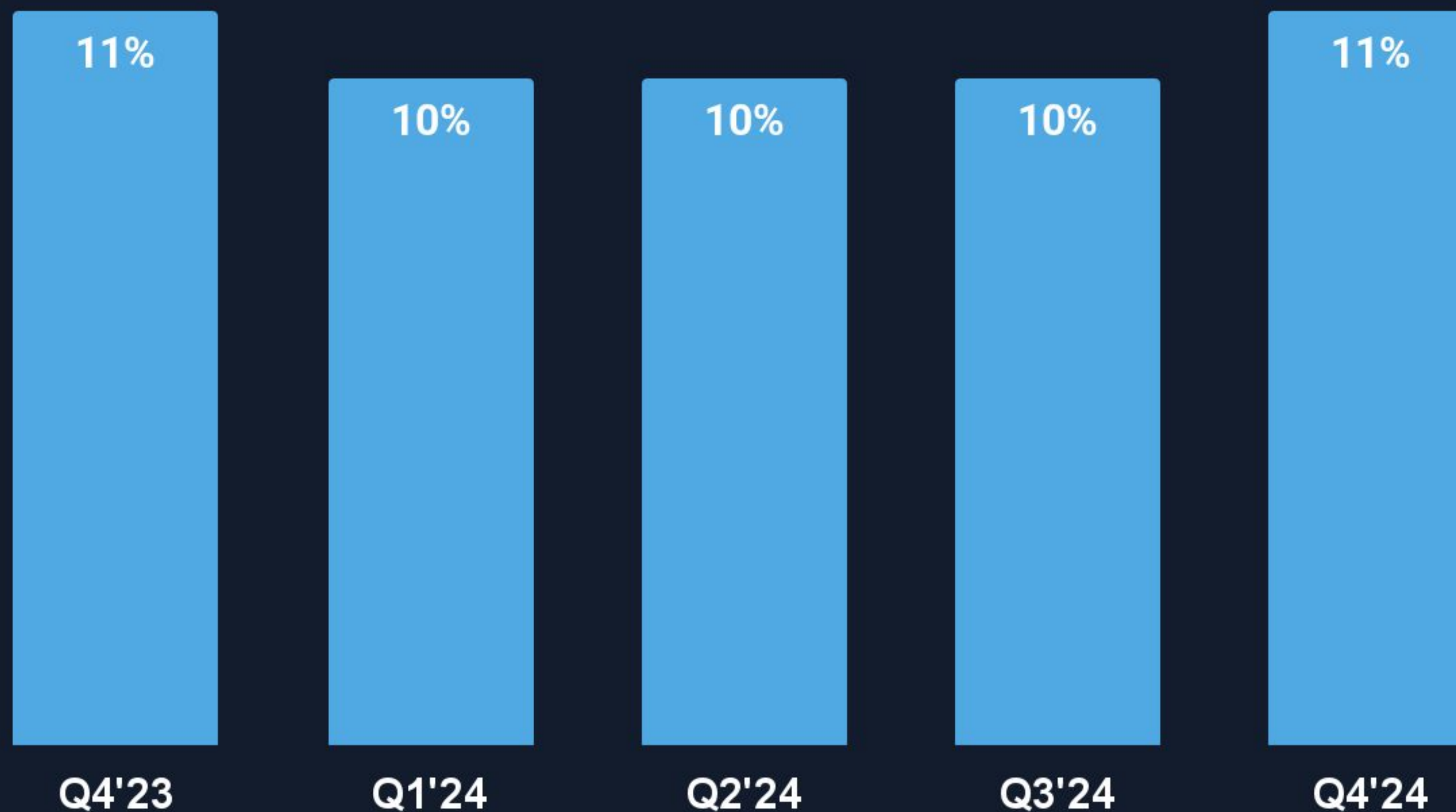
# Dollar-Based Net Expansion Rate



Note: See Appendix for our definition of Dollar-Based Net Expansion Rate.



