



TWILIO INVESTOR DAY

October 1, 2020



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 and technological and market trends, 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 and the Company's ability to manage growth, and 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. 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 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.

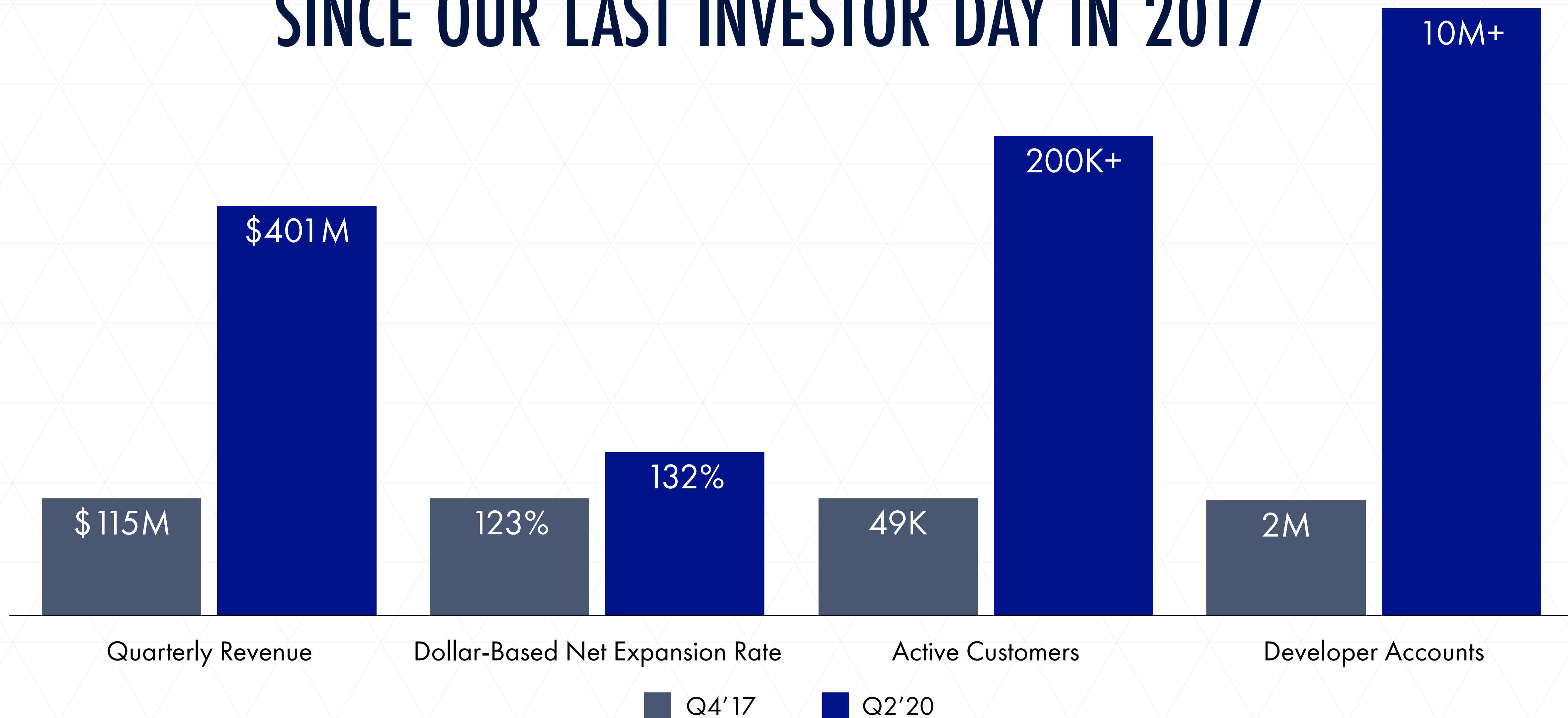
This presentation also includes certain non-GAAP financial measures. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP 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.

For further information with respect to Twilio, we refer you to our most recent annual report on Form 10-K filed with the SEC. In addition, we are subject to the information and reporting requirements of the Securities Exchange Act of 1934 and, accordingly, 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 REVIEW

KHOZEMA SHIPCHANDLER CFO

SINCE OUR LAST INVESTOR DAY IN 2017



Note: Refer to the appendix for the definition of dollar-based net expansion rate and active customers.

CUSTOMER ENGAGEMENT HAS
NEVER BEEN MORE IMPORTANT

+23%

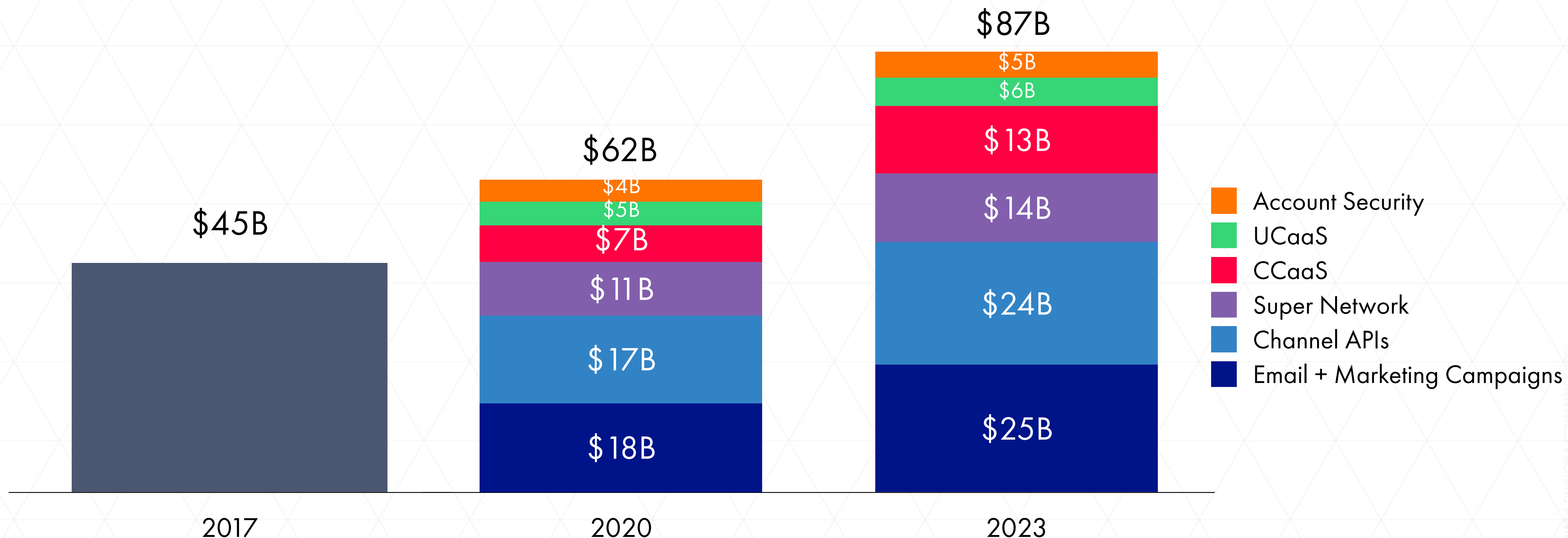
PREMIUM

For companies from engaged customers in terms of share of wallet, profitability, revenue and relationship growth over the average customer.¹



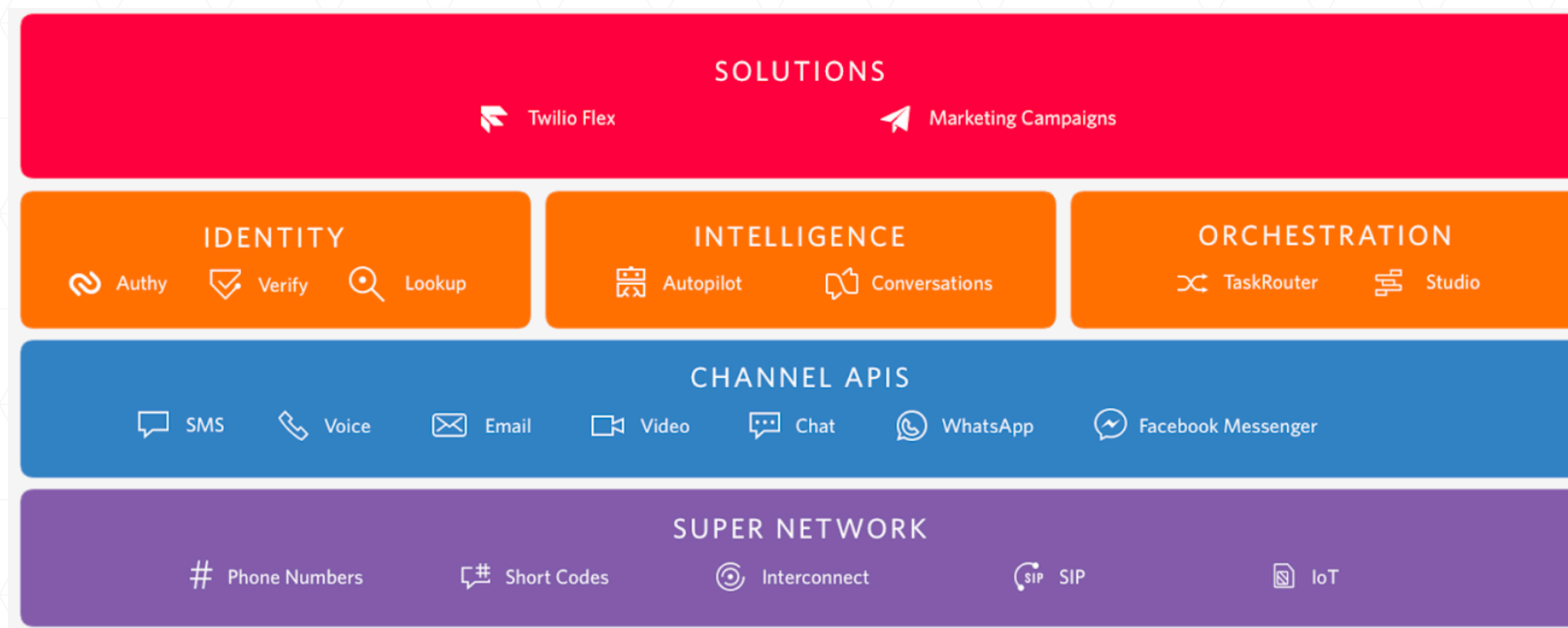
¹: Gallup Analytics, <https://www.gallup.com/workplace/317084/deliver-brand-promise-even-during-disruption.aspx>

WE ARE ADDRESSING A LARGE AND FAST GROWING MARKET...



Note: Numbers are rounded to the nearest whole number. 2017 data from Twilio's S-1 filing. 2020 and 2023 data, except "Email and Marketing Campaigns" are based on industry analysts estimates. Email and Marketing Campaigns data are based on company estimates.

...WITH OUR CUSTOMER ENGAGEMENT PLATFORM



WE ARE POWERING THE CUSTOMER JOURNEY



180+
Countries

~1T
Human interactions¹

180,000
Production deployments¹

¹: For the period 6/30/2019 - 7/1/2020. Interactions include inbound and outbound messages and voice calls, video minutes, and emails sent.

