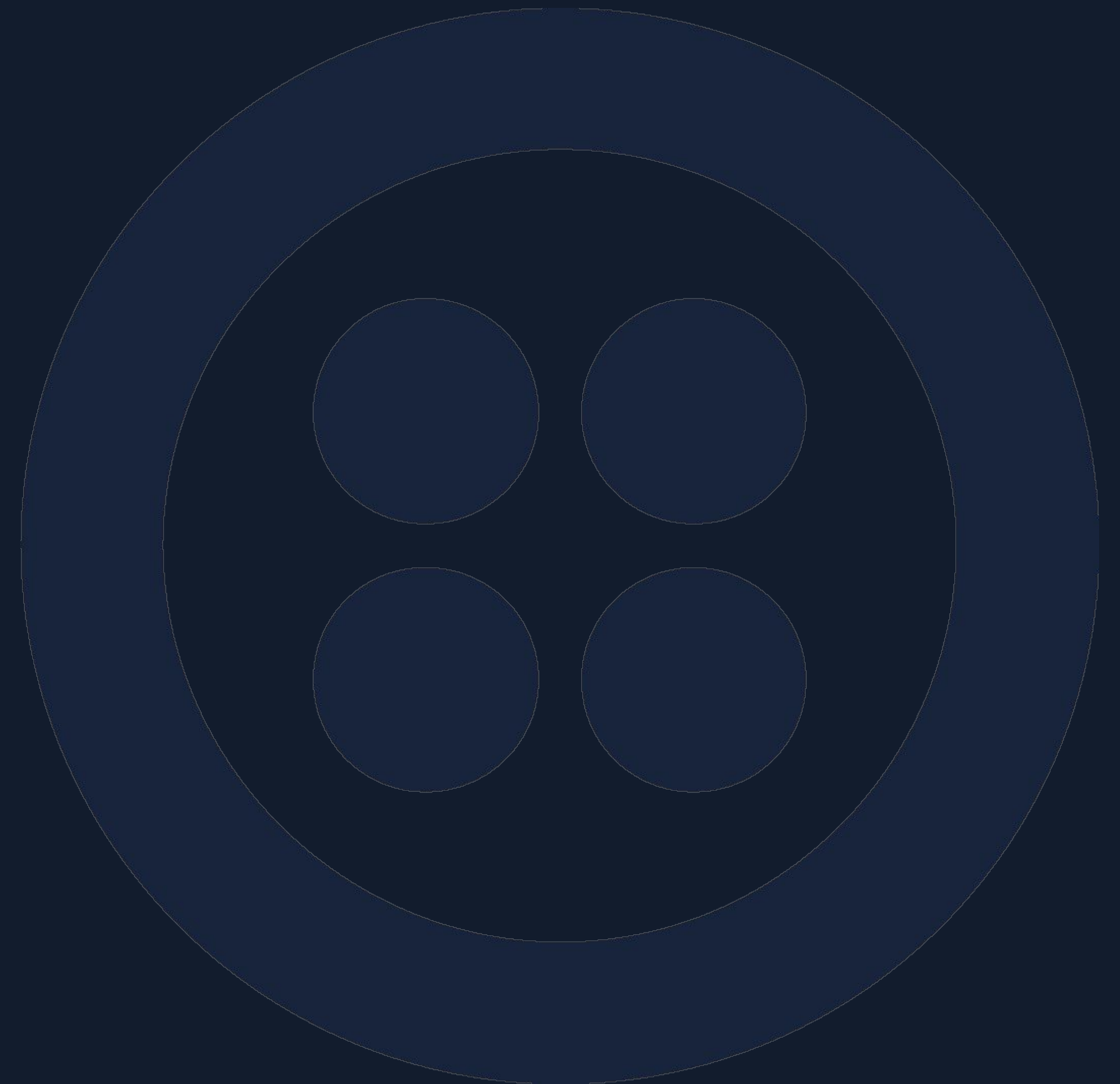




Q1 2024 Earnings Results

May 7, 2024



Legal Disclaimer

This presentation and the accompanying conference call contain forward-looking statements within the meaning of the federal securities laws, including statements about our future performance and goals. These statements involve substantial risks and uncertainties, as further described in “Forward-Looking Statements” on slide 20, as well as in our most recent periodic reports filed with the SEC, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q, which are available on our website and at sec.gov.