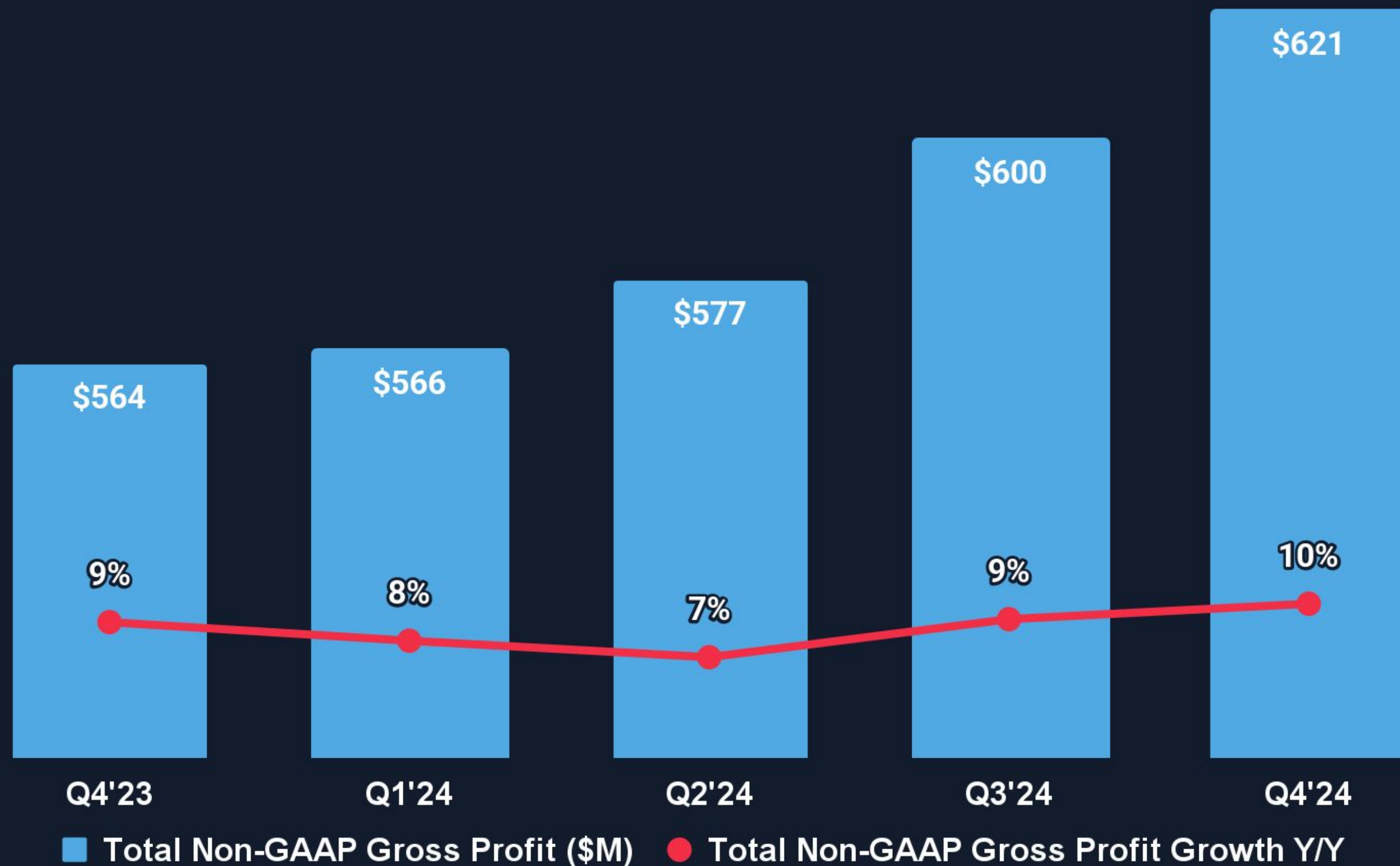
# Top 10 Active Customer Accounts as a % of Total Revenue



Note: See Appendix for our definition of Active Customer Accounts.