EXPERIENCED MANAGEMENT TEAM



Jeff Lawson
Co-founder and CEO



Marc Boroditsky
Chief Revenue Officer



Chee Chew
Chief Product Officer



Lybra Clemons
Chief Diversity, Inclusion
and Belonging Officer



Michelle Grover
Chief Information Officer



George Hu
Chief Operating Officer



Christy Lake
Chief People Officer



Steve Pugh
Chief Security Officer



Erin Reilly
Chief Social Impact Officer



Khozema Shipchandler
Chief Financial Officer



Karyn Smith
General Counsel



Sara Varni
Chief Marketing Officer



Glenn Weinstein
Chief Customer Officer

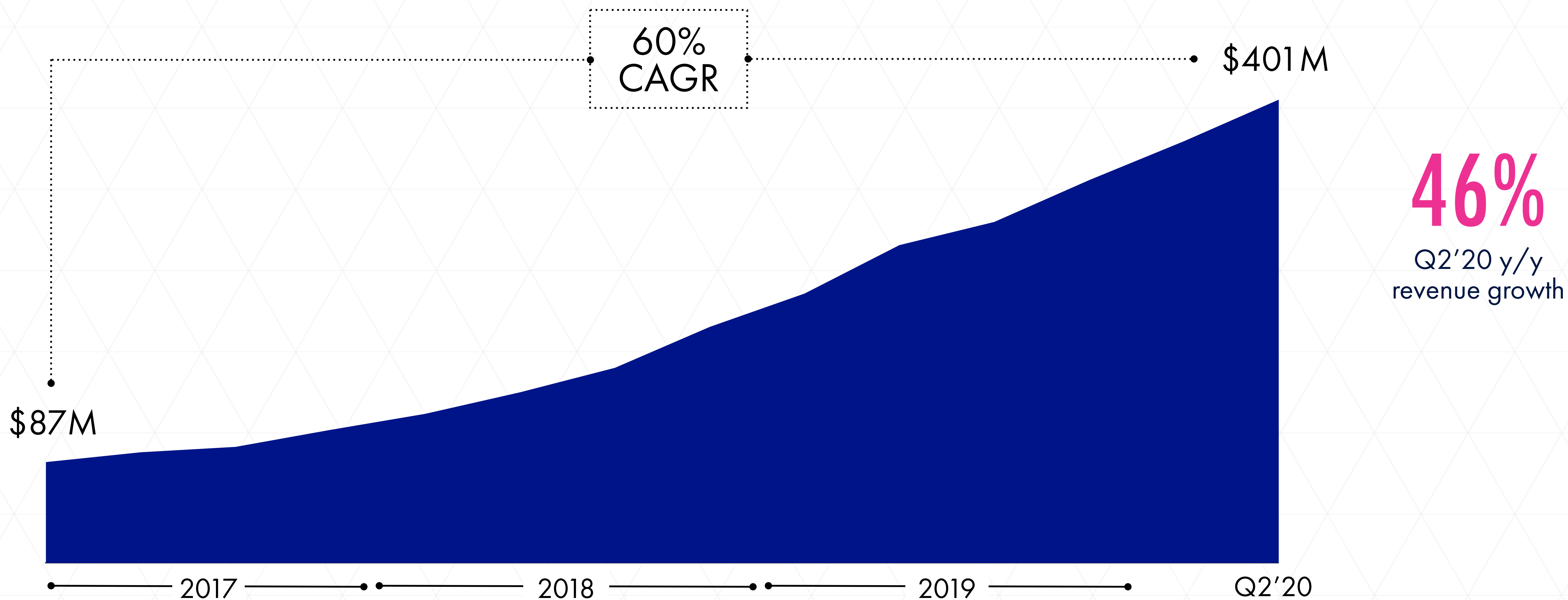


New hires in 2020

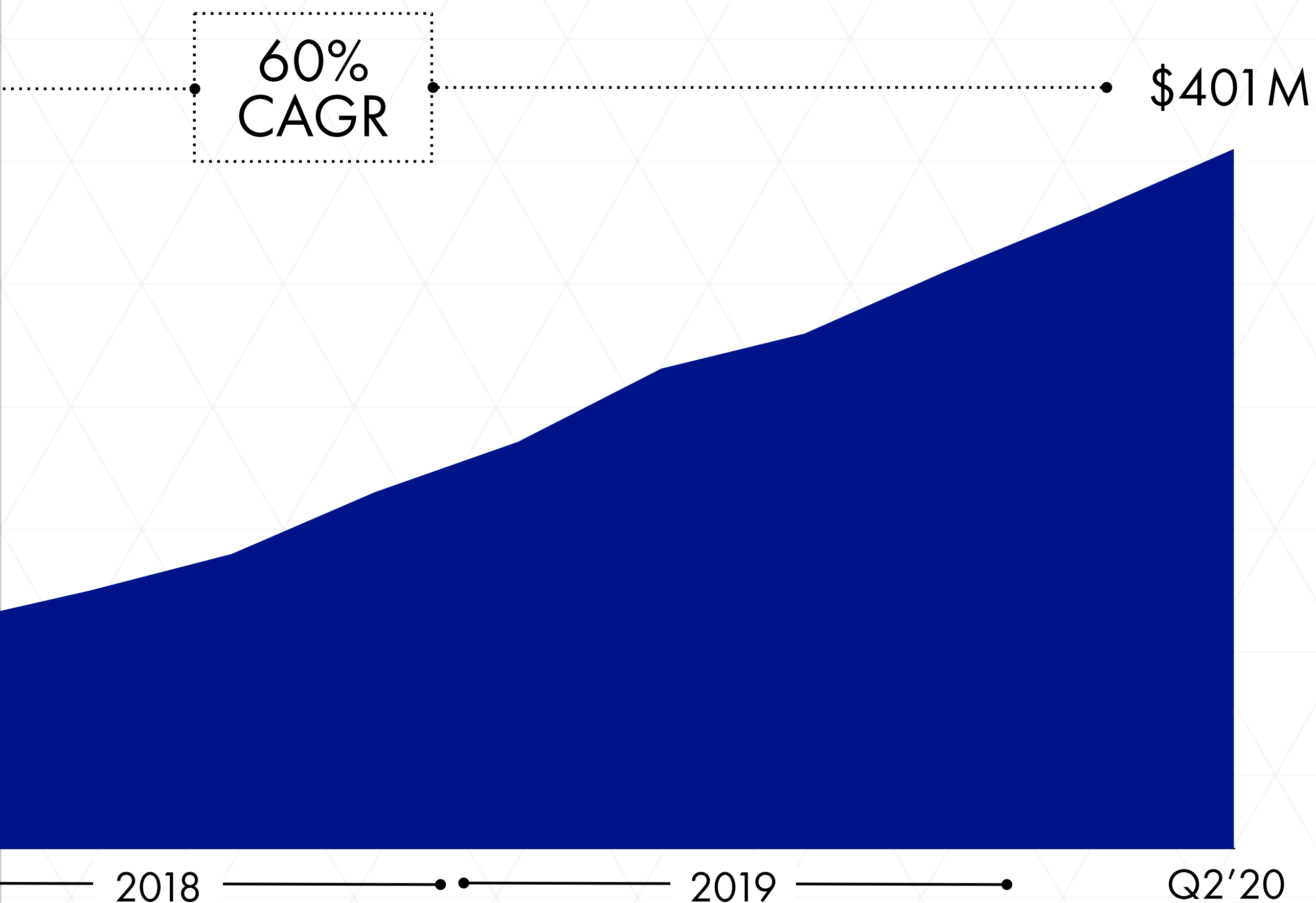
CONTINUED GROWTH AT SCALE



DELIVERING STRONG REVENUE GROWTH AT SCALE



AND THAT CONTINUED IN THE THIRD QUARTER



EXPECT THIRD QUARTER
REVENUE **AHEAD** OF THE
HIGH END OF OUR GUIDANCE
OF \$401M-\$406M

COVID-19 IS ACCELERATING DIGITAL COMMUNICATIONS

Secular tailwinds are accelerating

97%

Of companies said their digital communications strategy is accelerating by an average of 6 years

95%

Seeking new ways to engage with customers

1 IN 3

Companies are using live chat and IVR channels for the first time

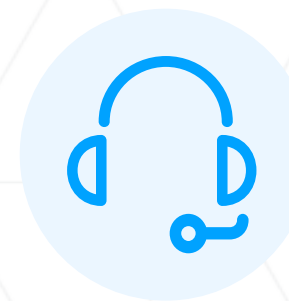
Enabling new forms of engagement



Mass notifications



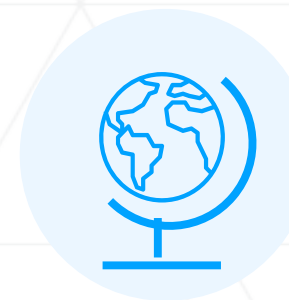
Telehealth



Remote contact centers



Contactless delivery



Distance learning



Contact tracing



Self-serve



Philanthropy

USAGE MODEL ALLOWS LOW-COST ADOPTION FOR CUSTOMERS

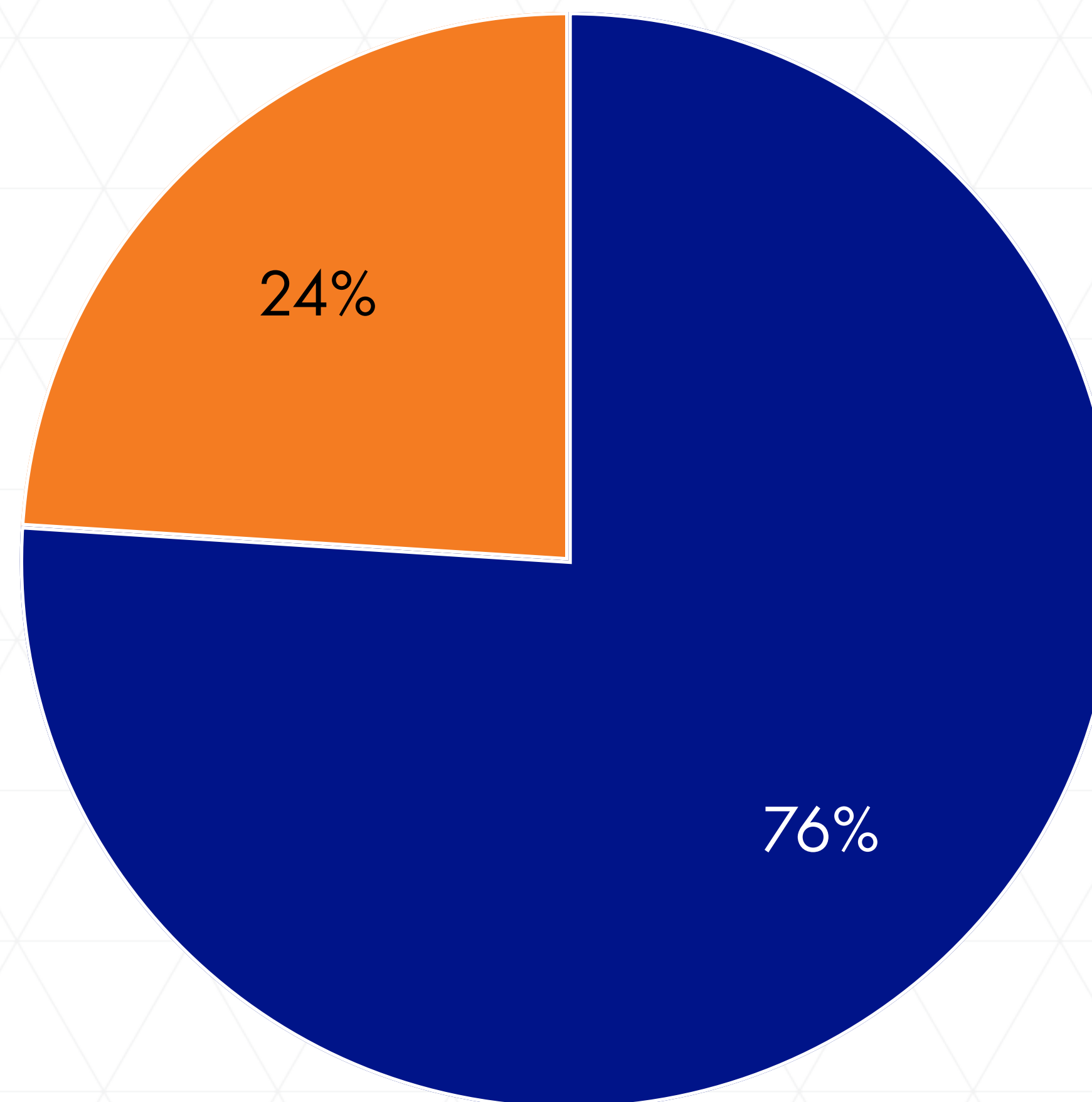
Usage Based

- ◆ Messages (SMS, Chat, Short Code)
- ◆ Minutes (Voice, IP Voice)
- ◆ Capacity (Video, Wireless)
- ◆ Email (overages)
- ◆ Flex (agent hours)

Non-Usage Based

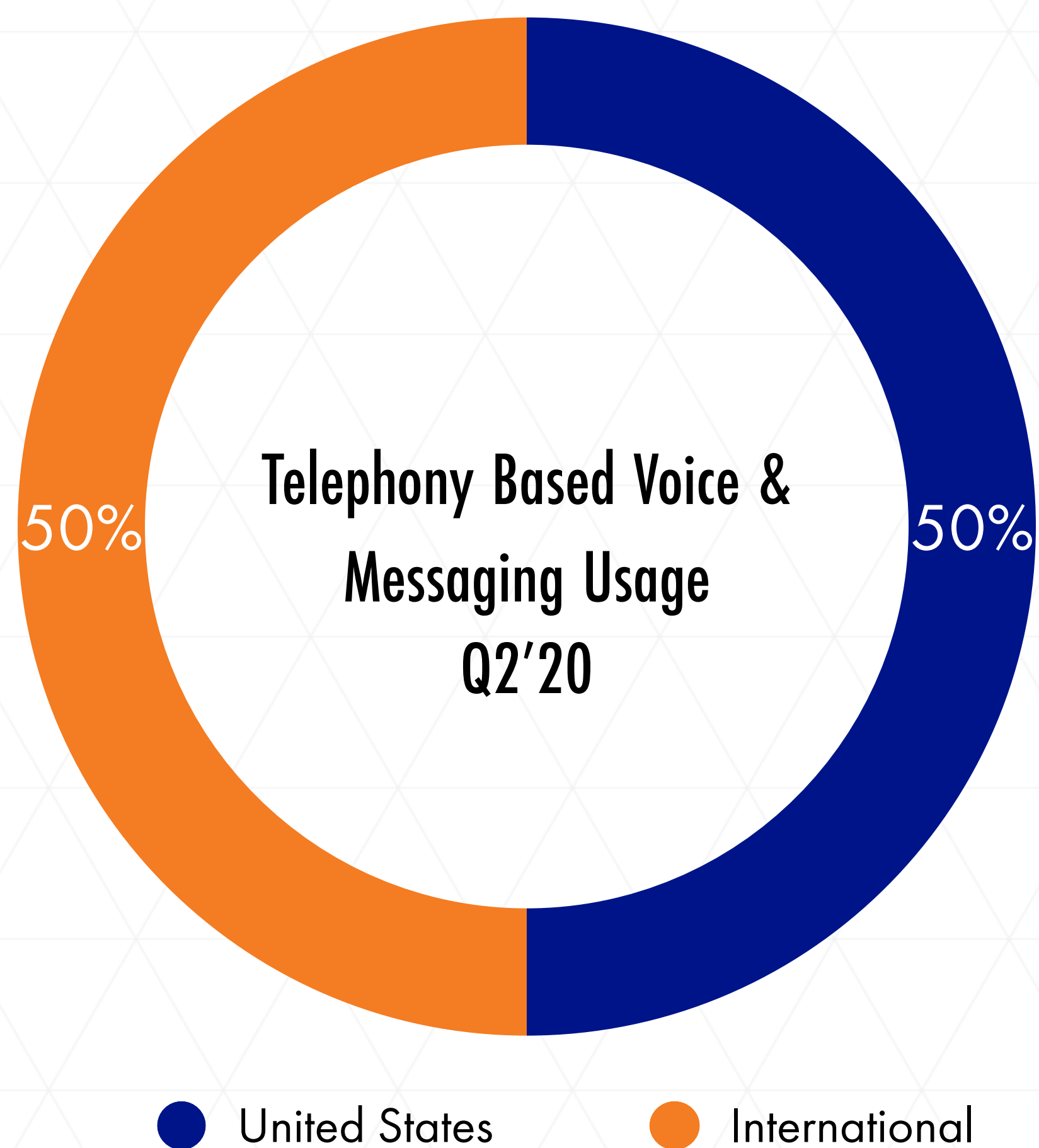
- ◆ Phone numbers
- ◆ Support
- ◆ Enterprise Plan
- ◆ Email (packages)
- ◆ Flex (seats)

Q2'20 Revenue Mix



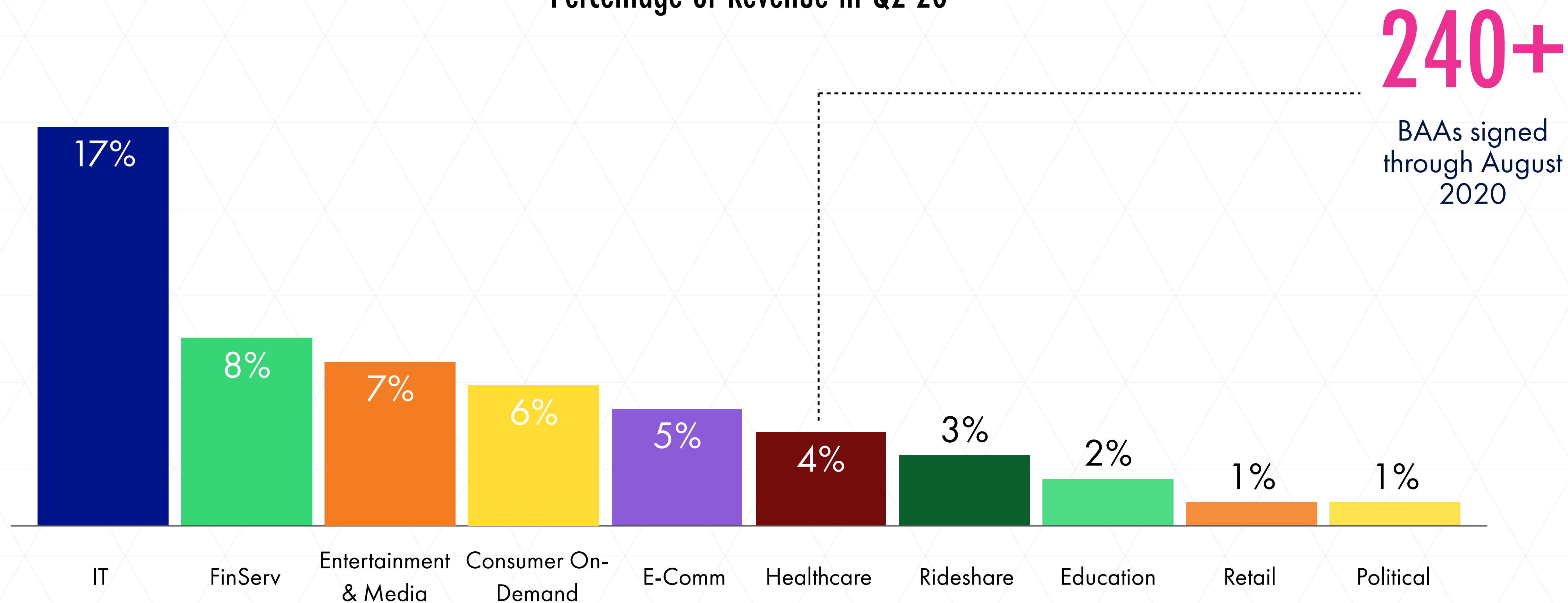
Note: The listed products are a sample and are not meant to be exhaustive.

