



# Q3 2021 Earnings Results

October 27, 2021



# Legal Disclaimer

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This presentation contains forward-looking statements. All statements other than statements of historical fact contained in this presentation, including statements as to future results of operations and financial position, planned products and services, business strategy and plans, objectives of management for future operations of Twilio Inc. and its subsidiaries (“Twilio” or the “Company”), market size and growth opportunities, competitive position, technological and market trends, the Company’s expected business benefits and financial impacts from its acquisitions, and the Company’s expected business benefits and financial impacts from investments and the partnerships associated with such transactions, are forward-looking statements. 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. 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. The Company assumes no obligation to update any forward-looking statements after the date of this presentation, except as required by law.

The forward-looking statements contained in this presentation are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause actual results or outcomes to be materially different from any future results or outcomes expressed or implied by the forward-looking statements. These risks, uncertainties, assumptions and other factors include, but are not limited to, those related to the Company’s business and financial performance, the Company’s ability to attract and retain customers, the Company’s ability to develop new products and services and enhance existing products and services, the Company’s ability to respond rapidly to emerging technology trends and adapt to adverse changes in general economic or market conditions, the Company’s ability to comply with modified or new industry standards, laws and regulations applying to its business, the Company’s ability to execute on its business strategy, the Company’s ability to compete effectively, the Company’s ability to manage growth, the Company’s expectations around the impact of the COVID-19 pandemic on its business, results of operations and financial condition and that of its customers and partners, the Company’s ability to successfully integrate acquired companies in the Company’s business, risks that the anticipated benefits of strategic partnerships and investments may not be fully realized and the Company’s ability to close the transactions associated with such partnerships and investments, the impact of recent and future privacy changes on certain third party platforms on the Company and its customers, and the Company’s ability to manage changes in network service provider fees that it pays in connection with the delivery of communications on its platform and the impact of those fees on the Company’s gross margin. Moreover, the Company operates in a very competitive and rapidly changing environment, and new risks may emerge from time to time. It is not possible for the Company to predict all risks, nor can the Company assess the impact of all factors on its business or the extent to which any factor, or combination of factors, may cause actual results or outcomes to differ materially from those contained in any forward-looking statements the Company may make.