This presentation and the accompanying conference call also contain operating metrics, including Active Customer Accounts and Dollar-Based Net Expansion Rate. We rely on assumptions to calculate these metrics, they are calculated using internal company data that has not been independently verified, and they are not based on any standardized industry methodology. More information about the operating metrics we use in this presentation can be found in “Operating Metrics” on slide 21.

This presentation and the accompanying conference call also contain non-GAAP financial measures. The non-GAAP financial measures, including non-GAAP gross profit and non-GAAP gross profit growth, non-GAAP gross margin, non-GAAP operating margin, non-GAAP net income (loss) per share attributable to common stockholders, diluted (which we refer to as non-GAAP diluted earnings per share), non-GAAP income (loss) from operations, organic revenue and organic revenue growth, non-GAAP stock-based compensation expense and non-GAAP stock-based compensation expense as a percentage of revenue, free cash flow and free cash flow margin, are presented for supplemental informational purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. More information about and definitions of our non-GAAP financial measures used in this presentation and the accompanying conference call can be found in “Non-GAAP Financial Measures” on slide 23, and reconciliations of our non-GAAP financial measures to the most directly comparable GAAP measures are included in the appendix.



Financial Overview





Total Company Results

Q1 2024

| | |
|--|-----------------|
| Total Revenue | \$1,047M |
| <i>Y/Y Revenue Growth</i> | <i>4%</i> |
| <i>Y/Y Organic Revenue Growth</i> | <i>7%</i> |
| Non-GAAP Income from Operations | \$160M |
| <i>Non-GAAP Operating Margin</i> | <i>15.2%</i> |
| Free Cash Flow | \$177M |
| Dollar-Based Net Expansion Rate | 102% |
| Active Customer Accounts | 313,000+ |

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

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



Communications Results

Q1 2024

Communications Revenue

\$972M

Y/Y Communications Revenue Growth

4%

Y/Y Communications Organic Revenue Growth

7%

Communications Non-GAAP Gross Profit

\$508M

Communications Non-GAAP Gross Margin

52.2%

Communications Non-GAAP Income from Operations

\$249M

Communications Non-GAAP Operating Margin

25.6%

Communications Dollar-Based Net Expansion Rate

103%

Communications Active Customer Accounts

305,000+

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

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

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



Segment Results

Q1 2024

| | |
|--|----------------|
| Segment Revenue | \$75M |
| <i>Y/Y Segment Revenue Growth</i> | <i>2%</i> |
| Segment Non-GAAP Gross Profit | \$58M |
| <i>Segment Non-GAAP Gross Margin</i> | <i>77.6%</i> |
| Segment Non-GAAP Loss from Operations | (\$21M) |
| <i>Segment Non-GAAP Operating Margin</i> | <i>(28.0%)</i> |
| Segment Dollar-Based Net Expansion Rate | 92% |
| Segment Active Customer Accounts | 7,900+ |

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

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

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



Q2 2024 & Full Year 2024 Guidance

Q2 2024 Guidance:

- Total revenue: \$1.050 billion to \$1.060 billion, up 1% to 2% and 4% to 5% year-over-year on a reported and organic basis, respectively
- Non-GAAP income from operations: \$135 million to \$145 million
- Non-GAAP diluted earnings per share¹: \$0.64 - \$0.68

Full Year 2024 Guidance:

- Organic revenue: up 5% to 10% year-over-year²
- Non-GAAP income from operations³: \$585 million to \$635 million
- Free cash flow: expect free cash flow to be in line with full year non-GAAP income from operations