INTERNATIONAL USAGE IS HIGHER THAN REVENUE MIX



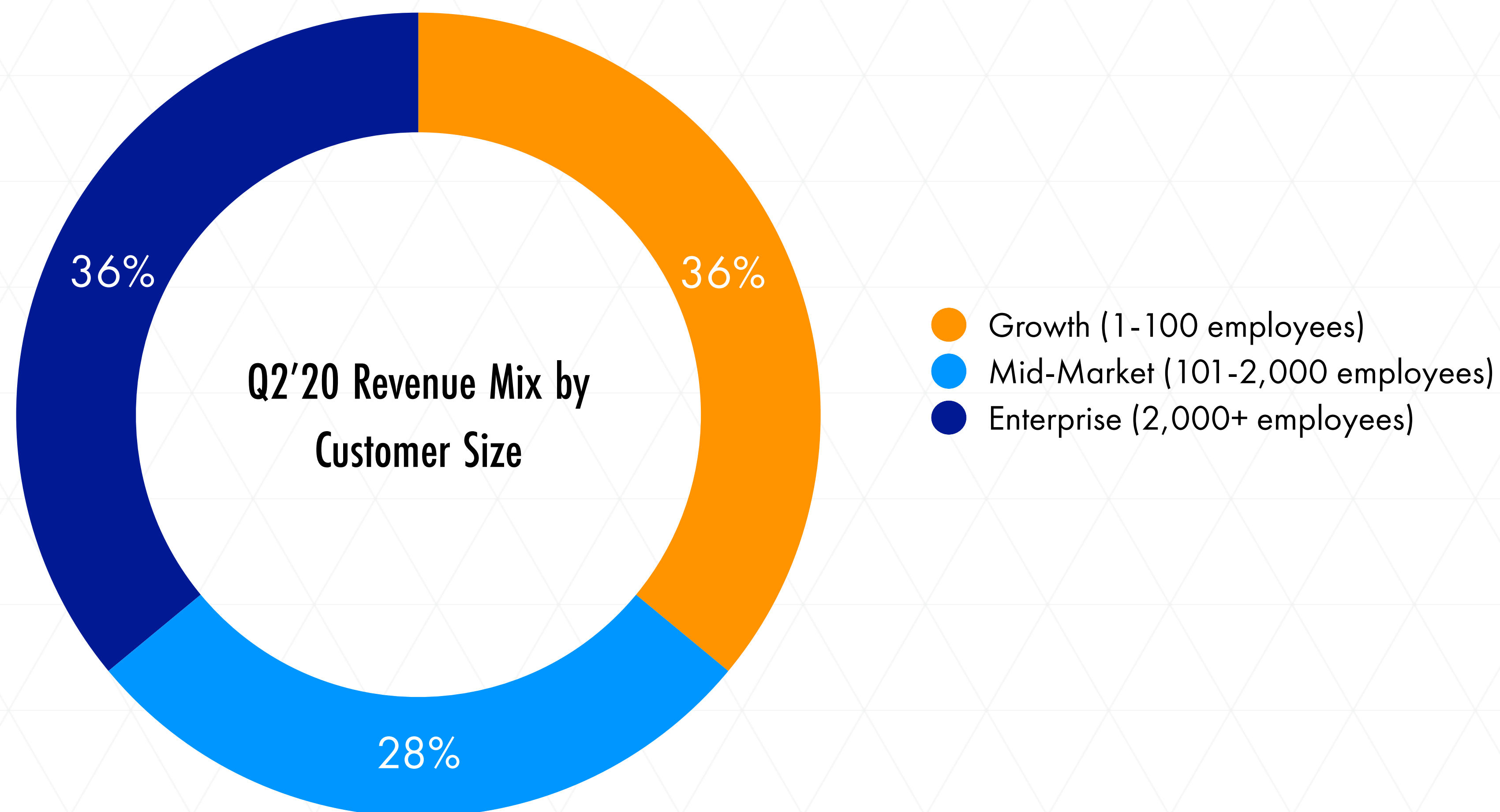
OUR BUSINESS IS DIVERSIFIED ACROSS INDUSTRIES

Percentage of Revenue in Q2'20



Note: Data is for selected industries only, and does not include revenue from Twilio SendGrid. Percentages are rounded to the nearest whole number.

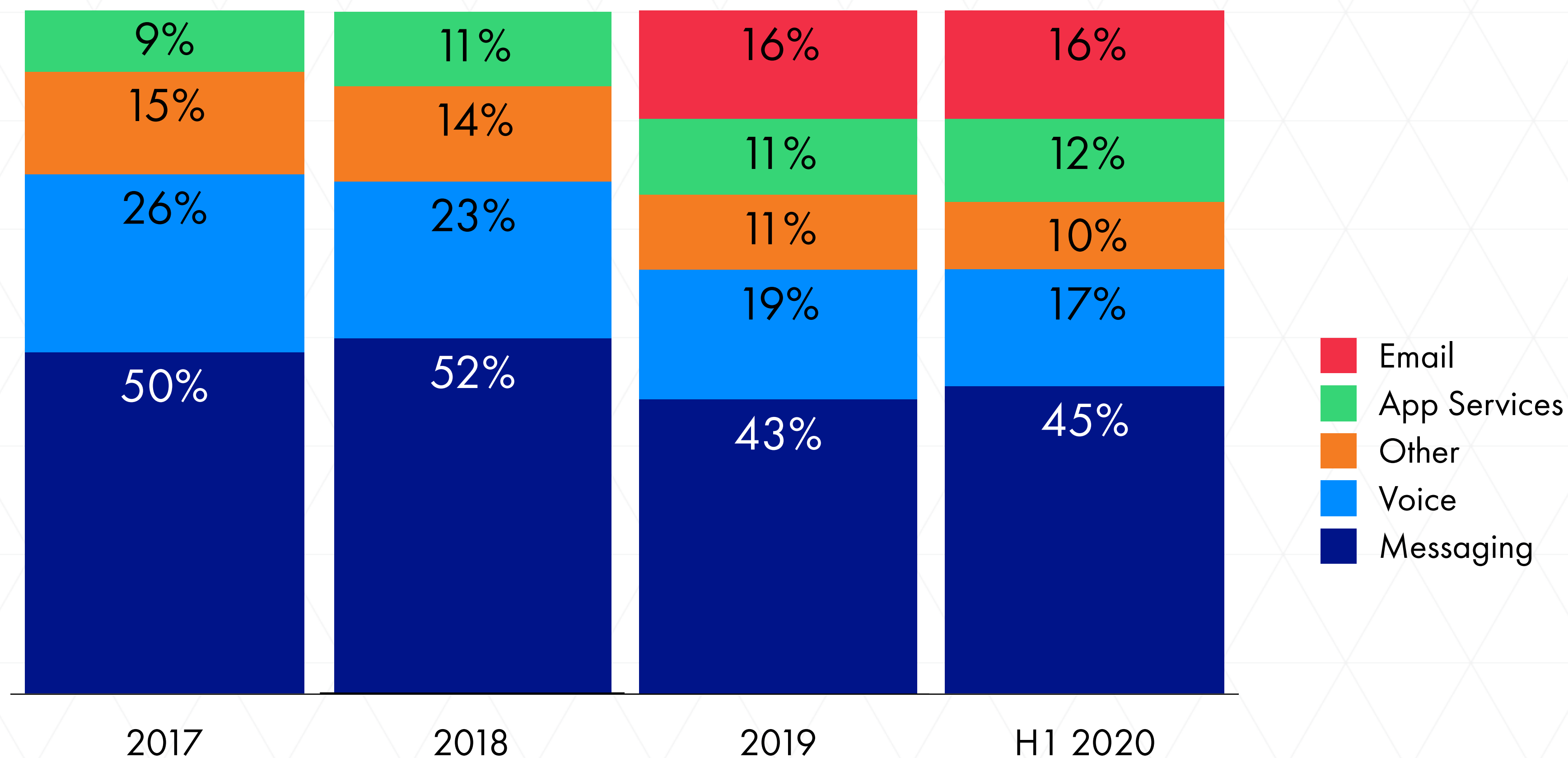
OUR BUSINESS IS DIVERSIFIED ACROSS CUSTOMER SIZE



Note: Data does not include revenue from Twilio SendGrid, Beepsend, Teravoz and Electric Imp acquisitions.

OUR BUSINESS IS DIVERSIFIED ACROSS PRODUCTS

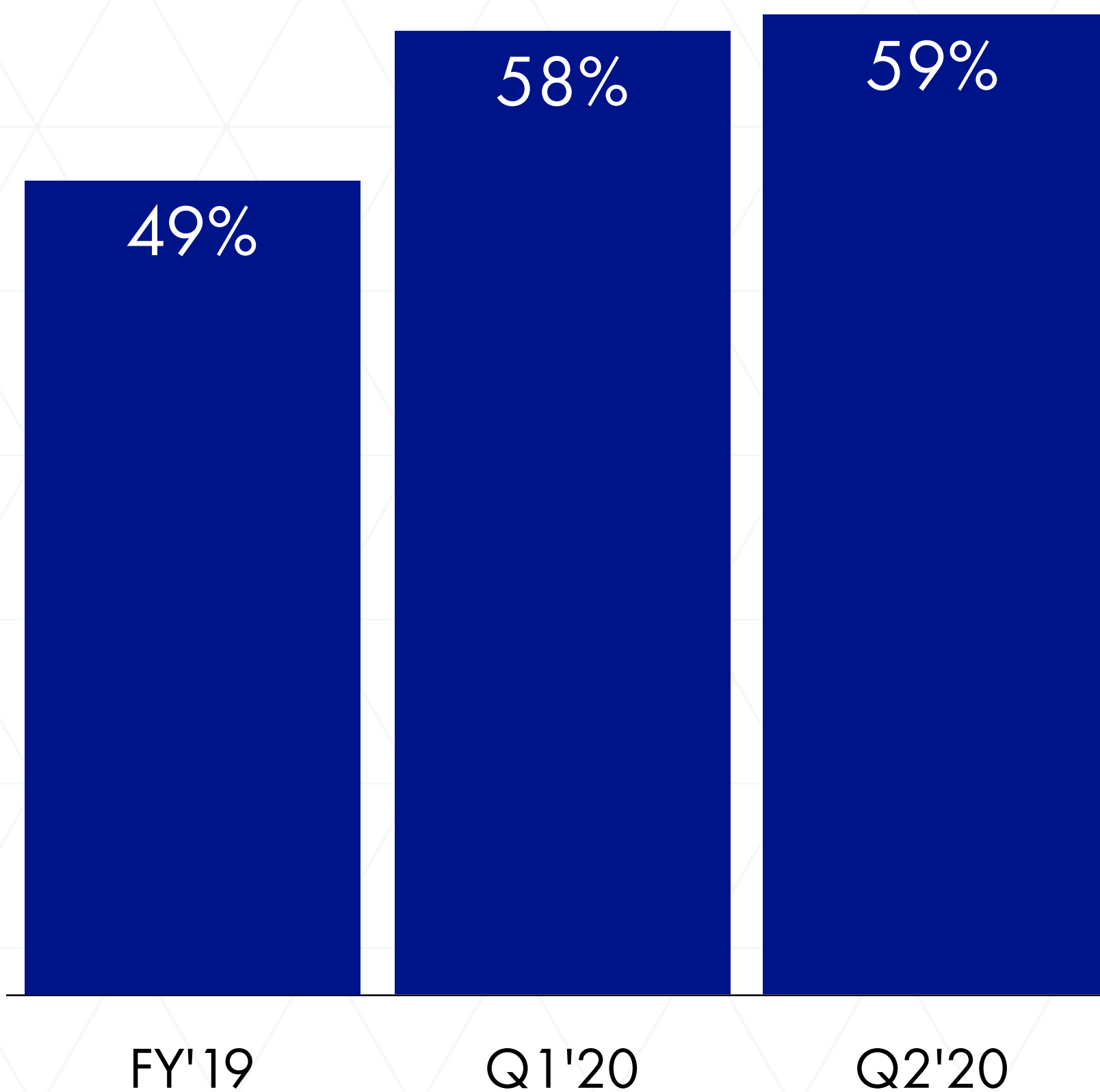
Revenue Contribution by Product



Note: Percentages are rounded. Other includes enterprise & support plans, marketplace add-ons, phone numbers, SIP trunking and other products