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

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



# FINANCIAL OVERVIEW

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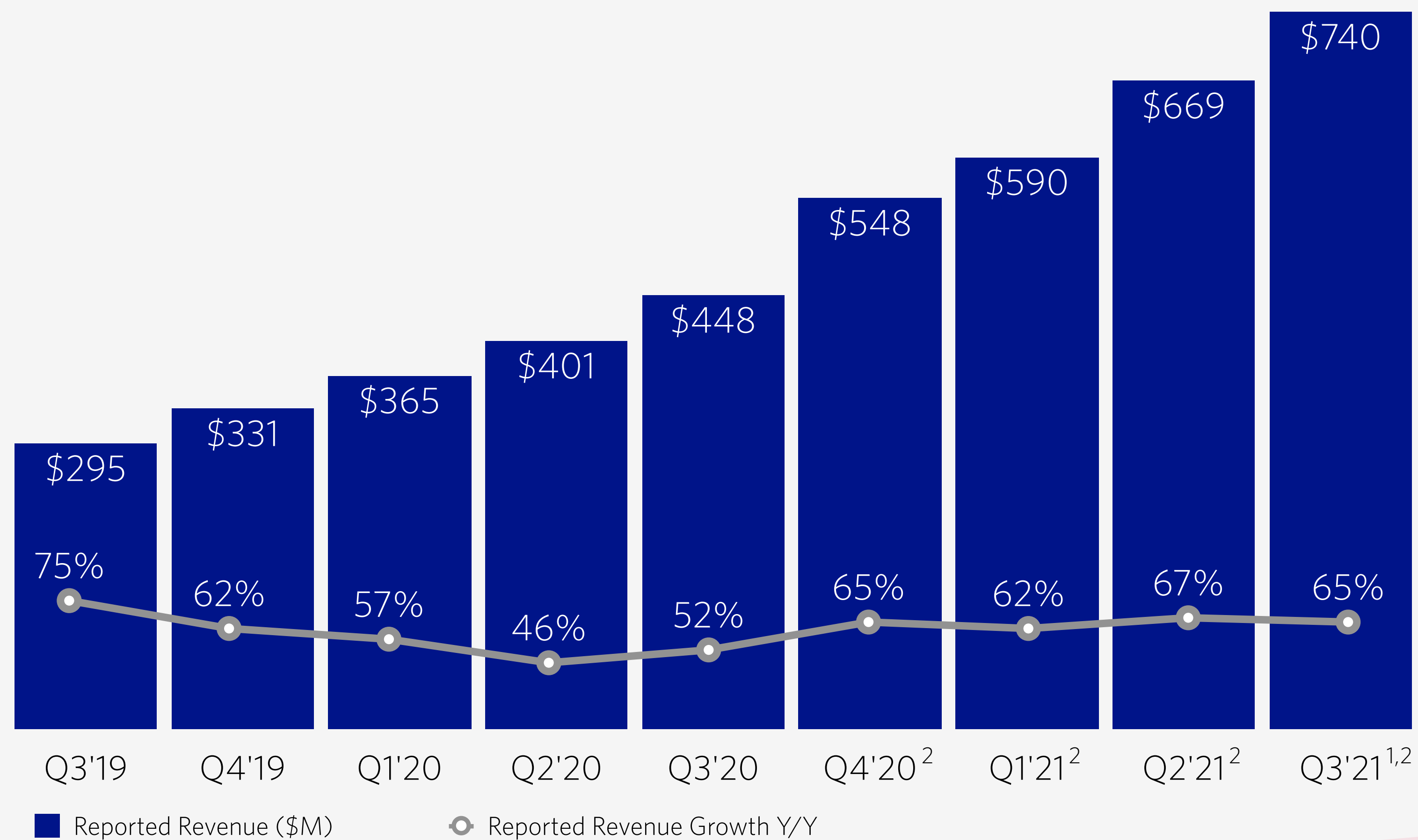
# Results Highlights

- Third quarter revenue of \$740 million, up 65% year-over-year
- Third quarter revenue dollar-based net expansion of 131%
- More than 250,000 active customer accounts, as of September 30, 2021
- Initiates Q4'21 guidance
  - Total revenue: \$760 million to \$770 million, up 39% to 40% year-over-year
  - Non-GAAP loss from operations: (\$45) million to (\$40) million
  - Non-GAAP loss per share: (\$0.26) - (\$0.23)

View Twilio's prepared remarks for its Q3'21 earnings [here](#).