# Non-GAAP Gross Profit

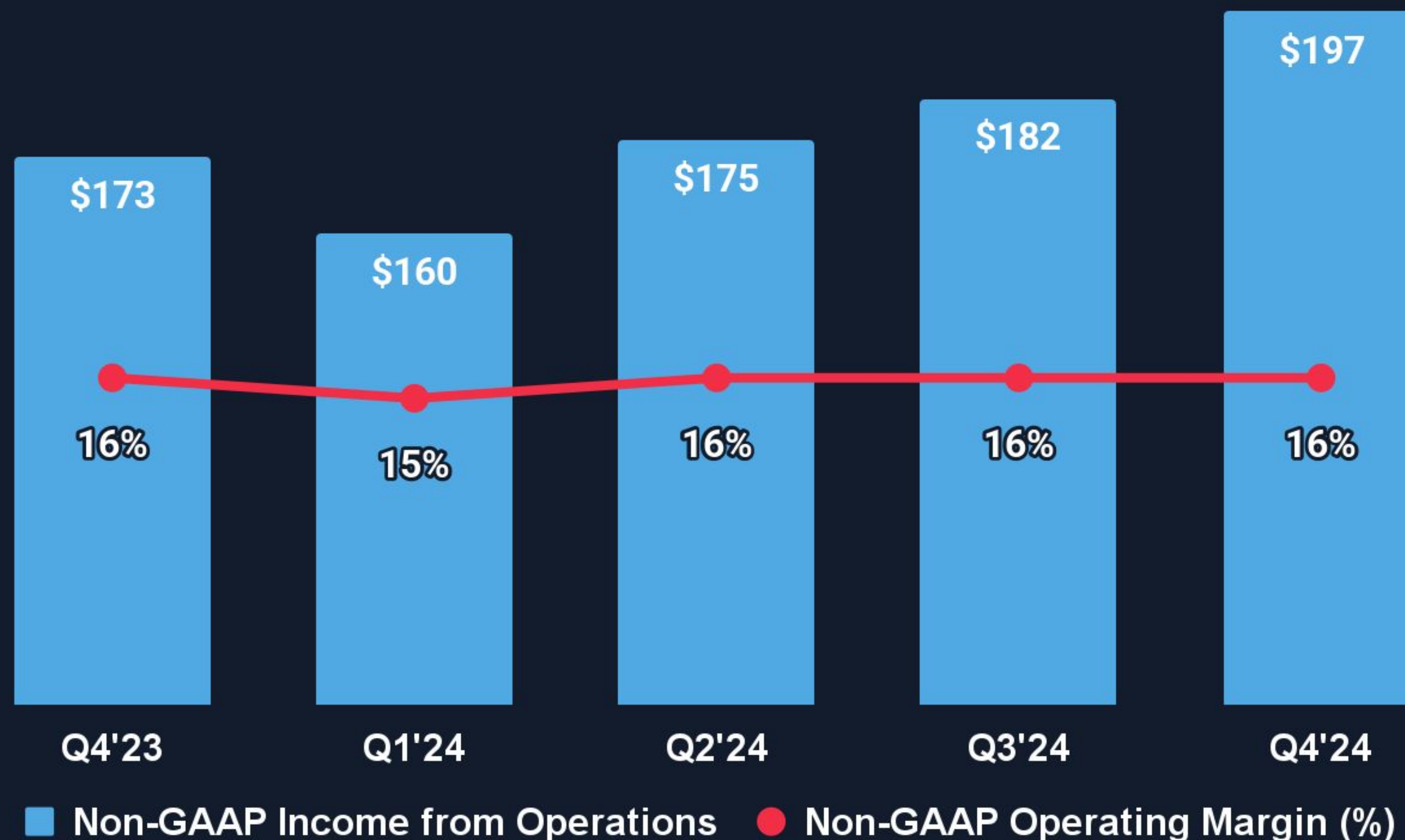


**10%**  
Q4'24 NON-GAAP GROSS  
PROFIT GROWTH Y/Y

Note: Non-GAAP gross profit and non-GAAP gross profit growth are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.



# Non-GAAP Income from Operations



**16%**  
Q4'24 NON-GAAP OPERATING  
MARGIN

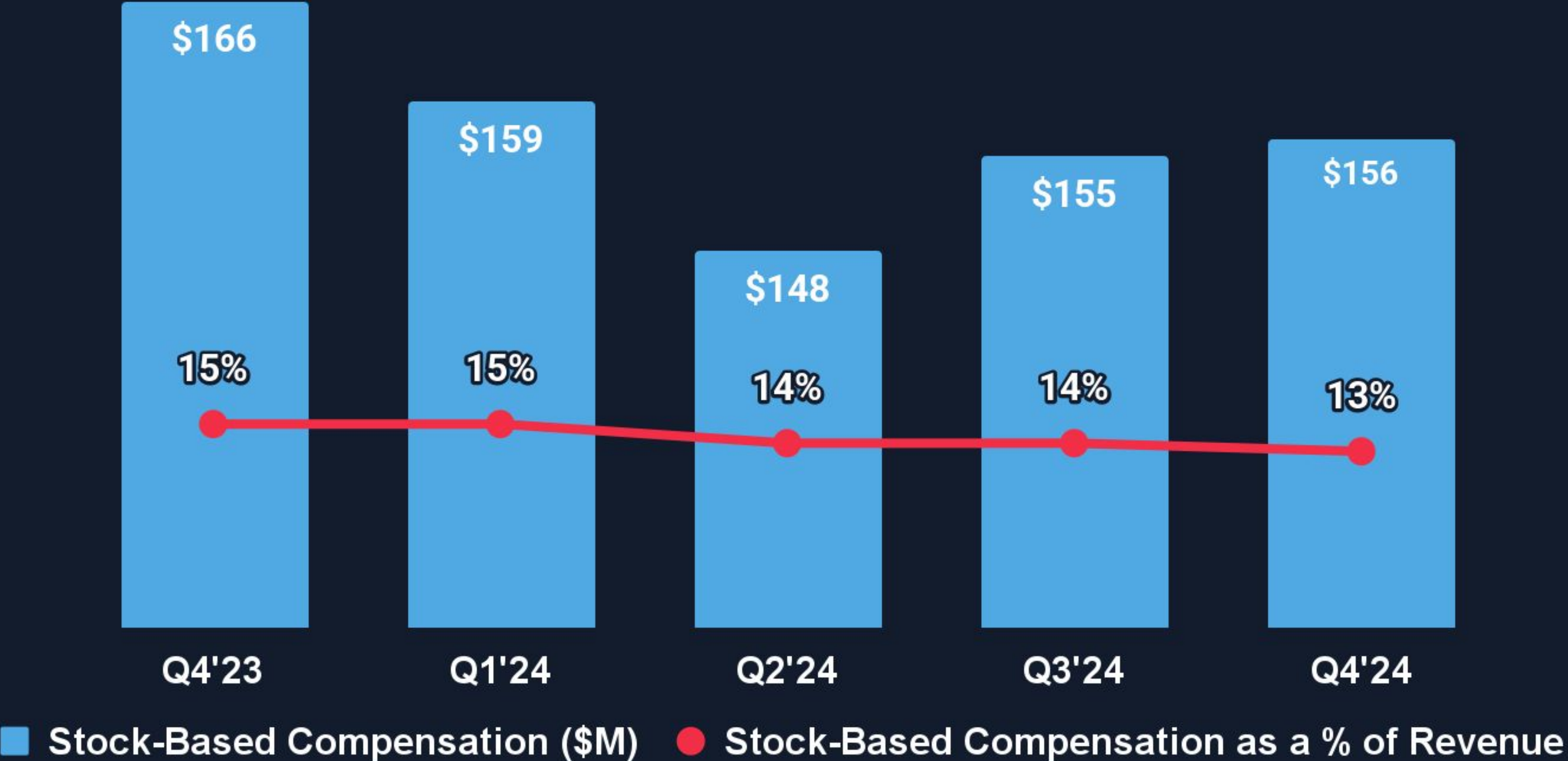
**\$714M**  
FY24 NON-GAAP INCOME  
FROM OPERATIONS

**16%**  
FY24 NON-GAAP OPERATING  
MARGIN

Note: Non-GAAP income from operations and non-GAAP operating margin are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.