MESSAGING GROWTH IS REACCELERATING AT SCALE

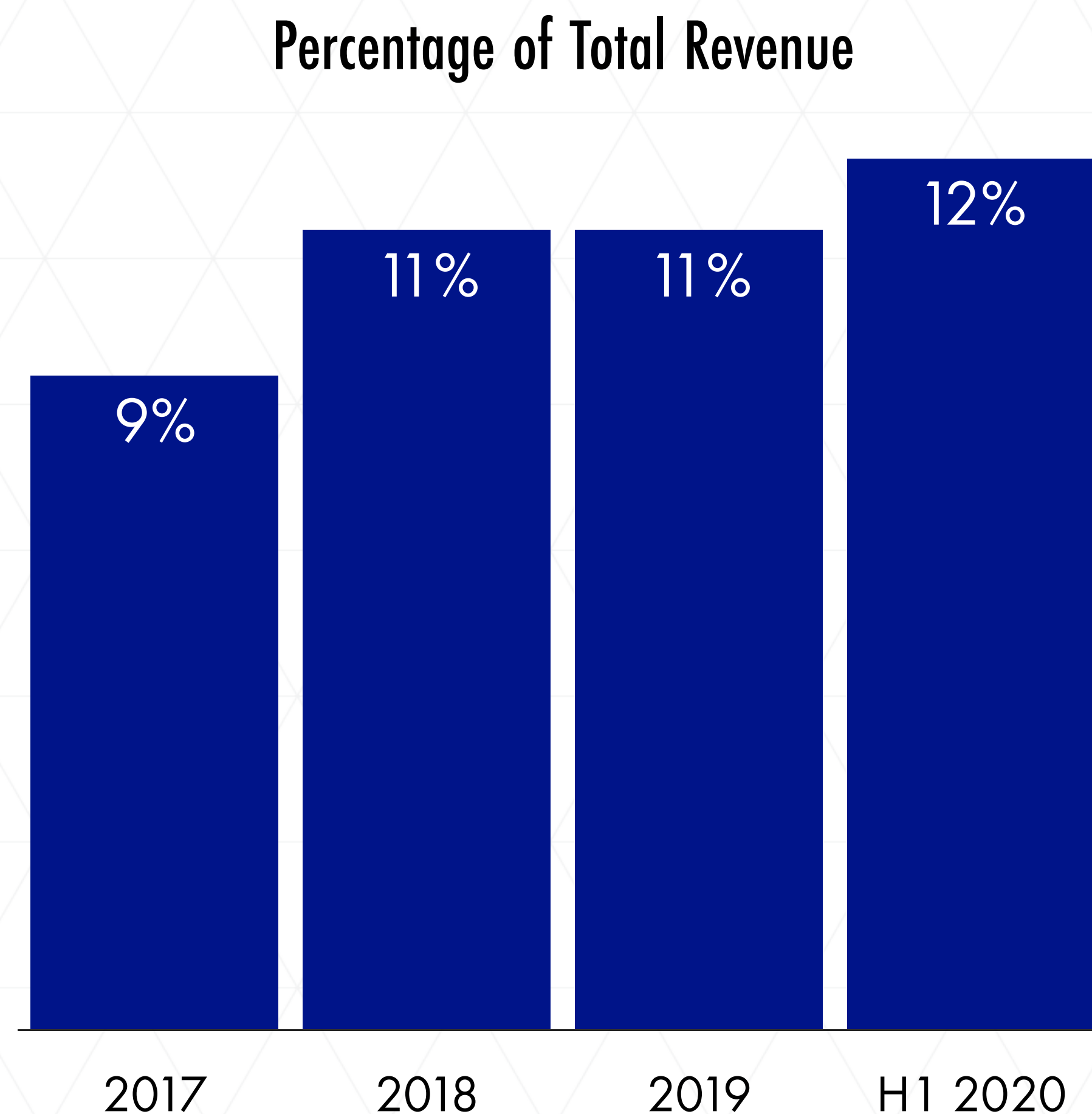
Messaging Revenue Growth y/y



63B+

Messages sent in H1 2020 —
nearly as many as all of 2017
and 2018 combined.

APPLICATION SERVICES IS GROWING FASTER THAN THE CORE



H1 2020 y/y
Revenue Growth

Video	599%
Messaging Software	208%
Engagement Cloud	94%
Other	41%

Note: Application Services does not include email. Engagement Cloud includes Authy, Flex, Lookups, Proxy, Studio, Sync, Taskrouter, Verify and other products. Messaging Software includes OTT, Conversations, Notify and other messaging features. Other includes trunking, voice conferences & recordings, support and other features.

FLEX CONTINUES ITS STRONG TRACTION

Q3'20 Flex Deal

Large insurance provider

5,000 + 5,000

Full-time agents

Flex-time agents

Move to cloud accelerated by COVID

100+

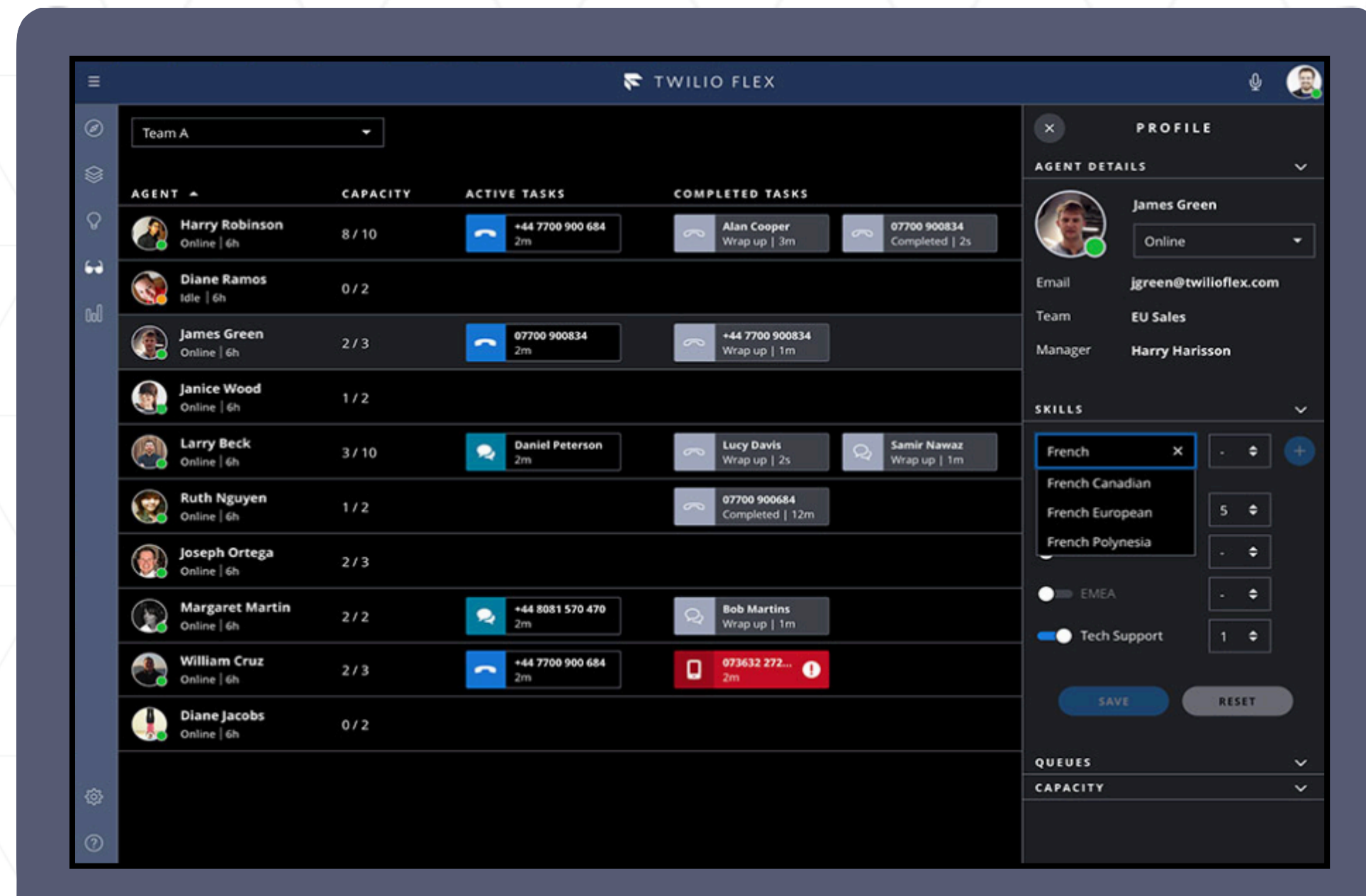
Features released
since launch

184%

Flex revenue
growth in H1 2020

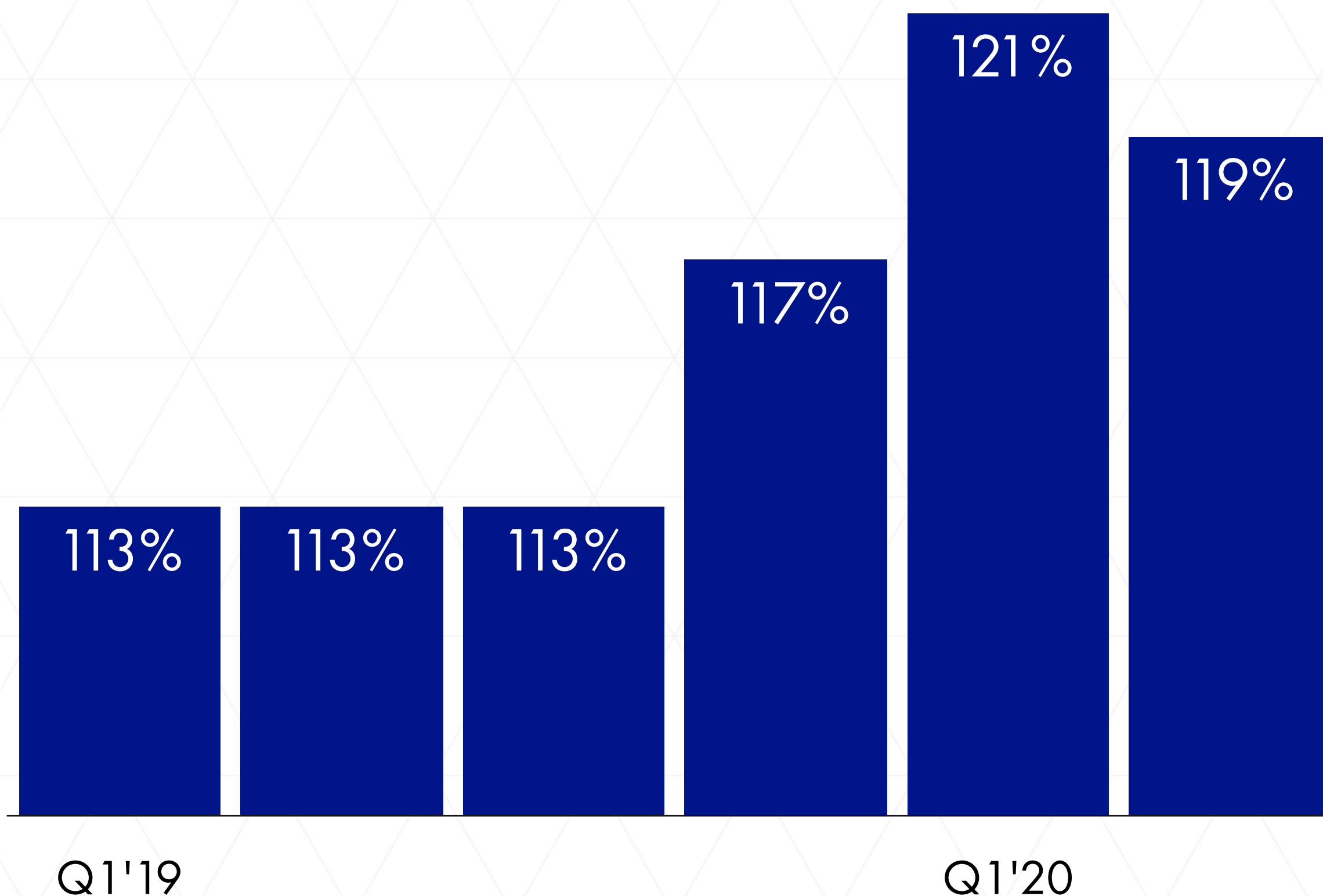
600+

Unique Flex
customers

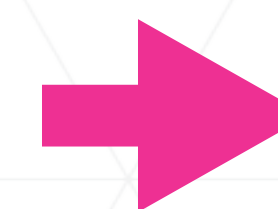


WE HAVE ACCELERATED EMAIL GROWTH SINCE ACQUISITION

Email Dollar-Based Net Expansion¹



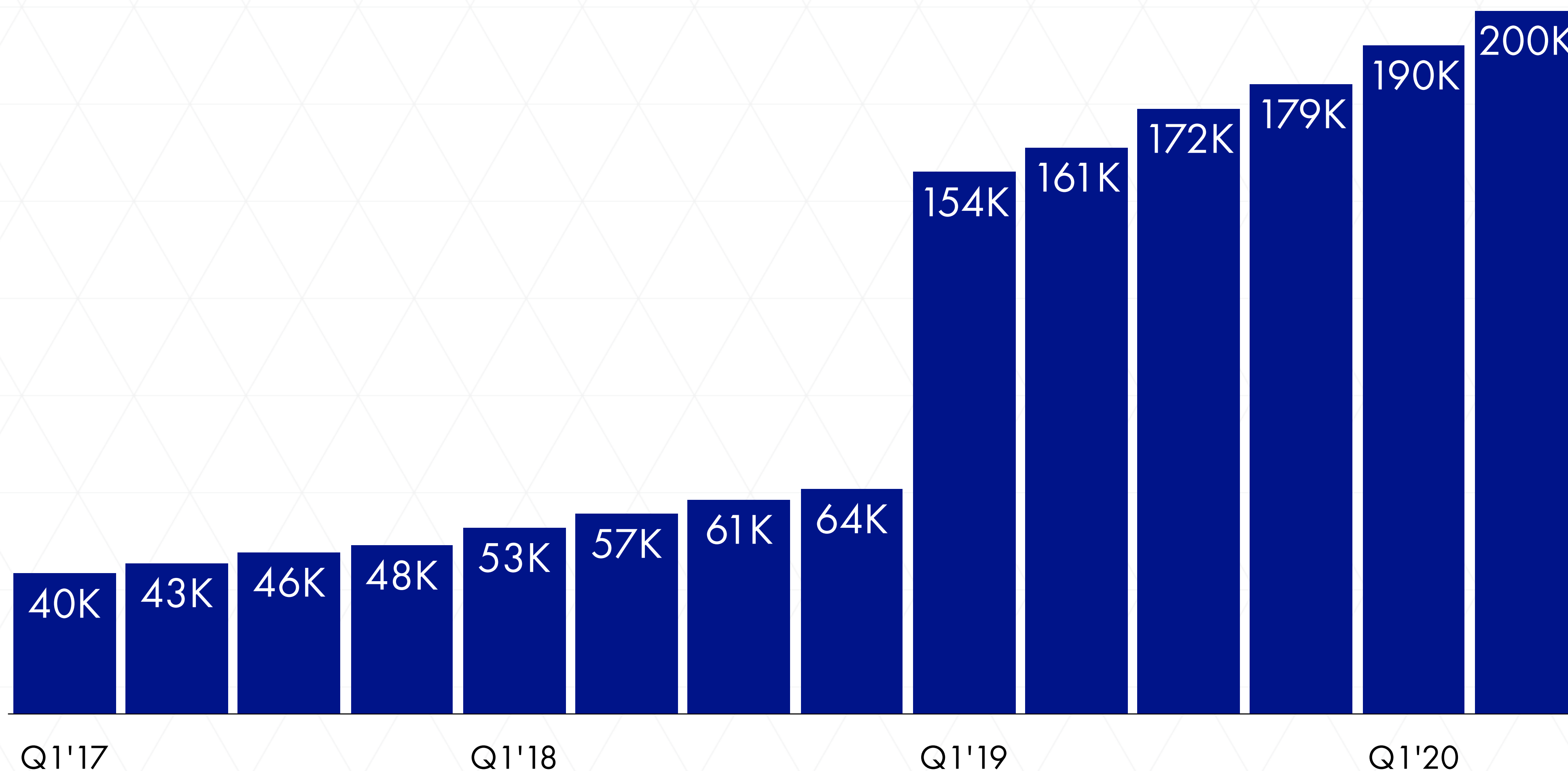
31%
Revenue growth
in 2018 y/y



36%
Revenue growth
in H1 2020 y/y

Note: Dollar-based net expansion calculated based on Twilio's definition. Refer to the appendix for the definition of dollar-based net expansion rate.