# Quarterly Revenue



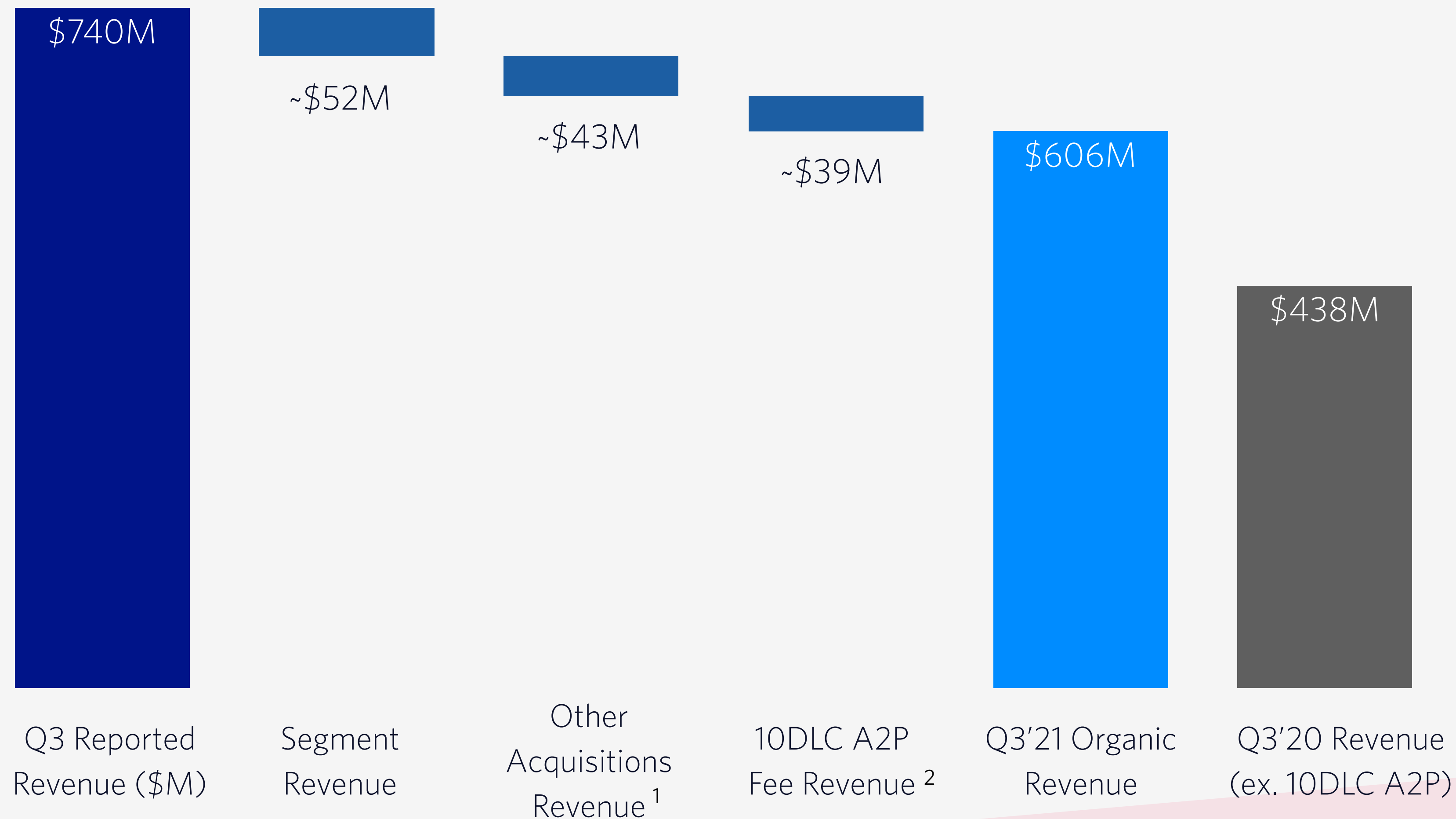
**65%**  
Q3'21 REPORTED REVENUE  
GROWTH Y/Y

<sup>1</sup> Includes \$24 million in revenue from the acquisition of Zipwhip, which closed July 14, 2021.