# Stock-Based Compensation Expense



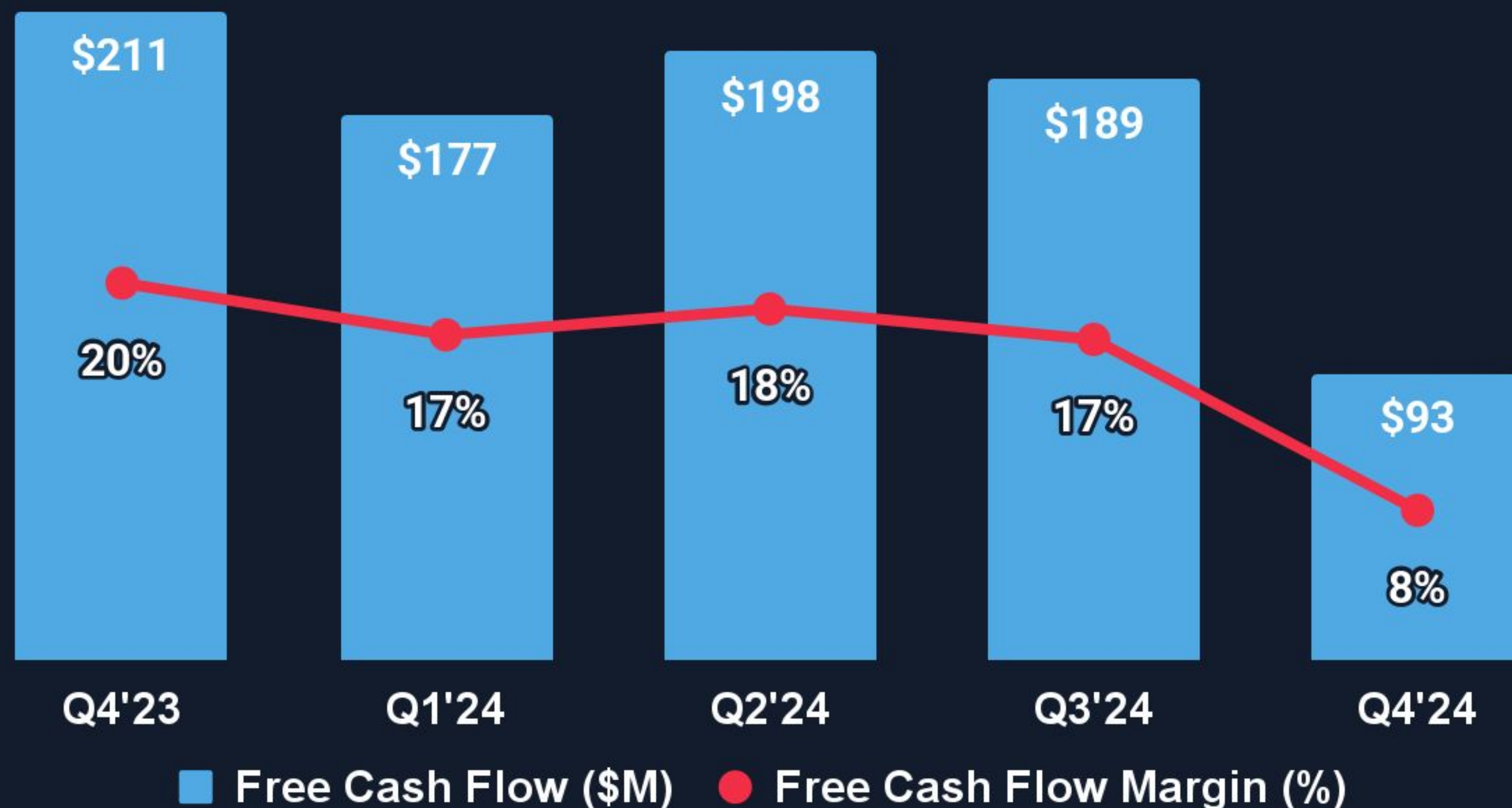
**13%**  
Q4'24 STOCK-BASED  
COMPENSATION AS A % OF  
REVENUE

**3.3%**  
FY24 NET BURN<sup>1</sup> (BEFORE  
SHARE REPURCHASES)

<sup>1</sup> Net burn is calculated as the number of employee stock units granted in a year net of forfeitures and divided by the prior year ending share count. Does not include any impact of share repurchases in a given year.



# Free Cash Flow



**8%**  
Q4'24 FREE CASH FLOW  
MARGIN

**\$657M**  
FY24 FREE CASH FLOW

**15%**  
FY24 FREE CASH FLOW  
MARGIN

Note: Free cash flow and free cash flow margin are non-GAAP financial measures. See Appendix for non-GAAP definitions and reconciliations.

# Q4 2024: Representative Customer Wins





# Top Customer Wins from the Quarter

## Communications:

- Twilio closed a cross-sell deal with a leading online rug retailer. In the span of a week, the customer went from having no SMS marketing presence to scaling a robust campaign that resulted in 1.5M messages sent over the course of Cyber Week, a testament to the speed and trust of our platform.
- Twilio signed a seven figure deal with a leading global investment advisor to consolidate their authentication solution to one provider, Twilio. The deal includes both Verify and Lookup to support all international markets, ensuring a seamless and reliable user experience for clients worldwide.
- Twilio signed a three-year Voice commit with E.ON Next. E.ON Next is committed to providing innovative energy solutions that empower customers while contributing to a sustainable future. With a focus on affordability and customer satisfaction, E.ON Next offers a range of products and services designed to meet the evolving needs of households across the UK.
- A leading European bank signed a deal to further consolidate its messaging traffic with Twilio. This financial services customer is able to send both one-way messages for account notifications and, for customers using short-codes, they can use two-way messaging.
- During the quarter, Twilio expanded its relationship with Klaviyo with several SMS deals in European markets.
- Twilio signed a Voice deal with O'Brien Glass, who provides Autoglass & Glazing products as well as Plumbing & Electrical services, who was already using Twilio for messaging. O'Brien was managing multiple carrier environments and platforms, and will use Twilio's Voice platform to reduce cost, and provide a foundation to scale as the business grows.