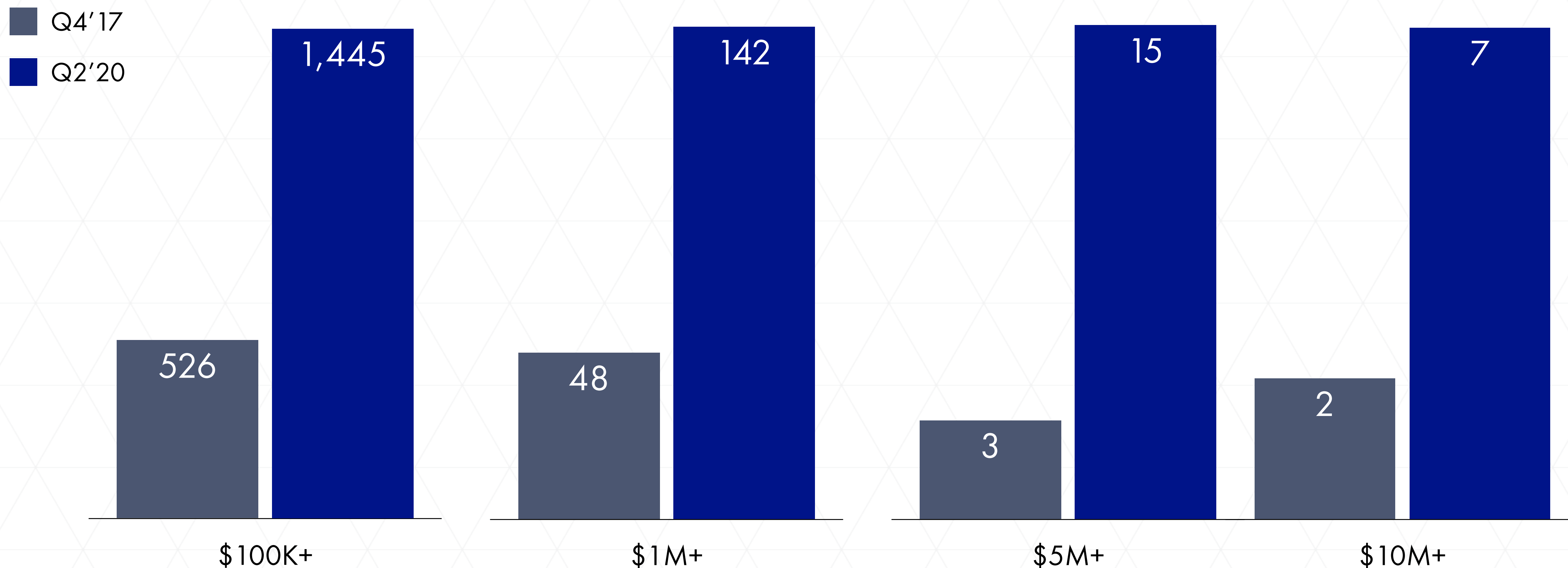
CONTINUING TO GROW OUR LARGE CUSTOMER BASE



Note: SendGrid was acquired in Q1'19 and added ~84,000 customer accounts. All numbers are rounded down to the nearest thousand.

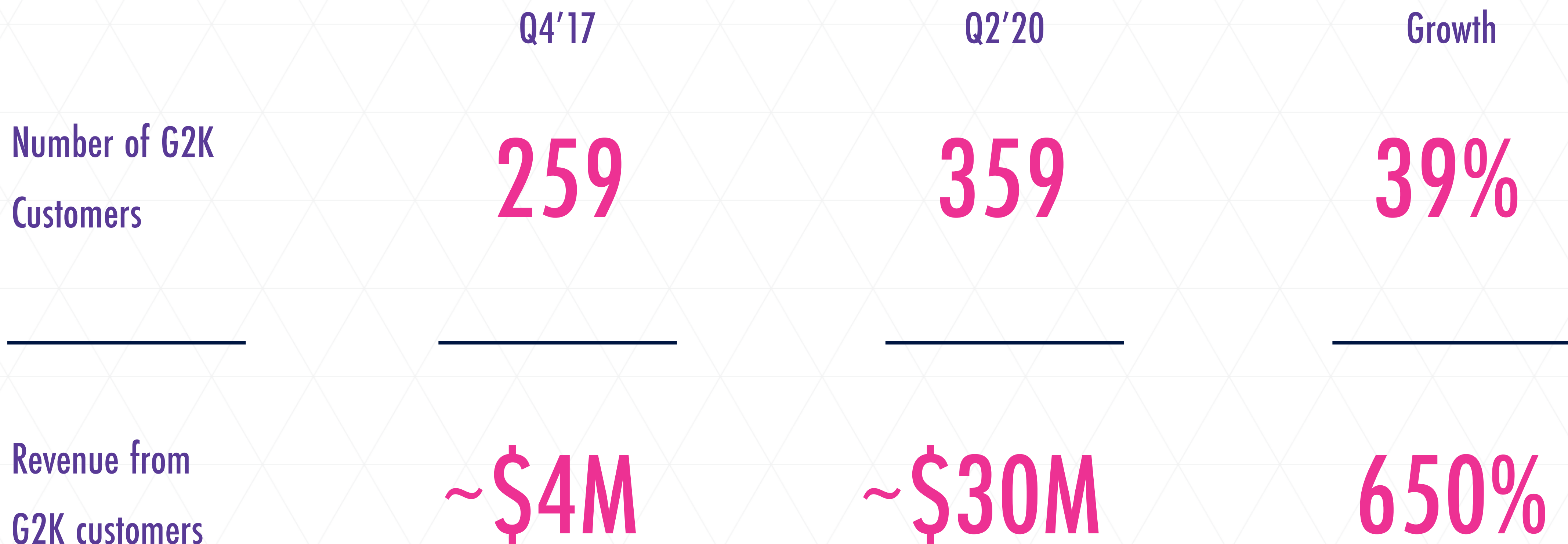
WE ARE INCREASING OUR STRATEGIC VALUE

Customer Count by Trailing Twelve Month Revenue



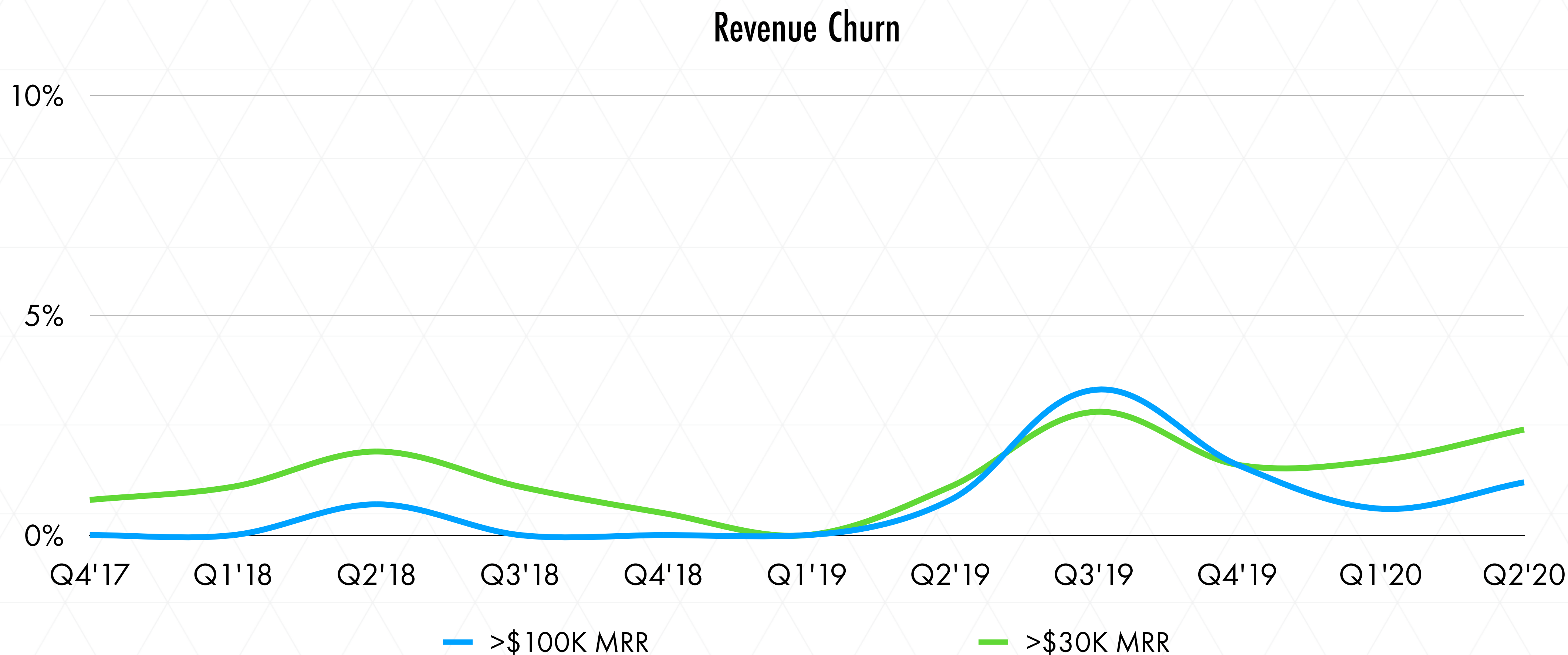
Note: Data does not include customers or revenue from Twilio SendGrid.

OUR ENTERPRISE STRATEGY IS WORKING



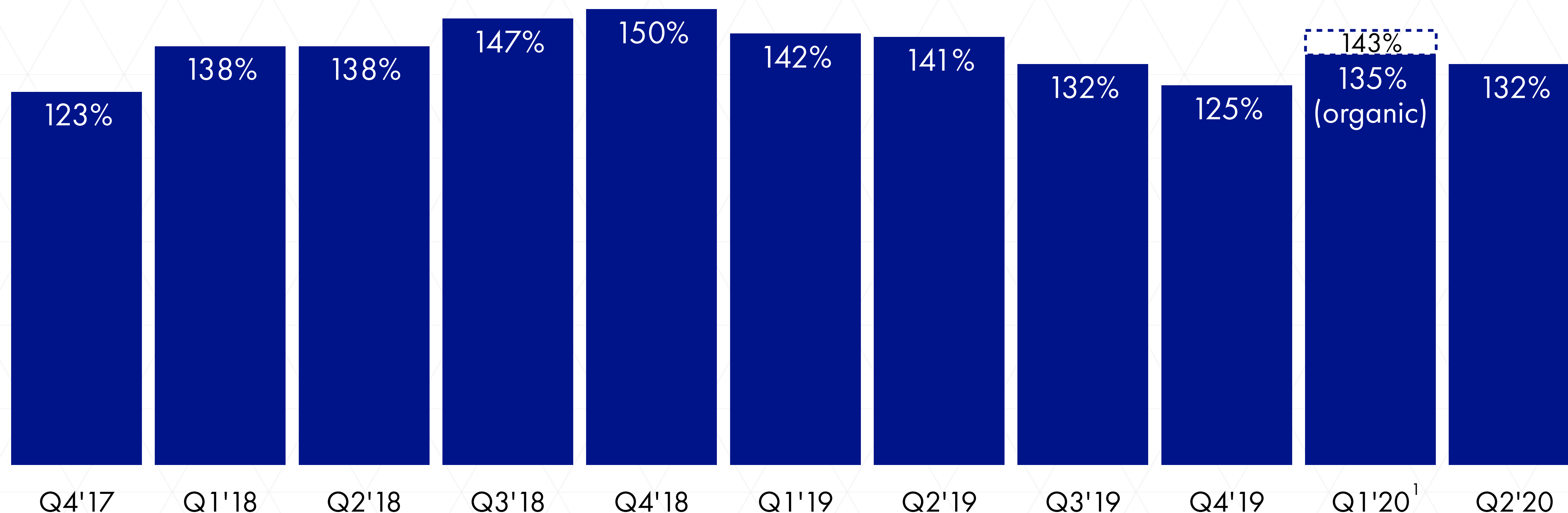
Note: Data does not include customers or revenue from Twilio SendGrid. Revenue numbers are rounded.

CUSTOMER SUCCESS DRIVES CONSISTENTLY LOW ATTRITION



Note: Revenue churn is calculated by dividing revenue in the prior period from customers that are no longer active by the total revenue in the prior period.

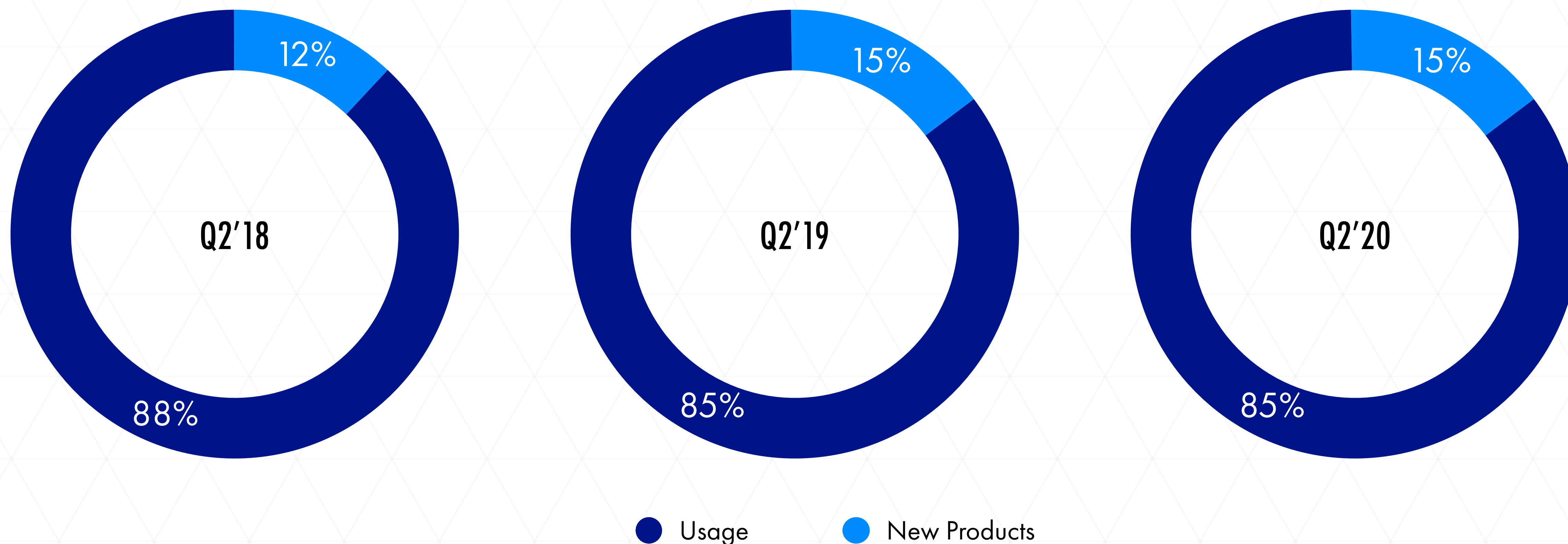
STRONG DOLLAR-BASED NET EXPANSION AT SCALE



¹ 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: Data calculated using Total Revenue. SendGrid is not included in any period prior to Q1'20 due to the company's definition of calculating dollar-based net expansion. For more information, refer to the appendix.