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



# Q3 Organic Revenue Bridge



**38%**  
Q3'21 ORGANIC REVENUE  
GROWTH Y/Y

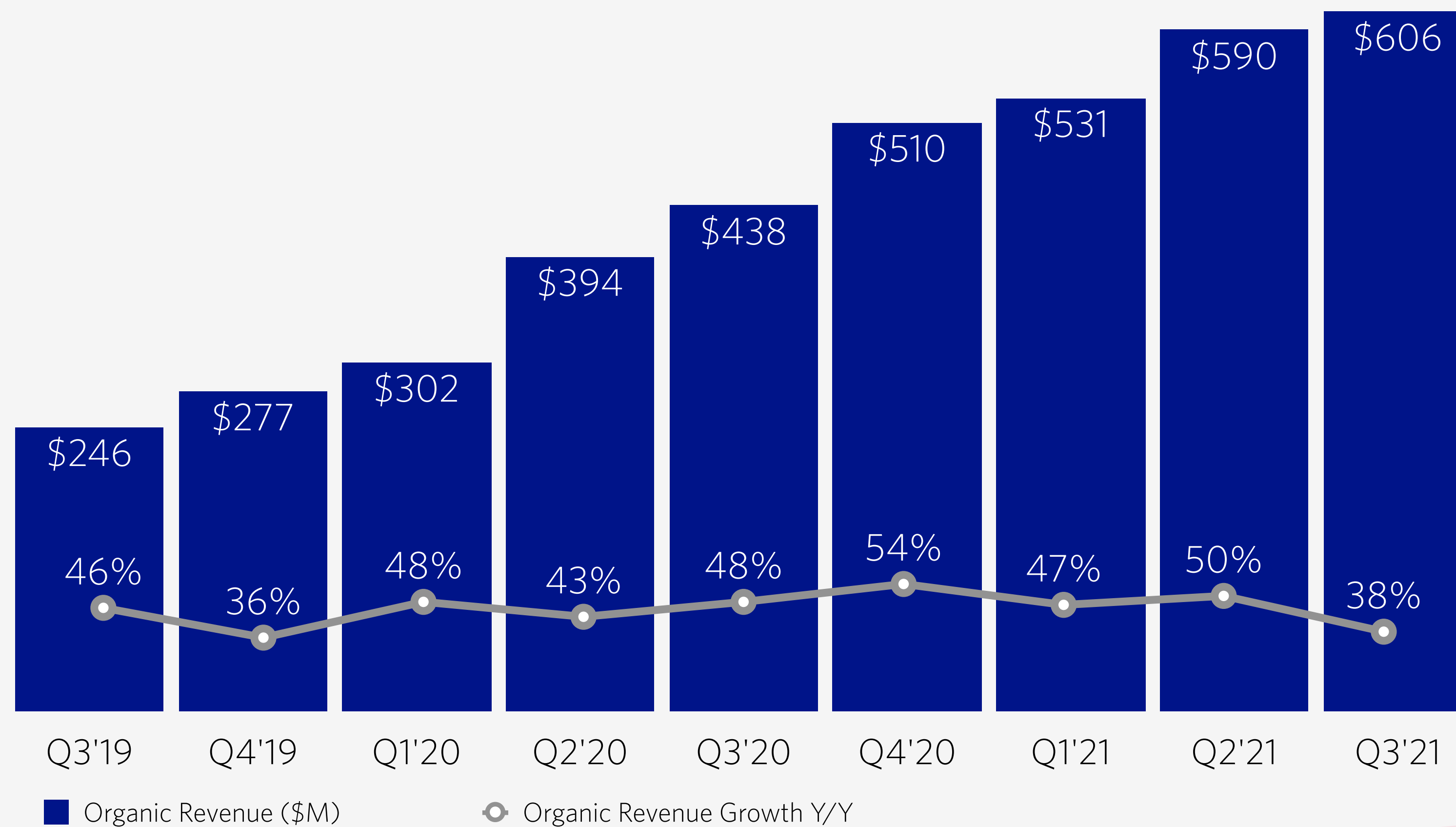
Note: Numbers are rounded.

<sup>1</sup>Represents all other acquisitions closed after November 1, 2020, including \$10M in 10DLC A2P fees related to Zipwhip.