# Top Customer Wins from the Quarter (cont.)

## Communications (continued):

- During the quarter, Twilio signed a deal with a leading B2C delivery company. In an effort to reduce delivery failures and time to deliver, they leveraged Twilio's Branded Calling feature, which led to a 3% improvement in successful deliveries due to the increased answer rates.
- Twilio signed a deal with a leading web hosting provider. The company has been a longtime Twilio Messaging customer and expanded their use to include Twilio's Conversations API to power two-way SMS and voice channels. With Twilio, the company has integrated the product into their own proprietary unified inbox, giving customers the ability to manage their business communications needs on their smartphone and simplify the communication with their own customers.
- During the quarter, Twilio signed a deal with a top health system in the US that adopted Twilio's RCS messaging, Branded Calling, and Engagement Suite to increase call adoption, establish a stronger brand presence, increase message deliverability and engagement.



## Top Customer Wins from the Quarter (cont.)

### Segment:

- Twilio closed the largest Segment deal ever in Q4 with one of the world's largest financial services companies. By expanding its use of Twilio Segment, they are able to power real-time, behavior-based routing that reduces latency for customers and drives better and more relevant customer experiences, while also improving operational efficiency as it will save the company millions of dollars annually.
- Leading API platform Postman selected Twilio Segment to unify attribution data from both new and existing users to deliver more efficient and effective customer communications.
- Twilio signed a Segment expansion with a large sports gambling company to further leverage Segment's real time personalization capabilities to deliver omni-channel personalization to their customer base.



# FY24 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.
- [Box](#) - "By using Predictive Audiences, we have significantly improved our paid search performance — achieving a 124% higher click-through rate (CTR) and 102% higher conversion rate (CVR) than our average search engine marketing (SEM) performance."
- [myWorld](#) - myWorld simplifies global contact center services with Twilio Flex using an AI chatbot for over 70% of their service requests to reduce agent handling time by 35%.
- [Lime](#) - With Twilio Verify Fraud Guard, Lime can verify new user sign-ups and mitigate fraud, so they can focus on providing the best rider experience possible. Fraud Guard's protection modes allowed Lime to enable the Max Protection Mode and use the 100% guarantee against SMS Pumping fraud.
- [Cloudbeds](#) - Cloudbeds partnered with Twilio to quickly onboard partner properties onto WhatsApp using Twilio's Senders API – making onboarding for new properties nearly instantaneous. Utilizing the WhatsApp Tech Provider Program and Twilio's Senders API, the WhatsApp onboarding process has been shortened from 30 days to only one day.
- [Commure](#) - Using Twilio SMS, voice, and email, Commure empowers healthcare providers to deliver timely, personalized communications that enhance patient outcomes - resulting in a 54% reduction in no-show rates for preventive care screenings with a 94% patient satisfaction of telehealth preparation instructions and communications.



**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. 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 and operating performance, including our expected financial and operating results, guidance and targets, including the assumptions underlying such guidance and targets; our anticipated strategies and business plans and our ability to successfully execute them; our expectations regarding capital returns to shareholders, including share repurchases; our expectations regarding our relationships with ISVs, partners and resellers, and our self-service and cross-sell efforts; our ability to expand into new and existing markets, including international markets; the development and release of our products (and the timing thereof), including related to AI and machine learning; the effects of our increased investment and go-to-market focus to capture market share; our strategy for streamlining and adding value to the customer experience; our ability to deliver on our product roadmap and our focus on innovation; and our expectations regarding the impact of operating and industry conditions and the impact of such conditions on our business and customers. 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 attract and retain customers and expand their usage of our platform; our ability to realize the anticipated benefits of changes to our operating model and organizational structure; our ability to successfully implement our cost-saving initiatives and to capture expected efficiencies; our ability to form and expand partnerships; our ability to successfully enter into new markets and manage our international expansion; the impact of macroeconomic and political conditions and market volatility; our ability to compete effectively in intensely competitive markets; 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 manage changes in network service provider fees and optimize our network service provider coverage and connectivity; and our ability to comply with modified or new industry standards, laws and regulations applying to our business, and increased costs associated with regulatory compliance.

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. 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. All forward-looking statements contained in this presentation and the accompanying conference call represent our management’s beliefs and assumptions only as of the date such statements are made and we do not assume any obligation to update any forward-looking statements to reflect events or circumstances occurring after the date on which the statements were made, 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 December 31, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any acquisitions made after October 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 December 31, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any divestitures made after December 31, 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 the non-GAAP financial measures defined below. 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 below. 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 Financial Measures

**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 stock-based compensation, amortization of acquired intangibles, loss on net assets divested, acquisition and divestiture related expenses, payroll taxes related to stock-based compensation, accretion of debt discount and issuance costs, provision of income tax effects related to non-GAAP adjustments, 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.