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

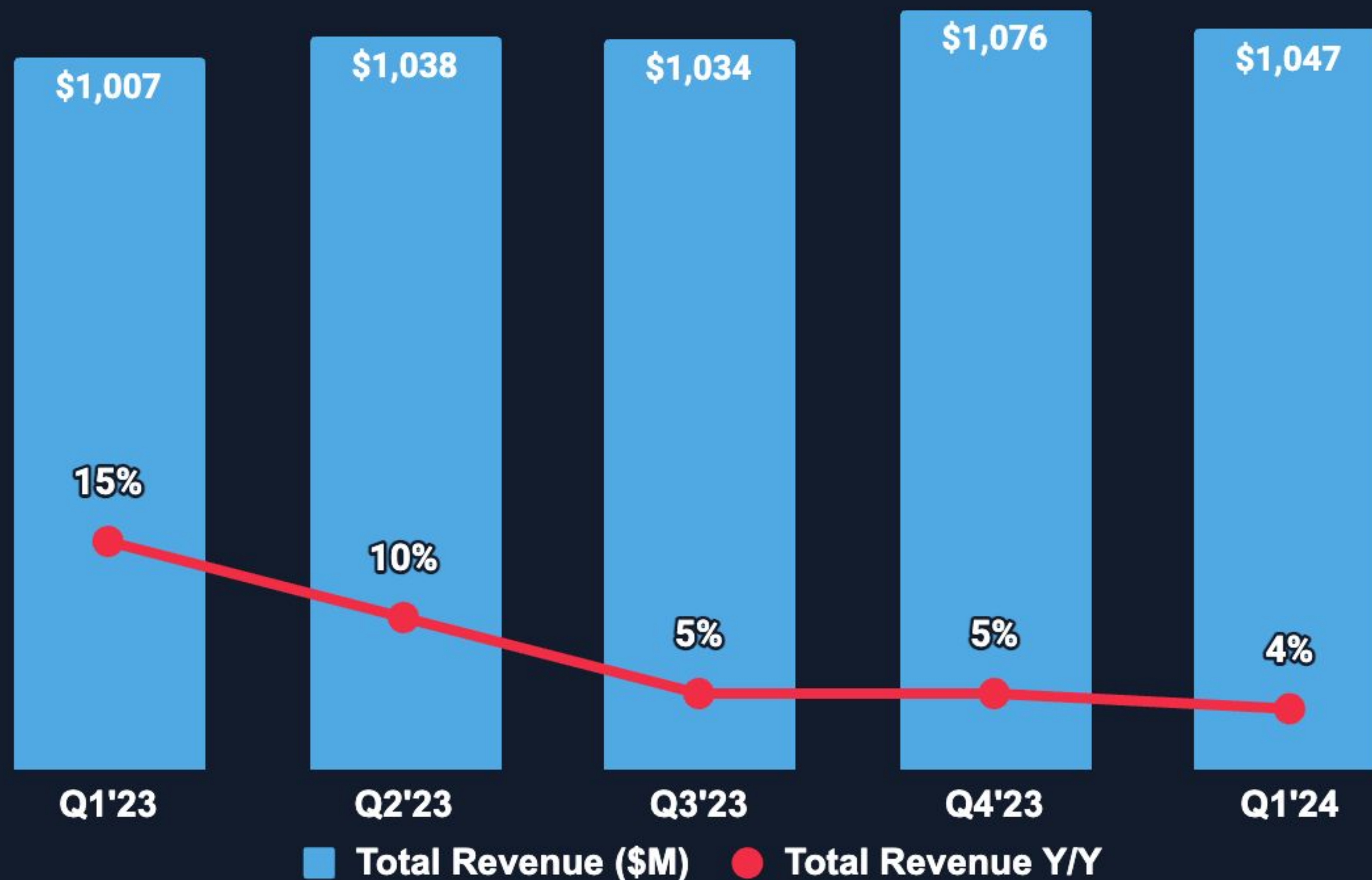
² Reaffirming full year organic revenue guidance originally provided on March 5, 2024.

³ Raising non-GAAP income from operations range for fiscal year 2024, originally provided on March 5, 2024.