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



# Organic Revenue Trend

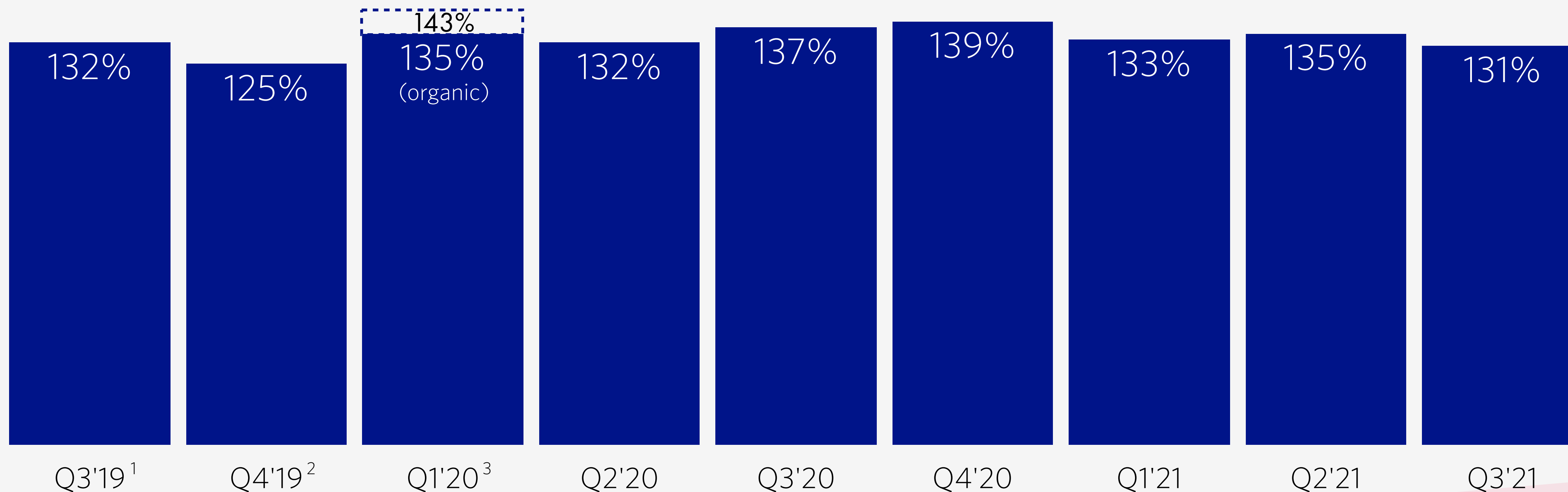


**38%**  
Q3'21 ORGANIC REVENUE  
GROWTH Y/Y

Note: organic revenue excludes revenues from 10DLC A2P and related fees imposed by major US carriers on Twilio's core messaging business, and revenue from all acquisitions made after November 1, 2020. Q3'19 through Q1'20 excludes the revenue from the SendGrid acquisition, which closed February 1, 2019.



# Dollar-Based Net Expansion



<sup>1</sup>Based on current definition of dollar-based net expansion rate. Under the definition for historical periods through Dec 31, 2019, the dollar-based net expansion rate was 132%.

<sup>2</sup>Based on current definition of dollar-based net expansion rate. Under the definition for historical periods through Dec 31, 2019, the dollar-based net expansion rate was 124%.

<sup>3</sup>Includes revenue from the SendGrid acquisition, which closed Feb. 1, 2019. Excluding the contribution from SendGrid in January 2020, dollar-based net expansion rate would have been 135%.

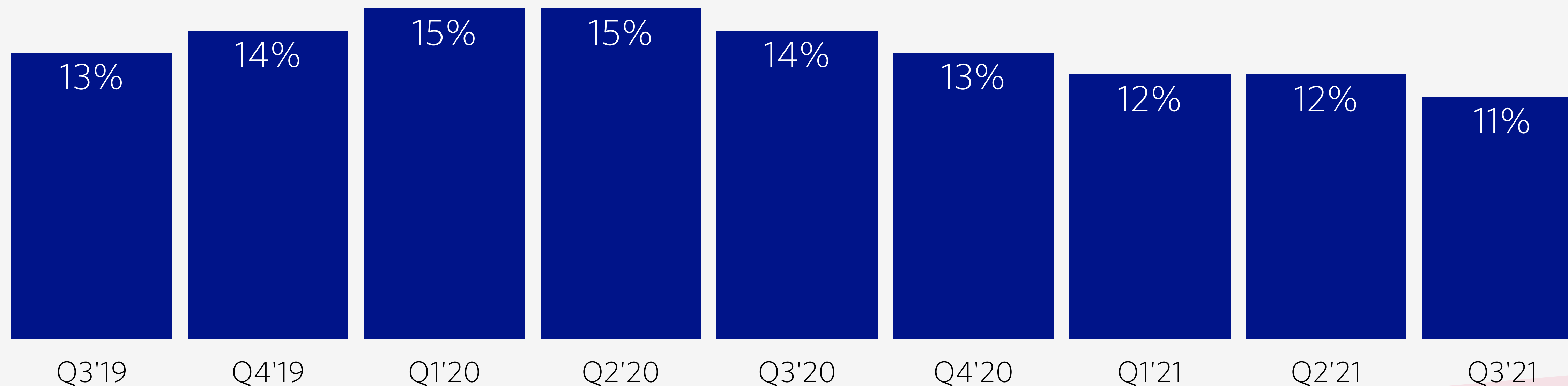
Note: Twilio acquired SendGrid on Feb. 1, 2019, so it is not included in any period prior to Q1'20 due to the company's definition of calculating dollar-based net expansion. Segment, which closed on November 2, 2020, and Zipwhip, which closed July 14, 2021, will not be included in the calculation until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