**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 or purposes of the organic revenue growth calculation. As a result, organic revenue used in this calculation for the comparative period will not always equal 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 as net cash provided by (used in) operating activities, excluding capitalized software development costs and purchases of long-lived and intangible assets, and we define free cash flow margin as free cash flow divided by revenue.

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended			
	December 31, 2022	March 31, 2023	June 30, 2023	September 30, 2023
<b>Non-GAAP gross profit and gross margin</b>				
Revenue	\$ 1,024,574	\$ 1,006,564	\$ 1,037,761	\$ 1,033,670
GAAP gross profit	\$ 481,142	\$ 490,690	\$ 505,755	\$ 516,319
GAAP gross profit growth (Y/Y)				
GAAP gross margin	47.0 %	48.7 %	48.7 %	50.0 %
Non-GAAP adjustments:				
Stock-based compensation	6,505	5,290	6,334	7,053
Amortization of acquired intangibles	30,052	29,961	29,669	29,045
Payroll taxes related to stock-based compensation	82	195	123	181
<b>Non-GAAP gross profit</b>	<b>\$ 517,781</b>	<b>\$ 526,136</b>	<b>\$ 541,881</b>	<b>\$ 552,598</b>
<b>Non-GAAP gross profit growth (Y/Y)</b>				
<b>Non-GAAP gross margin</b>	<b>50.5 %</b>	<b>52.3 %</b>	<b>52.2 %</b>	<b>53.5 %</b>

	Three Months Ended				
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
<b>Non-GAAP gross profit and gross margin</b>					
Revenue	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649	\$ 1,194,835
GAAP gross profit	\$ 531,166	\$ 544,041	\$ 555,845	\$ 578,629	\$ 599,697
GAAP gross profit growth (Y/Y)	10 %	11 %	10 %	12 %	13 %
GAAP gross margin	49.4 %	52.0 %	51.3 %	51.0 %	50.2 %
Non-GAAP adjustments:					
Stock-based compensation	7,666	5,891	5,503	5,436	5,171
Amortization of acquired intangibles	24,591	15,682	15,682	15,682	15,682
Payroll taxes related to stock-based compensation	200	345	283	257	248
<b>Non-GAAP gross profit</b>	<b>\$ 563,623</b>	<b>\$ 565,959</b>	<b>\$ 577,313</b>	<b>\$ 600,004</b>	<b>\$ 620,798</b>
<b>Non-GAAP gross profit growth (Y/Y)</b>	<b>9 %</b>	<b>8 %</b>	<b>7 %</b>	<b>9 %</b>	<b>10 %</b>
<b>Non-GAAP gross margin</b>	<b>52.4 %</b>	<b>54.1 %</b>	<b>53.3 %</b>	<b>52.9 %</b>	<b>52.0 %</b>

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
<b>Non-GAAP income from operations and Non-GAAP operating margin</b>					
Revenue	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649	\$ 1,194,835
GAAP gross profit	\$ 531,166	\$ 544,041	\$ 555,845	\$ 578,629	\$ 599,697
Non-GAAP adjustments:					
Stock-based compensation	7,666	5,891	5,503	5,436	5,171
Amortization of acquired intangibles	24,591	15,682	15,682	15,682	15,682
Payroll taxes related to stock-based compensation	200	345	283	257	248
Non-GAAP gross profit	<u>\$ 563,623</u>	<u>\$ 565,959</u>	<u>\$ 577,313</u>	<u>\$ 600,004</u>	<u>\$ 620,798</u>
GAAP operating expenses	\$ 892,893	\$ 587,545	\$ 574,882	\$ 583,523	\$ 585,970
Non-GAAP adjustments:					
Stock-based compensation	(156,905)	(150,267)	(142,154)	(148,395)	(150,612)
Amortization of acquired intangibles	(17,880)	(13,257)	(12,502)	(11,755)	(11,609)
Acquisition and divestiture related expenses	(40)	—	—	—	—
Payroll taxes related to stock-based compensation	(2,046)	(6,431)	(3,227)	(792)	1,941
Charitable contributions	(13,361)	(1,295)	(15,315)	(1,301)	(1,996)
Restructuring costs	(25,452)	(9,946)	310	(3,694)	57
Impairment of long-lived assets	(286,226)	—	—	—	—
Non-GAAP operating expenses	<u>\$ 390,983</u>	<u>\$ 406,349</u>	<u>\$ 401,994</u>	<u>\$ 417,586</u>	<u>\$ 423,751</u>
GAAP (loss) income from operations	\$ (361,727)	\$ (43,504)	\$ (19,037)	\$ (4,894)	\$ 13,727
GAAP operating margin	(33.6)%	(4.2)%	(1.8)%	(0.4)%	1.1%
Non-GAAP adjustments:					
Stock-based compensation	164,571	156,158	147,657	153,831	155,783
Amortization of acquired intangibles	42,471	28,939	28,184	27,437	27,291
Acquisition and divestiture related expenses	40	—	—	—	—
Payroll taxes related to stock-based compensation	2,246	6,776	3,510	1,049	(1,693)
Charitable contributions	13,361	1,295	15,315	1,301	1,996
Restructuring costs	25,452	9,946	(310)	3,694	(57)
Impairment of long-lived assets	286,226	—	—	—	—
<b>Non-GAAP income from operations</b>	<u>\$ 172,640</u>	<u>\$ 159,610</u>	<u>\$ 175,319</u>	<u>\$ 182,418</u>	<u>\$ 197,047</u>
<b>Non-GAAP operating margin</b>	<u>16.0%</u>	<u>15.2%</u>	<u>16.2%</u>	<u>16.1%</u>	<u>16.5%</u>