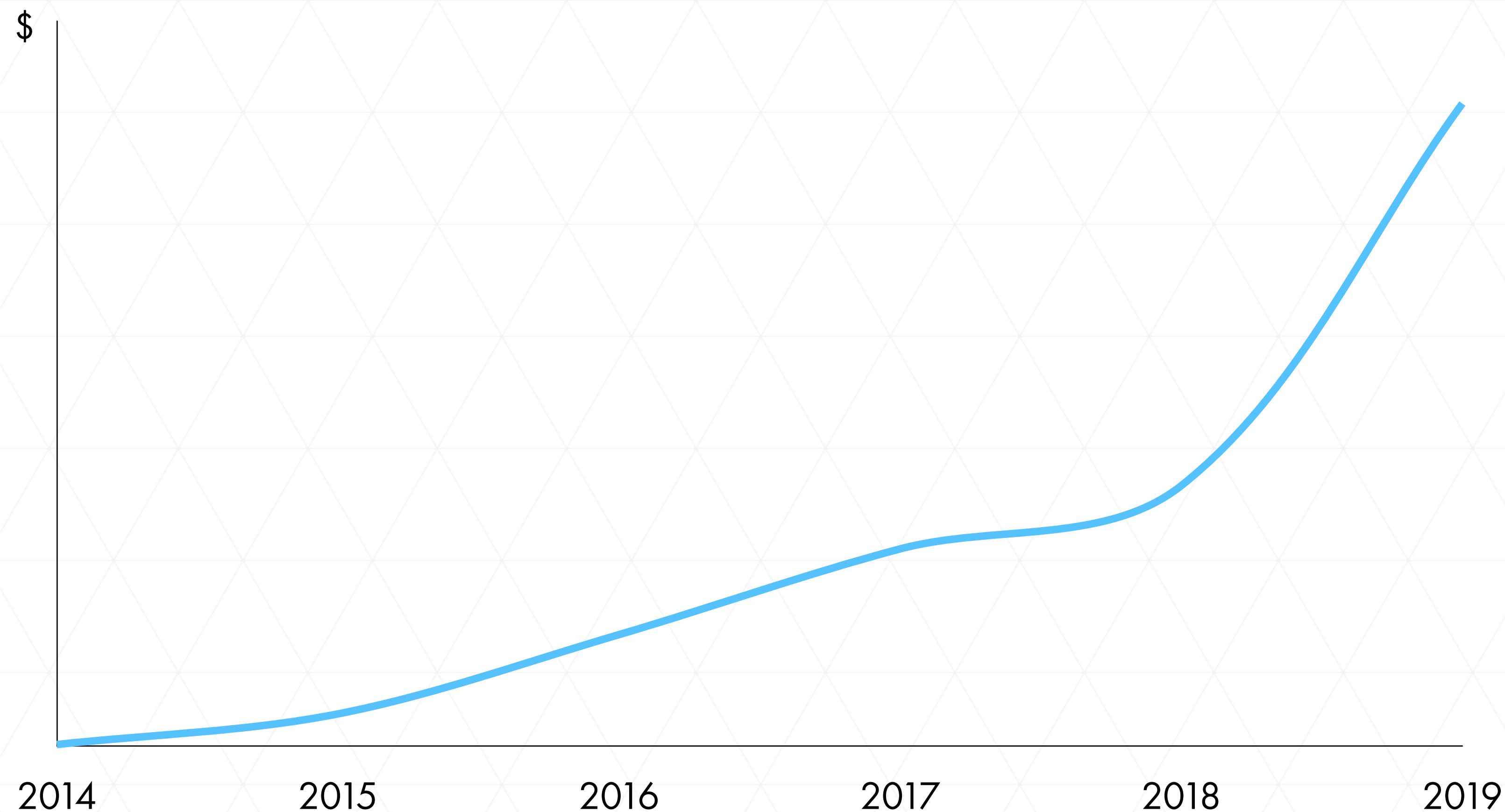
EXPANDING WITH INCREASED USAGE AND NEW PRODUCTS

Dollar-Based Net Expansion Rate by Usage/Product



Note: Data does not include customers or revenue from Twilio SendGrid. New products is defined as the broader product categories of messaging, voice, video, etc.

TYPICAL CUSTOMER REVENUE RAMP



Developer-first

Low friction and no upfront costs

Usage-based Model

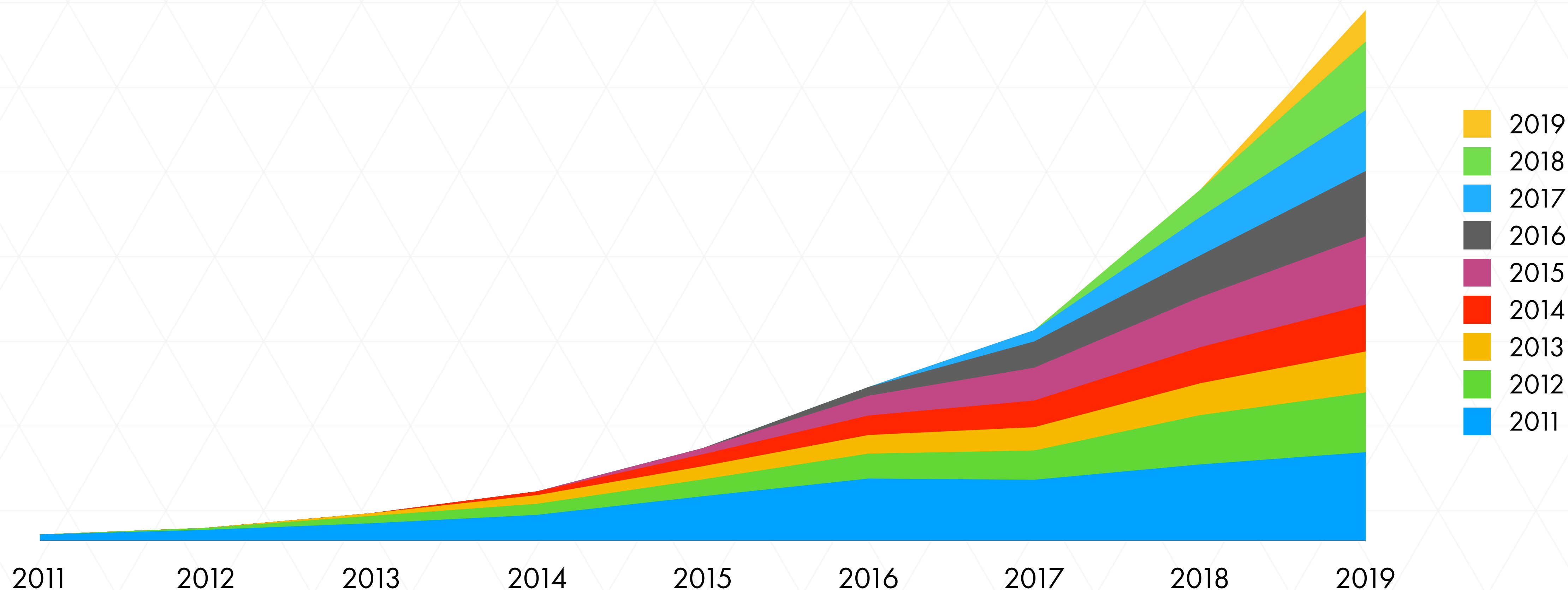
Share in our customers' success

Land & Expand

More usage, more products, more applications

Note: Chart depicts annual revenue from an anonymized customer

LAND AND EXPAND STRATEGY DRIVES GROWTH ACROSS COHORTS



Note: Represents revenue from our Active Customer Accounts grouped by cohorts based on the year when each customer account cohort originated.

MORE THAN 300 PARTNERS TO EXPAND OUR REACH

Deloitte.

70%



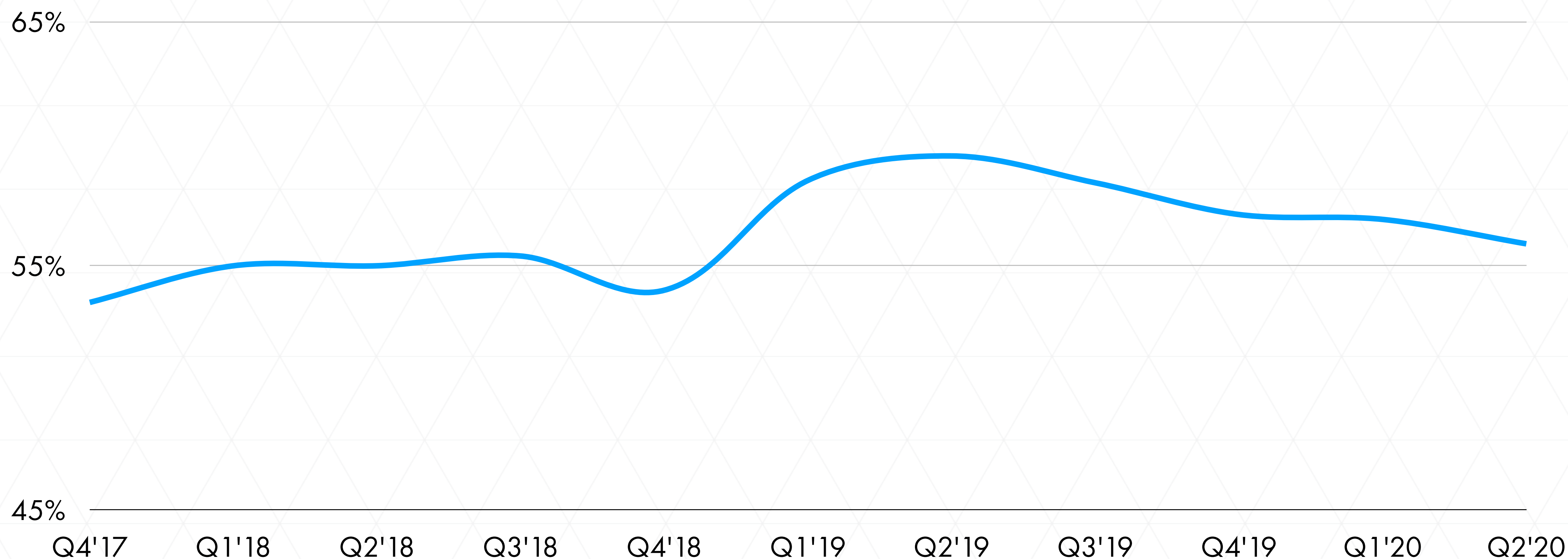
OF LARGEST FLEX DEALS
IN 2020
INVOLVED A PARTNER¹

¹As of 9/1/20.

GROSS MARGIN



NON-GAAP GROSS MARGIN CONSISTENTLY IN TARGET RANGE



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.

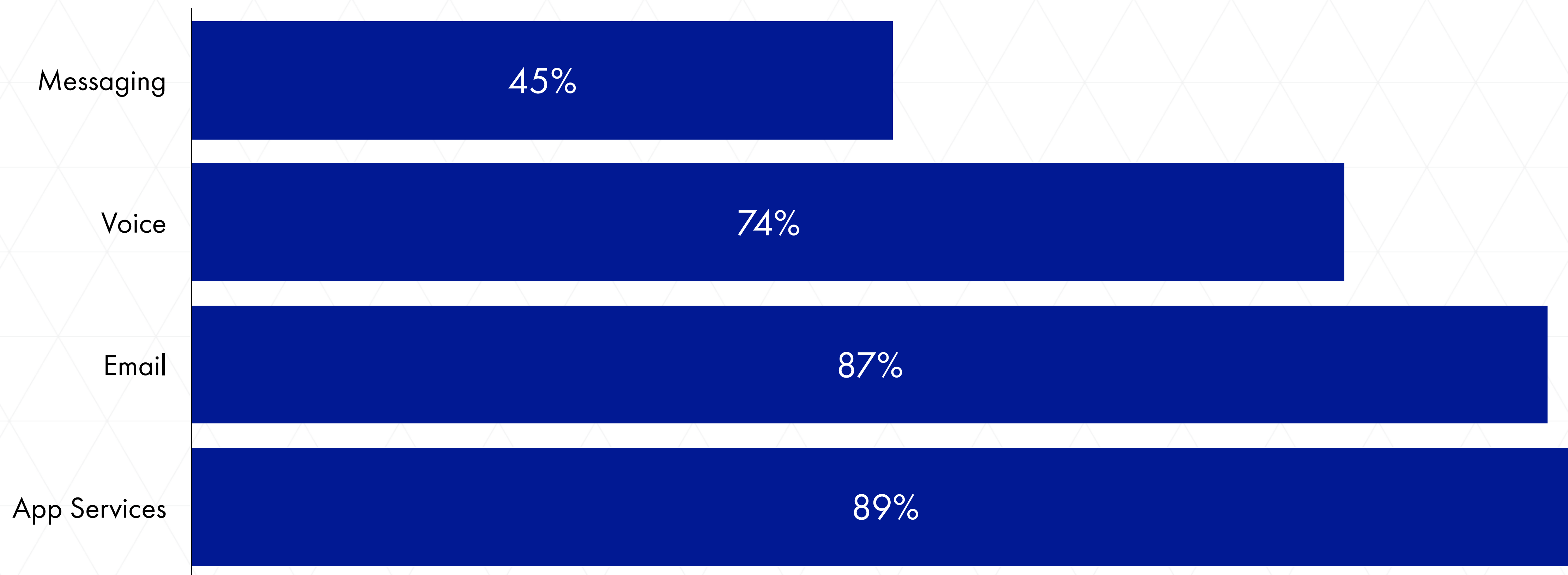
NON-GAAP GROSS PROFIT DOLLARS CONTINUE TO GROW



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.

SEVERAL HIGH MARGIN PRODUCTS IN OUR PORTFOLIO

Average Gross Margin



Note: Represents average GAAP gross margin for each product line from Q1'19 through Q2'20.