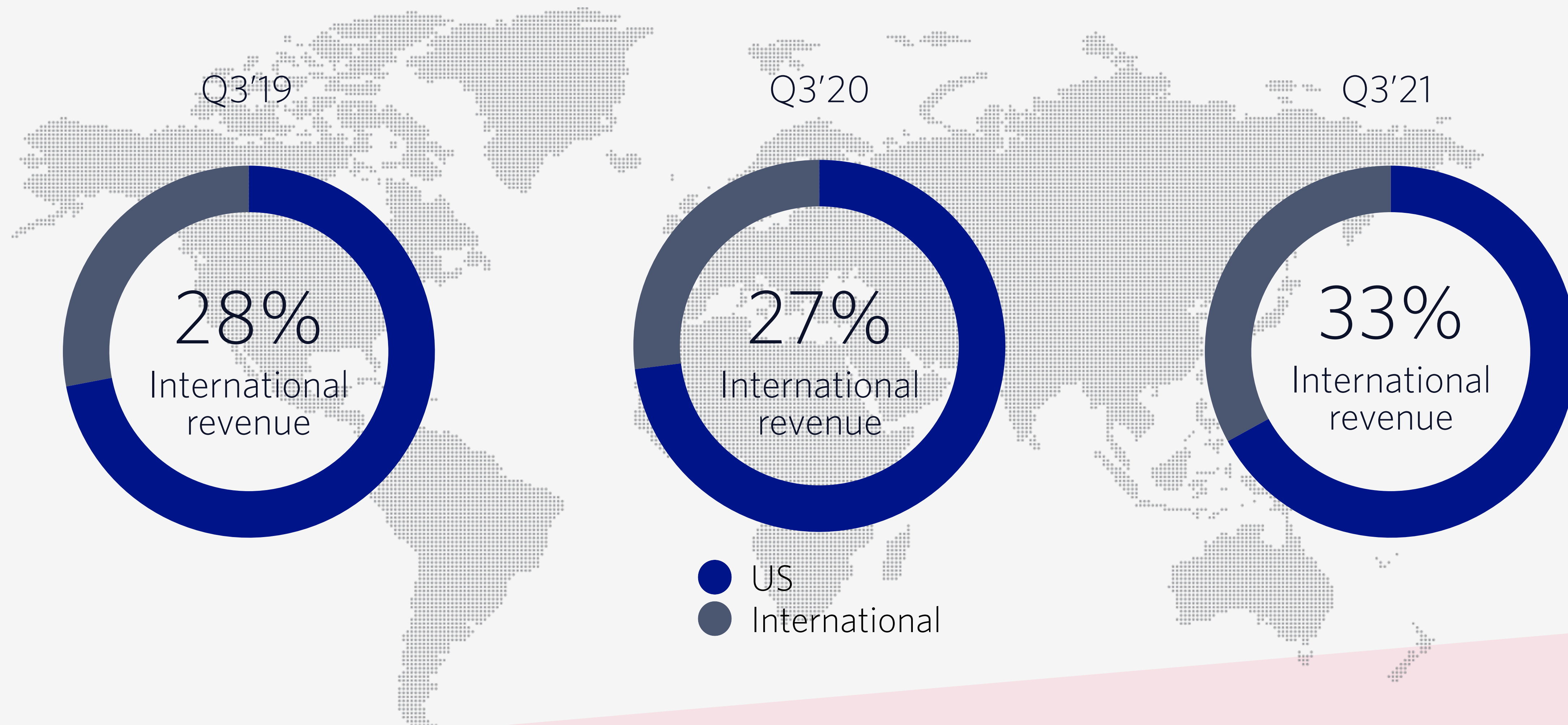
# Top 10 Customer Accounts

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





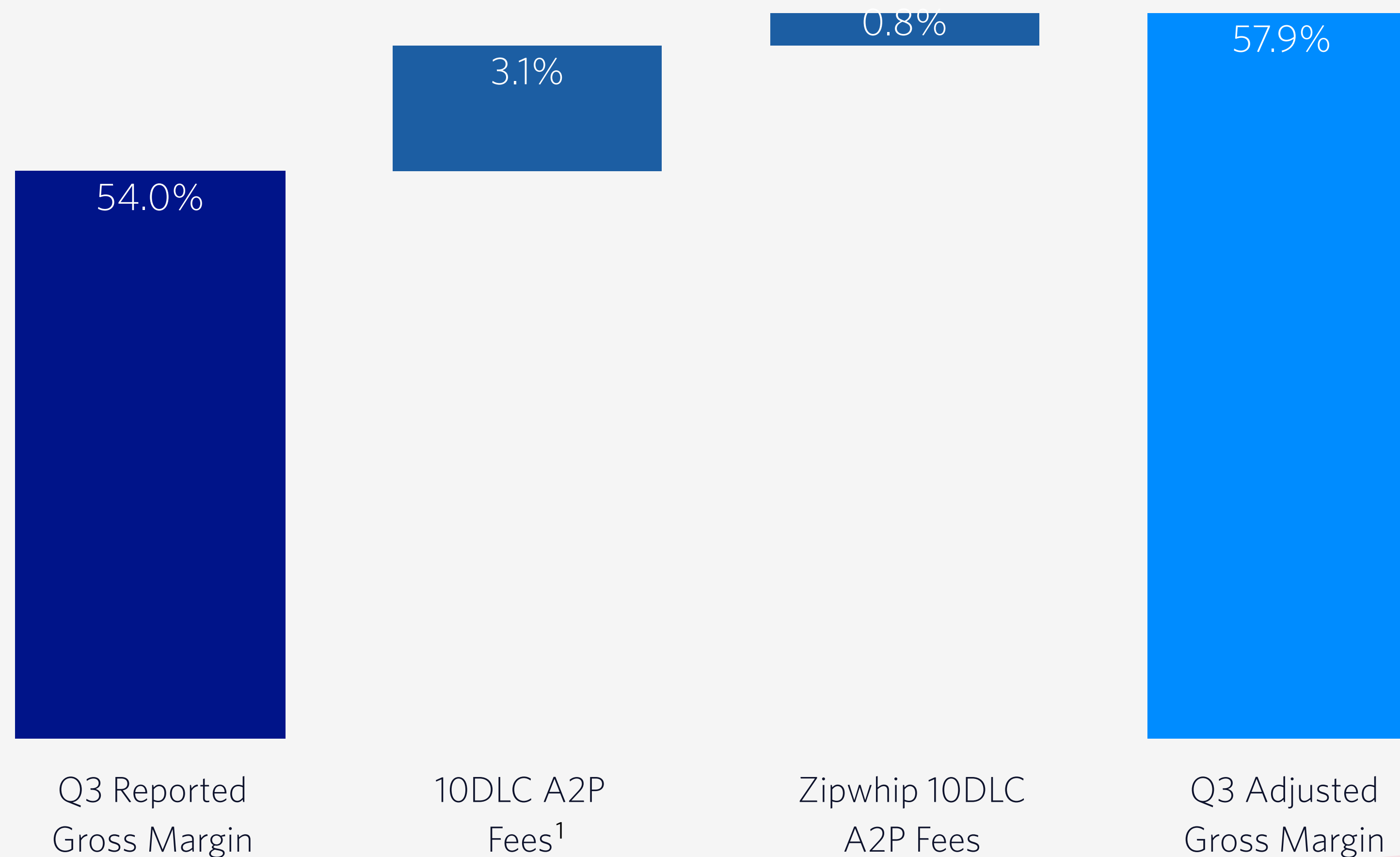
# Geographic Revenue Mix



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