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended	
	December 31, 2023	December 31, 2024
<b>Non-GAAP income from operations and Non-GAAP operating margin</b>		
Revenue	\$ 4,153,945	\$ 4,458,036
GAAP gross profit	\$ 2,043,930	\$ 2,278,212
GAAP gross margin	49.2%	51.1%
Non-GAAP adjustments:		
Stock-based compensation	26,343	22,001
Amortization of acquired intangibles	113,266	62,728
Payroll taxes related to stock-based compensation	699	1,133
Non-GAAP gross profit	<u>\$ 2,184,238</u>	<u>\$ 2,364,074</u>
Non-GAAP gross margin	52.6%	53.0%
GAAP operating expenses	\$ 2,920,471	\$ 2,331,920
Non-GAAP adjustments:		
Stock-based compensation	(636,499)	(591,428)
Amortization of acquired intangibles	(79,041)	(49,123)
Acquisition and divestiture related expenses	(5,555)	—
Loss on net assets held for sale	(32,277)	—
Payroll taxes related to stock-based compensation	(12,286)	(8,509)
Charitable contributions	(17,346)	(19,907)
Restructuring costs	(165,733)	(13,273)
Impairment of long-lived assets	(320,504)	—
Non-GAAP operating expenses	<u>\$ 1,651,230</u>	<u>\$ 1,649,680</u>
GAAP loss from operations	\$ (876,541)	\$ (53,708)
GAAP operating margin	(21.1)%	(1.2)%
Non-GAAP adjustments:		
Stock-based compensation	662,842	613,429
Amortization of acquired intangibles	192,307	111,851
Acquisition and divestiture related expenses	5,555	—
Loss on net assets held for sale	32,277	—
Payroll taxes related to stock-based compensation	12,985	9,642
Charitable contributions	17,346	19,907
Restructuring costs	165,733	13,273
Impairment of long-lived assets	320,504	—
<b>Non-GAAP income from operations</b>	<u>\$ 533,008</u>	<u>\$ 714,394</u>
<b>Non-GAAP operating margin</b>	12.8%	16.0%

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
<b>Organic revenue</b>					
Total revenue	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649	\$ 1,194,835
<b>Organic revenue</b>	\$ 1,075,950	\$ 1,047,050	\$ 1,082,502	\$ 1,133,649	\$ 1,194,835
<b>Revenue growth</b>	5 %	4 %	4 %	10 %	11 %
<b>Organic revenue growth</b>	8% <sup>1</sup>	7% <sup>2</sup>	7% <sup>3</sup>	10% <sup>4</sup>	11% <sup>5</sup>

<sup>1</sup> Q4'22 organic revenue, when used in the calculation of Q4'23 organic revenue growth, excludes \$30 million of divestiture revenue. Q4'22 revenue was \$1,025 million.

<sup>2</sup> Q1'23 organic revenue, when used in the calculation of Q1'24 organic revenue growth, excludes \$28 million of divestiture revenue. Q1'23 revenue was \$1,007 million.

<sup>3</sup> Q2'23 organic revenue, when used in the calculation of Q2'24 organic revenue growth, excludes \$25 million of divestiture revenue. Q2'23 revenue was \$1,038 million.

<sup>4</sup> Q3'23 organic revenue, when used in the calculation of Q3'24 organic revenue growth, is equal to reported revenue. Q3'23 revenue was \$1,034 million.

<sup>5</sup> Q4'23 organic revenue, when used in the calculation of Q4'24 organic revenue growth, is equal to reported revenue.

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended December 31, 2024
<b>Organic revenue</b>	
Total revenue	\$ 4,458,036
Organic revenue	\$ 4,458,036
Revenue growth	7 %
Organic revenue growth	9% <sup>1</sup>

<sup>1</sup> FY'23 organic revenue, when used in the calculation of FY'24 organic revenue growth, excludes \$53 million of divestiture revenue. FY'23 revenue was \$4,154 million.

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended	Year Ended
	December 31,	December 31,
	2024	2024
<b>Communications organic revenue</b>		
Communications revenue	\$ 1,120,782	\$ 4,160,340
<b>Communications organic revenue</b>	<b>\$ 1,120,782</b>	<b>\$ 4,160,340</b>
<b>Communications revenue growth</b>	12 %	8 %
<b>Communications organic revenue growth</b>	12% <sup>1</sup>	9% <sup>2</sup>

<sup>1</sup> Q4'23 Communications organic revenue, when used in the calculation of Q4'24 Communications organic revenue growth, is equal to reported revenue. Q4'23 Communications revenue was \$1,001 million.

<sup>2</sup> FY'23 Communications organic revenue, when used in the calculation of FY'24 Communications organic revenue growth, excludes \$53 million of divestiture revenue. FY'23 Communications revenue was \$3,859 million.