GROSS MARGIN VARIES BETWEEN PRODUCTS

< Corp Average GM **Corporate Gross Margin** **> Corp Average GM**

**International
Messaging**

**International
Voice**

**US
Messaging**

**US
Voice**

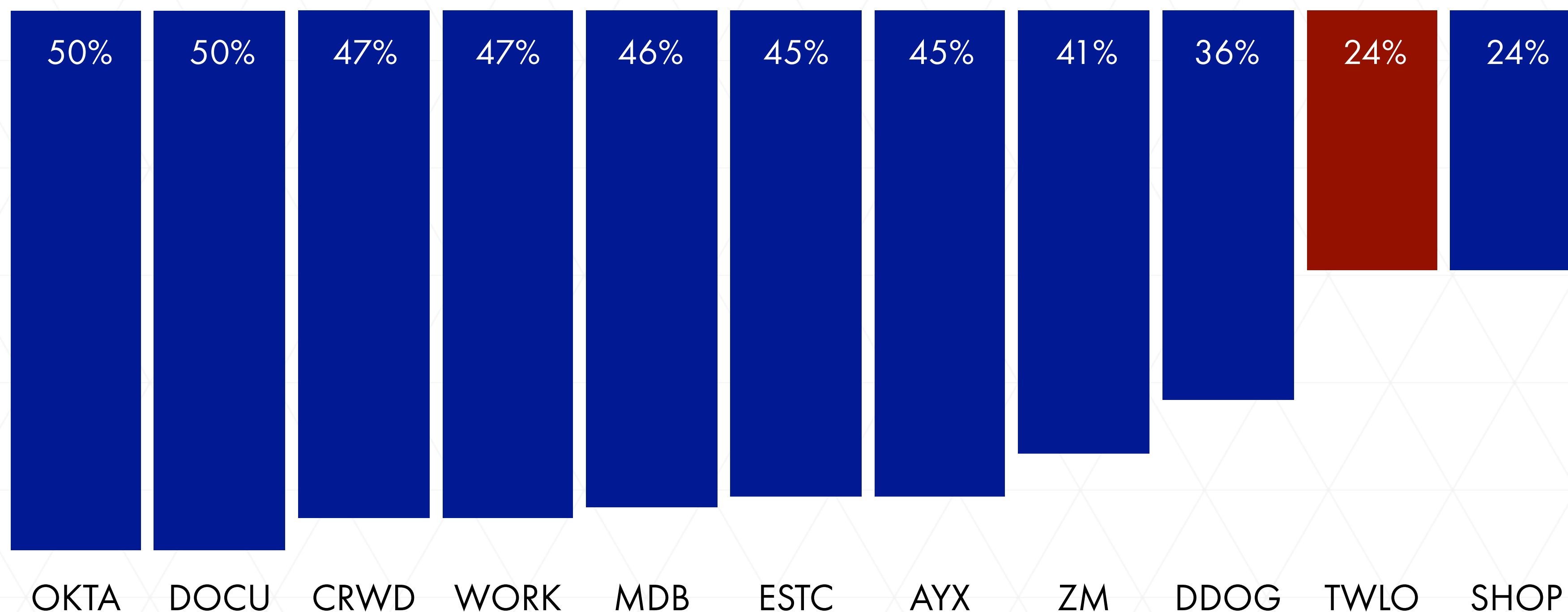
**App Services
& Email**

INVESTING FOR GROWTH



WE HAVE AN EFFICIENT GO-TO-MARKET STRATEGY

LTM Non-GAAP Sales & Marketing as a Percentage of Revenue

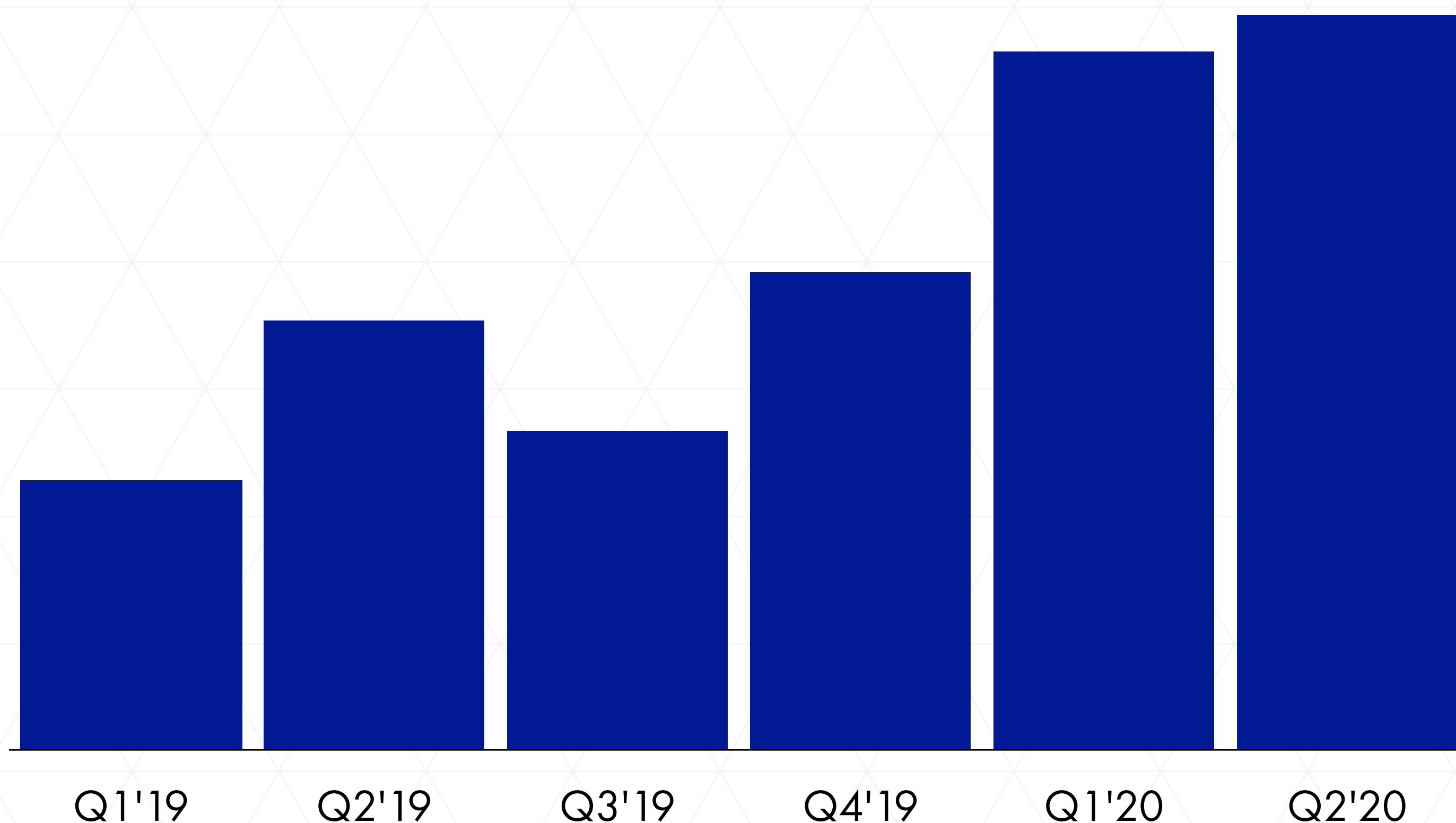


79%

Growth in quota carrying rep headcount in Q2'20 y/y

R&D INVESTMENTS DRIVE INNOVATION AND SCALE

Revenue per R&D Employee



INFRASTRUCTURE

- Platform optimization

PRODUCTS

- Flex, Frontline, Messaging Insights

GLOBAL SCALE

- CoE India, EMEA and LATAM

CUSTOMER TRUST

- Fraud & security protection

INORGANIC INVESTMENT SUPPORTS OUR STRATEGY

PLATFORM EXPANSION



ADDITIONAL CAPABILITIES



Programmable Video



2FA

CUSTOMER ENGAGEMENT

PRODUCT EXPANSION

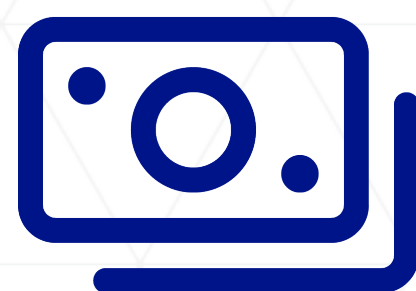
TECHNOLOGY CAPABILITIES

INTERNATIONAL GROWTH

SCALING SYSTEM AND PROCESSES FOR THE FUTURE



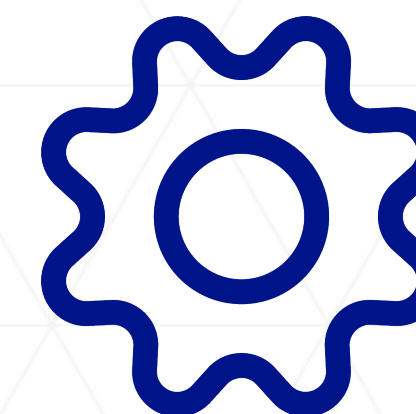
Additional automated
billing



Enhancing CPQ
functionality



Streamlining quote to
sign process



New ERP
assessment

INVESTMENTS SET US UP FOR THE LONG-TERM

30%+

Year-over-year organic
annual revenue growth
expected for the next 4 years

Long-Term Model

Gross Margin	60-65%
--------------	--------

% of revenue

R&D	15-18%
-----	--------

S&M	16-19%
-----	--------

G&A	7-9%
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Operating Margin	20%+
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Note: Long-term model metrics are non-GAAP metrics. Refer to the appendix for a reconciliation of non-GAAP financial measures to the most comparable GAAP measures.

KEY TAKEAWAYS

- ✓ LARGE AND GROWING TAM
- ✓ STRONG GROWTH AT SCALE
- ✓ APP SERVICES CONTINUING TO EXPAND
- ✓ BROADLY DIVERSIFIED CUSTOMER BASE
- ✓ 30%+ GROWTH FOR NEXT 4 YEARS



THANK YOU



TWILIO CUSTOMER & DEVELOPER CONFERENCE 2020

CONFERENCE 2020

APPENDIX



OPERATING METRICS

Dollar-Based Net Expansion Rate. 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, for reporting periods starting with the three months ended December 31, 2016, 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. We believe that measuring Dollar-Based Net Expansion Rate provides a more meaningful indication of the performance of our efforts to increase revenue from existing customers.

For historical periods through December 31, 2019, our 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 us, 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, we first identify 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 we calculate 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 the Q1 FY20 presentation will not be directly comparable to our Dollar-Based Net Expansion Rates going forward.

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. Effective December 31, 2019, we round down the number of Active Customer Accounts to the nearest thousand.