# Non-GAAP Gross Margin Bridge



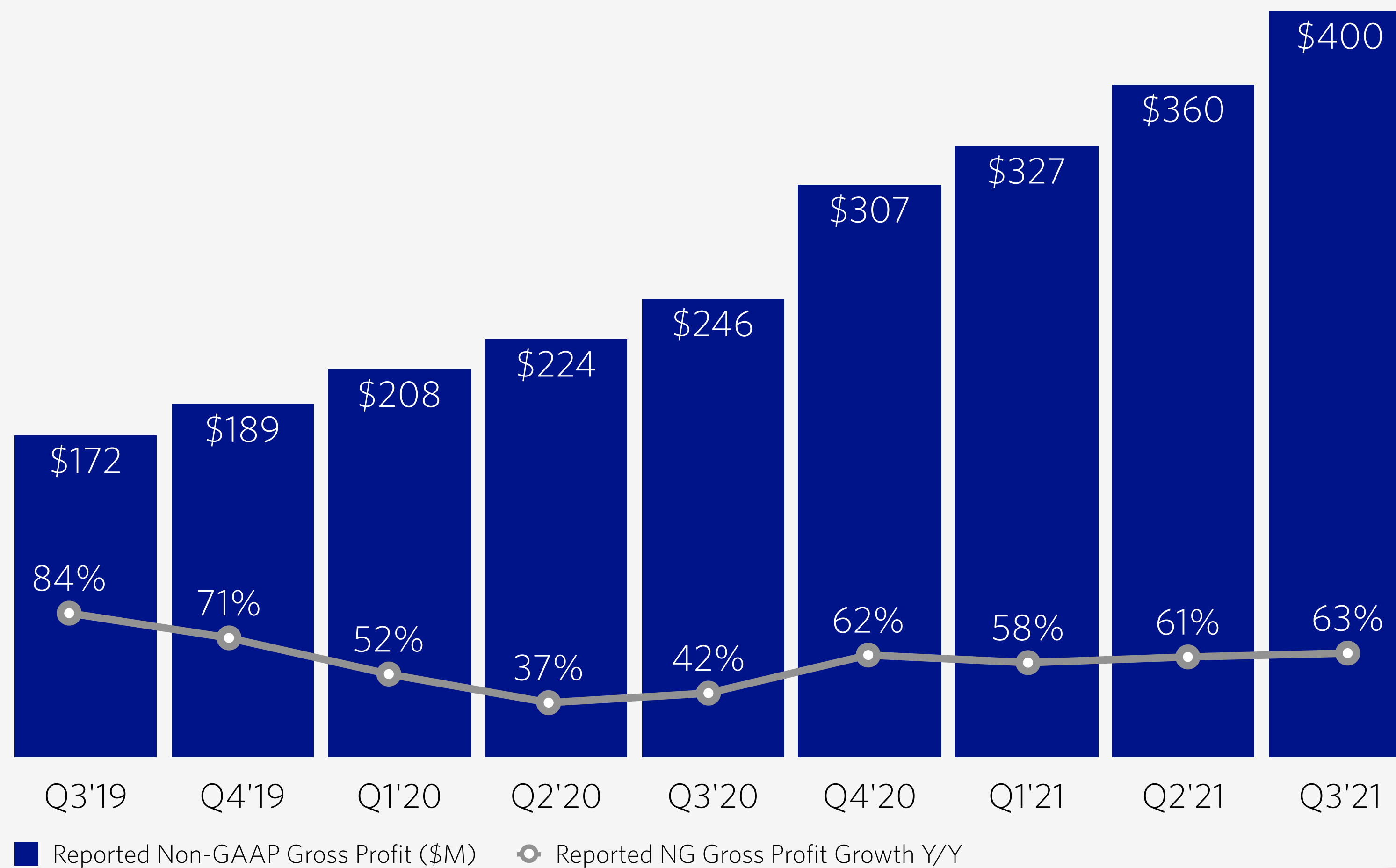
57.9%

Q3'21 ADJUSTED GM %  
EXCLUDING 10DLC A2P FEES

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



# Quarterly Non-GAAP Gross Profit



63%

Q3'21 NON-GAAP GROSS  
PROFIT GROWTH Y/Y

THANK YOU





# APPENDIX

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# Operating Metrics

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

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

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