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended				
	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	December 31, 2024
<b>Free cash flow and free cash flow margin</b>					
Net cash provided by operating activities	\$ 222,545	\$ 190,123	\$ 213,343	\$ 204,329	\$ 108,446
Operating cash flow margin	20.7%	18.2%	19.7%	18.0%	9.1%
Non-GAAP adjustments:					
Capitalized software development costs	(9,399)	(11,154)	(14,681)	(14,424)	(11,549)
Purchases of long-lived and intangible assets	(2,291)	(1,671)	(1,085)	(792)	(3,430)
<b>Free cash flow</b>	<u>\$ 210,855</u>	<u>\$ 177,298</u>	<u>\$ 197,577</u>	<u>\$ 189,113</u>	<u>\$ 93,467</u>
<b>Free cash flow margin</b>	<u>19.6%</u>	<u>16.9%</u>	<u>18.3%</u>	<u>16.7%</u>	<u>7.8%</u>
Net cash (used in) provided by investing activities	\$ (137,142)	\$ 189,770	\$ 784,614	\$ 267,355	\$ 129,098
Net cash used in financing activities	\$ (107,389)	\$ (363,229)	\$ (897,793)	\$ (642,780)	\$ (407,770)

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Year Ended	
	December 31, 2023	December 31, 2024
<b>Free cash flow and free cash flow margin</b>		
Net cash provided by operating activities	\$ 414,752	\$ 716,241
Operating cash flow margin	10.0%	16.1%
Non-GAAP adjustments:		
Capitalized software development costs	(39,925)	(51,808)
Purchases of long-lived and intangible assets	(11,310)	(6,978)
<b>Free cash flow</b>	<b>\$ 363,517</b>	<b>\$ 657,455</b>
<b>Free cash flow margin</b>	<b>8.8%</b>	<b>14.7%</b>
Net cash provided by investing activities	\$ 228,603	\$ 1,370,837
Net cash used in financing activities	\$ (643,610)	\$ (2,311,572)

# Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2024
<b>Communications Non-GAAP gross profit and gross margin</b>				
Revenue	\$ 1,000,920	\$ 1,060,250	\$ 1,120,782	\$ 4,160,340
Communications GAAP gross profit	486,464	529,217	547,988	2,068,009
Communications GAAP gross margin	48.6%	49.9%	48.9%	49.7%
Non-GAAP adjustments:				
Stock-based compensation	6,040	4,186	3,939	16,428
Amortization of acquired intangibles	15,117	15,116	15,118	60,466
Payroll taxes related to stock-based compensation	176	216	215	946
<b>Communications Non-GAAP gross profit</b>	<b>\$ 507,797</b>	<b>\$ 548,735</b>	<b>\$ 567,260</b>	<b>\$ 2,145,849</b>
<b>Communications Non-GAAP gross margin</b>	<b>50.7%</b>	<b>51.8%</b>	<b>50.6%</b>	<b>51.6%</b>

	Three Months Ended			Year Ended
	December 31, 2023	September 30, 2024	December 31, 2024	December 31, 2024
<b>Segment Non-GAAP gross profit and gross margin</b>				
Revenue	\$ 75,030	\$ 73,399	\$ 74,053	\$ 297,696
Segment GAAP gross profit	44,702	49,412	51,709	210,203
Segment GAAP gross margin	59.6%	67.3%	69.8%	70.6%
Non-GAAP adjustments:				
Stock-based compensation	1,626	1,250	1,232	5,573
Amortization of acquired intangibles	9,474	566	564	2,262
Payroll taxes related to stock-based compensation	24	41	33	187
<b>Segment Non-GAAP gross profit</b>	<b>\$ 55,826</b>	<b>\$ 51,269</b>	<b>\$ 53,538</b>	<b>\$ 218,225</b>
<b>Segment Non-GAAP gross margin</b>	<b>74.4%</b>	<b>69.8%</b>	<b>72.3%</b>	<b>73.3%</b>

# Operating Results by Segment

(Dollars in thousands, unaudited)



	Three Months Ended December 31, 2024		
	Communications	Segment	Total
<b>Operating Results by Segment</b>			
Revenue	\$ 1,120,782	\$ 74,053	\$ 1,194,835
Segment non-GAAP income (loss) from operations	\$ 275,336	\$ (10,042)	\$ 265,294
<b>Non-GAAP operating margin:</b>	24.6%	(13.6)%	
Reconciliation of total segment non-GAAP income from operations to loss from operations:			
Total segment non-GAAP income from operations		\$	265,294
Corporate costs not allocated to segments			(68,247)
Stock-based compensation			(155,783)
Amortization of acquired intangibles			(27,291)
Payroll taxes related to stock-based compensation			1,693
Charitable contributions			(1,996)
Restructuring costs			57
Income from operations			13,727
Other expenses, net			(27,285)
Loss before provision for income taxes		\$	(13,558)

# Operating Results by Segment

(Dollars in thousands, unaudited)



	Year Ended December 31, 2024		
	Communications	Segment	Total
<b>Operating Results by Segment</b>			
Revenue	\$ 4,160,340	\$ 297,696	\$ 4,458,036
Segment non-GAAP income (loss) from operations	\$ 1,042,049	\$ (62,655)	\$ 979,394
<b>Non-GAAP operating margin:</b>	25.0%	(21.0)%	
Reconciliation of total segment non-GAAP income from operations to loss from operations:			
Total segment non-GAAP income from operations			\$ 979,394
Corporate costs not allocated to segments			(265,000)
Stock-based compensation			(613,429)
Amortization of acquired intangibles			(111,851)
Payroll taxes related to stock-based compensation			(9,642)
Charitable contributions			(19,907)
Restructuring costs			(13,273)
Loss from operations			(53,708)
Other expenses, net			(34,905)
Loss before provision for income taxes			\$ (88,613)