GAAP TO NON-GAAP RECONCILIATION

TWILIO INC. <i>Reconciliation to Non-GAAP Financial Measures*</i> (In thousands, except share and per share amounts)																						
	For the three months ended						For the three months ended						For the three months ended						For the three months ended			
	March 31 2017	June 30 2017	September 30 2017	December 31 2017	Year Ended Dec 31, 2017		March 31 2018	June 30 2018	September 30 2018	December 31 2018	Year Ended Dec 31, 2018		March 31 2019	June 30 2019	September 30 2019	December 31 2019	Year Ended Dec 31, 2019		March 31 2020	June 30 2020		
Base Revenue	\$ 80,643	\$ 87,583	\$ 91,965	\$ 105,299	\$ 365,490		\$ 117,507	\$ 135,004	\$ 154,348	\$ 186,158	\$ 593,017		\$ 220,885	\$ 256,737	\$ 275,548	\$ 306,637	\$ 1,059,807					
Variable Revenue	6,729	8,287	8,577	9,937	33,530		11,609	12,750	14,547	18,144	57,050		12,254	18,302	19,518	24,587	74,661		364,868	400,849		
Total Revenue	\$ 87,372	\$ 95,870	\$ 100,542	\$ 115,236	\$ 399,020		\$ 129,116	\$ 147,754	\$ 168,895	\$ 204,302	\$ 650,067		\$ 233,139	\$ 275,039	\$ 295,066	\$ 331,224	\$ 1,134,468		\$ 364,868	\$ 400,849		
Gross profit	\$ 50,086	\$ 53,537	\$ 52,288	\$ 60,214	\$ 216,125		\$ 69,534	\$ 79,814	\$ 91,864	\$ 108,014	\$ 349,226		\$ 126,050	\$ 150,015	\$ 158,162	\$ 174,690	\$ 608,917		\$ 193,535	\$ 209,131		
Non-GAAP adjustments:																						
Stock-based compensation	138	142	180	190	650		222	266	284	354	1,126		1,809	1,623	1,674	2,017	7,123		1,837	2,143		
Amortization of acquired intangibles	997	1,182	1,250	1,215	4,644		1,198	1,125	1,396	1,937	5,656		8,460	11,857	12,549	12,401	45,267		12,381	12,695		
Taxes related to stock-based compensation	-	-	-	-	-		-	-	-	-	-		-	58	29	17	104		-	-		
Non-GAAP gross profit	\$ 51,221	\$ 54,861	\$ 53,718	\$ 61,619	\$ 221,419		\$ 70,954	\$ 81,205	\$ 93,544	\$ 110,305	\$ 356,008		\$ 136,319	\$ 163,553	\$ 172,414	\$ 189,125	\$ 661,411		\$ 207,753	\$ 223,969		
Non-GAAP gross margin	59%	57%	53%	53%	55%		55%	55%	55%	54%	55%		58%	59%	58%	57%	58%		57%	56%		
Research and development	\$ 26,522	\$ 29,714	\$ 31,674	\$ 32,829	\$ 120,739		\$ 37,576	\$ 39,811	\$ 42,340	\$ 51,631	\$ 171,358		\$ 77,855	\$ 98,783	\$ 104,481	\$ 110,236	\$ 391,355		\$ 114,339	\$ 120,701		
Non-GAAP adjustments:																						
Stock-based compensation	(4,484)	(5,710)	(6,493)	(6,121)	(22,808)		(7,872)	(9,749)	(10,879)	(13,777)	(42,277)		(25,339)	(33,701)	(34,348)	(32,624)	(126,012)		(33,209)	(39,841)		
Amortization of acquired intangibles	(38)	(38)	(25)	(38)	(139)		(22)	-	-	-	(22)		-	-	-	-	-		-	-		
Gain on lease termination	150	-	-	-	150		-	-	-	-	-		-	-	-	-	-		-	-		
Taxes related to stock-based compensation	(806)	(223)	(315)	(122)	(1,466)		(314)	(1,215)	(748)	(936)	(3,213)		(3,136)	(2,186)	(1,272)	(1,276)	(7,870)		(3,791)	(2,983)		
Non-GAAP research and development	\$ 21,344	\$ 23,743	\$ 24,841	\$ 26,548	\$ 96,476		\$ 29,368	\$ 28,847	\$ 30,713	\$ 36,918	\$ 125,846		\$ 49,380	\$ 62,896	\$ 68,861	\$ 76,336	\$ 257,473		\$ 77,339	\$ 77,877		
Non-GAAP R&D as % of revenue	24%	25%	25%	23%	24%		23%	20%	18%	18%	19%		21%	23%	23%	23%	23%		21%	19%		
Sales and marketing	\$ 21,116	\$ 26,153	\$ 25,778	\$ 27,622	\$ 100,669		\$ 32,822	\$ 37,749	\$ 45,949	\$ 59,035	\$ 175,555		\$ 71,607	\$ 90,421	\$ 100,657	\$ 106,394	\$ 369,079		\$ 116,722	\$ 129,823		
Non-GAAP adjustments:																						
Stock-based compensation	(1,995)	(2,363)	(2,603)	(2,861)	(9,822)		(3,859)	(5,049)	(5,246)	(9,462)	(23,616)		(11,749)	(14,564)	(16,143)	(18,430)	(60,886)		(19,943)	(23,086)		
Amortization of acquired intangibles	(117)	(202)	(220)	(214)	(753)		(220)	(206)	(390)	(301)	(1,117)		(5,003)	(7,329)	(7,322)	(7,886)	(27,540)		(7,864)	(7,889)		
Gain on lease termination	100	-	-	-	100		-	-	-	-	-		-	-	-	-	-		-	-		
Taxes related to stock-based compensation	(338)	(128)	(148)	(100)	(714)		(74)	(349)	(339)	(368)	(1,130)		(1,425)	(990)	(635)	(642)	(3,692)		(1,844)	(2,957)		
Non-GAAP sales and marketing	\$ 18,766	\$ 23,460	\$ 22,807	\$ 24,447	\$ 89,480		\$ 28,669	\$ 32,145	\$ 39,974	\$ 48,904	\$ 149,692		\$ 53,430	\$ 67,538	\$ 76,557	\$ 79,436	\$ 276,961		\$ 87,071	\$ 95,891		
Non-GAAP S&M as % of revenue	21%	24%	23%	21%	22%		22%	22%	24%	24%	23%		23%	25%	26%	24%	24%		24%	24%		
General and administrative	\$ 17,203	\$ 4,740	\$ 18,867	\$ 18,809	\$ 59,619		\$ 23,393	\$ 24,212	\$ 28,608	\$ 34,389	\$ 110,602		\$ 64,176	\$ 54,543	\$ 47,690	\$ 51,859	\$ 218,268		\$ 55,170	\$ 61,251		
Non-GAAP adjustments:																						
Stock-based compensation	(2,768)	(4,185)	(4,912)	(4,474)	(16,339)		(5,587)	(5,942)	(6,332)	(8,393)	(26,254)		(19,427)	(20,852)	(16,103)	(13,915)	(70,297)		(14,036)	(14,317)		
Amortization of acquired intangibles	(24)	(20)	(20)	(20)	(84)		(20)	(20)	(20)	(315)	(375)		(153)	(62)	(121)	336	-		(47)	(11)		
Acquisition related expenses	(217)	(58)	(35)	-	(310)		-	-	(1,554)	(2,927)	(4,481)		(12,543)	(1,274)	(371)	(1,525)	(15,713)		(302)	(21)		
Release of tax liability	920	12,161	-	284	13,365		-	-	-	-	-		-	-	-	-	-		-	-		
Gain on lease termination	45	-	-	-	45		-	-	-	-	-		-	-	-	-	-		-	-		
Taxes related to stock-based compensation	(306)	(253)	(132)	(79)	(770)		(176)	(247)	(411)	(440)	(1,274)		(1,907)	(746)	(479)	(390)	(3,522)		(818)	(2,238)		
Legal settlements/accruals	-	-	-	-	-		-	-	(1,510)	(200)	(1,710)		-	-	-	-	-		-	-		
Charitable contribution	-	-	-	-	-		-	-	(175)	-	(175)		-	-	-	-	-		(2,701)	(3,972)		
Non-GAAP general and administrative	\$ 14,853	\$ 12,385	\$ 13,768	\$ 14,520	\$ 55,526		\$ 17,610	\$ 18,003	\$ 18,606	\$ 22,114	\$ 76,333		\$ 30,146	\$ 31,609	\$ 30,616	\$ 36,365	\$ 128,736		\$ 37,266	\$ 40,692		
Non-GAAP G&A as % of revenue	17%	13%	14%	13%	14%		14%	12%	11%	11%	12%		13%	11%	10%	11%	11%		10%	10%		
Loss from operations	\$ (14,755)	\$ (7,070)	\$ (24,031)	\$ (20,218)	\$ (66,074)		\$ (24,257)	\$ (21,958)	\$ (25,033)	\$ (43,987)	\$ (115,235)		\$ (87,588)	\$ (93,732)	\$ (94,666)	\$ (93,799)	\$ (369,785)		\$ (92,696)	\$ (102,644)		
Non-GAAP adjustments:																						
Stock-based compensation	9,385	12,400	14,188	13,646	49,619		17,540	21,006	22,741	31,986	93,273		58,324	70,740	68,268	66,986	264,318		69,025	79,387		
Amortization of acquired intangibles	1,176	1,442	1,515	1,487	5,620		1,460	1,351	1,806	2,553	7,170		13,616	19,248	19,992	19,951	72,807		20,292	20,595		
Acquisition related expenses	217	58	35	-	310		-	-	1,554	2,927	4,481		12,543	1,274	371	1,525	15,713		302	21		
Release of tax liability	(920)	(12,161)	-	(284)	(13,365)		-	-	-	-	-		-	-	-	-	-		-	-		
Gain on lease termination	(295)	-	-	-	(295)		-	-	-	-	-		-	-	-	-	-		-	-		
Taxes related to stock-based compensation	1,450	604	595	301	2,950		564	1,811	1,498	1,744	5,617		6,468	3,980	2,415	2,325	15,188		6,453	8,178		
Legal settlements/accruals	-	-	-	-	-		-	-	1,510	200	1,710		-	-	-	-	-		-	-		
Charitable contribution	-	-	-	1,172	1,172		-	-	175	6,946	7,121		-	-	-	-	-		2,701	3,972		
Non-GAAP income (loss) from operations	\$ (3,742)	\$ (4,727)	\$ (7,698)	\$ (3,896)	\$ (20,063)		\$ (4,693)	\$ 2,210	\$ 4,251	\$ 2,369	\$ 4,137		\$ 3,363	\$ 1,510	\$ (3,620)	\$ (3,012)	\$ (1,759)		\$ 6,077	\$ 9,509		
Non-GAAP operating margin	(4%)	(5%)	(8%)	(3%)	(5%)		(4%)	1%	3%	1%	1%		1%	1%	(1%)	(1%)	(0%)		2%	2%		

GAAP TO NON-GAAP RECONCILIATION

TWILIO INC. <i>Reconciliation to Non-GAAP Financial Measures*</i> (In thousands, except share and per share amounts)																	
	For the three months ended					For the three months ended					For the three months ended					March 31 2020	June 30 2020
	March 31 2017	June 30 2017	September 30 2017	December 31 2017	Year Ended Dec 31, 2017	March 31 2018	June 30 2018	September 30 2018	December 31 2018	Year Ended Dec 31, 2018	March 31 2019	June 30 2019	September 30 2019	December 31 2019	Year Ended Dec 31, 2019		
Net loss attributable to common stockholders	\$ (14,227)	\$ (7,109)	\$ (23,453)	\$ (18,919)	\$ (63,708)	\$ (23,729)	\$ (24,006)	\$ (27,056)	\$ (47,158)	\$ (121,949)	\$ (36,503)	\$ (92,579)	\$ (87,734)	\$ (90,247)	\$ (307,063)	\$ (94,791)	\$ (99,923)
Non-GAAP adjustments:																	
Stock-based compensation	9,385	12,400	14,188	13,646	49,619	17,540	21,006	22,741	31,986	93,273	58,324	70,740	68,268	66,986	264,318	69,025	79,387
Amortization of acquired intangibles	1,176	1,442	1,515	1,487	5,620	1,460	1,351	1,806	2,553	7,170	13,616	19,248	19,992	19,951	72,807	20,292	20,595
Acquisition related expenses	217	58	35	-	310	-	-	1,554	2,927	4,481	12,543	1,274	371	1,525	15,713	302	21
Release of tax liability	(920)	(12,161)	-	(284)	(13,365)	-	-	-	-	-	-	-	-	-	-	-	-
Gain on lease termination	(295)	-	-	-	(295)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes related to stock-based compensation	1,450	604	595	301	2,950	564	1,811	1,498	1,744	5,617	6,468	3,980	2,415	2,325	15,188	6,453	8,178
Legal settlements/accruals	-	-	-	-	-	-	-	1,510	200	1,710	-	-	-	-	-	-	-
Charitable contribution	-	-	-	1,172	1,172	-	-	175	6,946	7,121	-	-	-	-	-	2,701	3,972
Amortization of debt discount and issuance costs	-	-	-	-	-	-	2,695	5,679	5,679	14,053	5,841	5,841	6,007	6,007	23,696	6,177	6,178
Income tax benefit related to acquisition	-	-	-	-	-	-	-	-	-	-	(51,644)	(63)	(2,497)	(1,541)	(55,745)	(162)	(195)
Provision for income tax effects related to non-GAAP adjustments**	-	-	-	-	-	-	-	-	-	-	(2,219)	(3,588)	(1,691)	771	(6,727)	(1,645)	(4,187)
Non-GAAP net income (loss) attributable to common stockholders	\$ (3,214)	\$ (4,766)	\$ (7,120)	\$ (2,597)	\$ (17,697)	\$ (4,165)	\$ 2,857	\$ 7,907	\$ 4,877	\$ 11,476	\$ 6,426	\$ 4,853	\$ 5,131	\$ 5,777	\$ 22,187	\$ 8,352	\$ 14,027
Non-GAAP net income (loss) attributable to common stockholders as % of revenue	(4%)	(5%)	(7%)	(2%)	(4%)	(3%)	2%	5%	2%	2%	3%	2%	2%	2%	2%	2%	3%
Net loss per share attributable to common stockholders, basic	\$ (0.16)	\$ (0.08)	\$ (0.25)	\$ (0.20)	\$ (0.70)	\$ (0.25)	\$ (0.25)	\$ (0.28)	\$ (0.47)	\$ (1.26)	\$ (0.31)	\$ (0.72)	\$ (0.64)	\$ (0.66)	\$ (2.36)	\$ (0.68)	\$ (0.71)
Non-GAAP adjustments:																	
Stock-based compensation	0.11	0.14	0.15	0.15	0.54	0.19	0.22	0.23	0.32	0.96	0.50	0.55	0.50	0.49	2.03	0.50	0.56
Amortization of acquired intangibles	0.01	0.02	0.02	0.02	0.06	0.02	0.01	0.02	0.03	0.07	0.12	0.15	0.15	0.14	0.56	0.15	0.15
Acquisition related expenses	0.00	0.00	0.00	-	0.00	-	-	0.02	0.03	0.05	0.11	0.01	0.00	0.01	0.12	0.00	0.00
Release of tax liability	(0.01)	(0.13)	-	(0.00)	(0.15)	-	-	-	-	-	-	-	-	-	-	-	-
Gain on lease termination	(0.00)	-	-	-	(0.00)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes related to stock-based compensation	0.02	0.01	0.01	0.00	0.03	0.01	0.02	0.02	0.02	0.06	0.06	0.03	0.02	0.02	0.12	0.05	0.06
Legal settlements/accruals	-	-	-	-	-	-	-	0.02	0.00	0.02	-	-	-	-	-	-	-
Charitable contribution	-	-	-	0.01	0.01	-	-	0.00	0.07	0.07	-	-	-	-	-	0.02	0.03
Amortization of debt discount and issuance costs	-	-	-	-	-	-	0.03	0.06	0.06	0.14	0.05	0.05	0.04	0.04	0.18	0.04	0.04
Income tax benefit related to acquisition	-	-	-	-	-	-	-	-	-	-	(0.44)	(0.00)	(0.02)	(0.01)	(0.43)	(0.00)	(0.00)
Provision for income tax effects related to non-GAAP adjustments**	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.03)	(0.01)	0.01	(0.05)	(0.01)	(0.03)
Dilutive securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP net income (loss) per share attributable to common stockholders, basic	\$ (0.04)	\$ (0.05)	\$ (0.08)	\$ (0.03)	\$ (0.19)	\$ (0.04)	\$ 0.03	\$ 0.08	\$ 0.05	\$ 0.12	\$ 0.06	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.17	\$ 0.06	\$ 0.10
Net loss per share attributable to common stockholders, diluted	\$ (0.16)	\$ (0.08)	\$ (0.25)	\$ (0.20)	\$ (0.70)	\$ (0.25)	\$ (0.23)	\$ (0.25)	\$ (0.43)	\$ (1.13)	\$ (0.28)	\$ (0.64)	\$ (0.59)	\$ (0.66)	\$ (2.36)	\$ (0.64)	\$ (0.65)
Non-GAAP adjustments:																	
Stock-based compensation	0.11	0.14	0.15	0.15	0.54	0.19	0.20	0.21	0.29	0.86	0.45	0.49	0.46	0.45	1.85	0.47	0.52
Amortization of acquired intangibles	0.01	0.02	0.02	0.02	0.06	0.02	0.01	0.02	0.02	0.07	0.10	0.13	0.13	0.14	0.51	0.14	0.13
Acquisition related expenses	0.00	0.00	0.00	-	0.00	-	-	0.01	0.03	0.04	0.10	0.01	0.00	0.01	0.11	0.00	0.00
Release of tax liability	(0.01)	(0.13)	-	(0.00)	(0.15)	-	-	-	-	-	-	-	-	-	-	-	-
Gain on lease termination	(0.00)	-	-	-	(0.00)	-	-	-	-	-	-	-	-	-	-	-	-
Taxes related to stock-based compensation	0.02	0.01	0.01	0.00	0.03	0.01	0.02	0.01	0.02	0.05	0.05	0.03	0.02	0.02	0.11	0.04	0.05
Legal settlements/accruals	-	-	-	-	-	-	-	0.01	0.00	0.02	-	-	-	-	-	-	-
Charitable contribution	-	-	-	0.01	0.01	-	-	0.00	0.06	0.07	-	-	-	-	-	0.02	0.03
Amortization of debt discount and issuance costs	-	-	-	-	-	-	0.03	0.05	0.05	0.13	0.04	0.04	0.04	0.04	0.17	0.04	0.04
Income tax benefit related to acquisition	-	-	-	-	-	-	-	-	-	-	(0.40)	(0.00)	(0.02)	(0.01)	(0.39)	(0.00)	(0.00)
Provision for income tax effects related to non-GAAP adjustments**	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)	(0.01)	0.01	(0.05)	(0.01)	(0.03)
Dilutive securities	-	-	-	-	-	-	-	-	-	-	-	-	-	0.04	0.21	-	-
Non-GAAP net income (loss) per share attributable to common stockholders, diluted	\$ (0.04)	\$ (0.05)	\$ (0.08)	\$ (0.03)	\$ (0.19)	\$ (0.04)	\$ 0.03	\$ 0.07	\$ 0.04	\$ 0.11	\$ 0.05	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.16	\$ 0.06	\$ 0.09
GAAP weighted-average shares used to compute net loss per share attributable to common stockholders, basic	88,612,804	90,873,305	92,156,768	93,246,941	91,224,607	94,673,557	96,348,356	98,019,629	99,417,908	97,130,339	116,590,513	129,310,641	136,400,739	137,728,578	130,083,046	139,231,594	141,618,541
Effect of dilutive securities (stock options and restricted stock units)	-	-	-	-	-	-	10,255,515	11,801,023	11,198,356	11,207,259	13,492,268	14,349,437	13,558,751	9,561,497	12,873,540	9,171,167	12,116,189
Non-GAAP weighted-average shares used to compute Non-GAAP net income (loss) per share attributable to common stockholders, diluted	88,612,804	90,873,305	92,156,768	93,246,941	91,224,607	94,673,557	106,603,871	109,820,652	110,616,264	108,337,598	130,082,781	143,660,078	149,959,490	147,290,075	142,956,586	148,402,761	153,734,730