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



Quarterly Revenue



4%
Q1'24 Total Revenue
Growth Y/Y

4%
Q1'24 Communications
Revenue Growth Y/Y

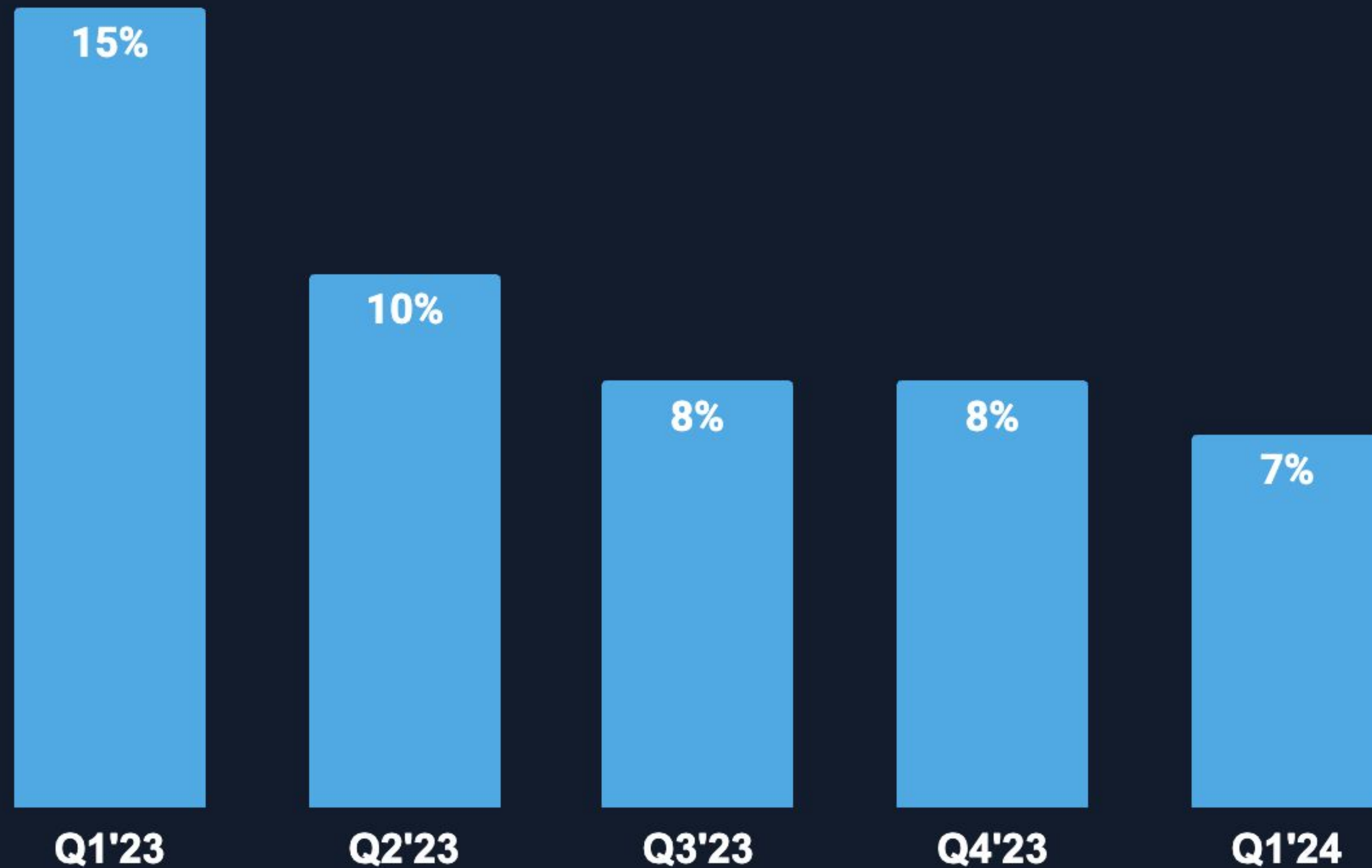
2%
Q1'24 Segment Revenue
Growth Y/Y

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

Note: Q1'23 reported revenue includes \$28 million of revenue and Q2'23 reported revenue includes \$25 million of revenue from our divested ValueFirst and IoT businesses.



Quarterly Organic Revenue



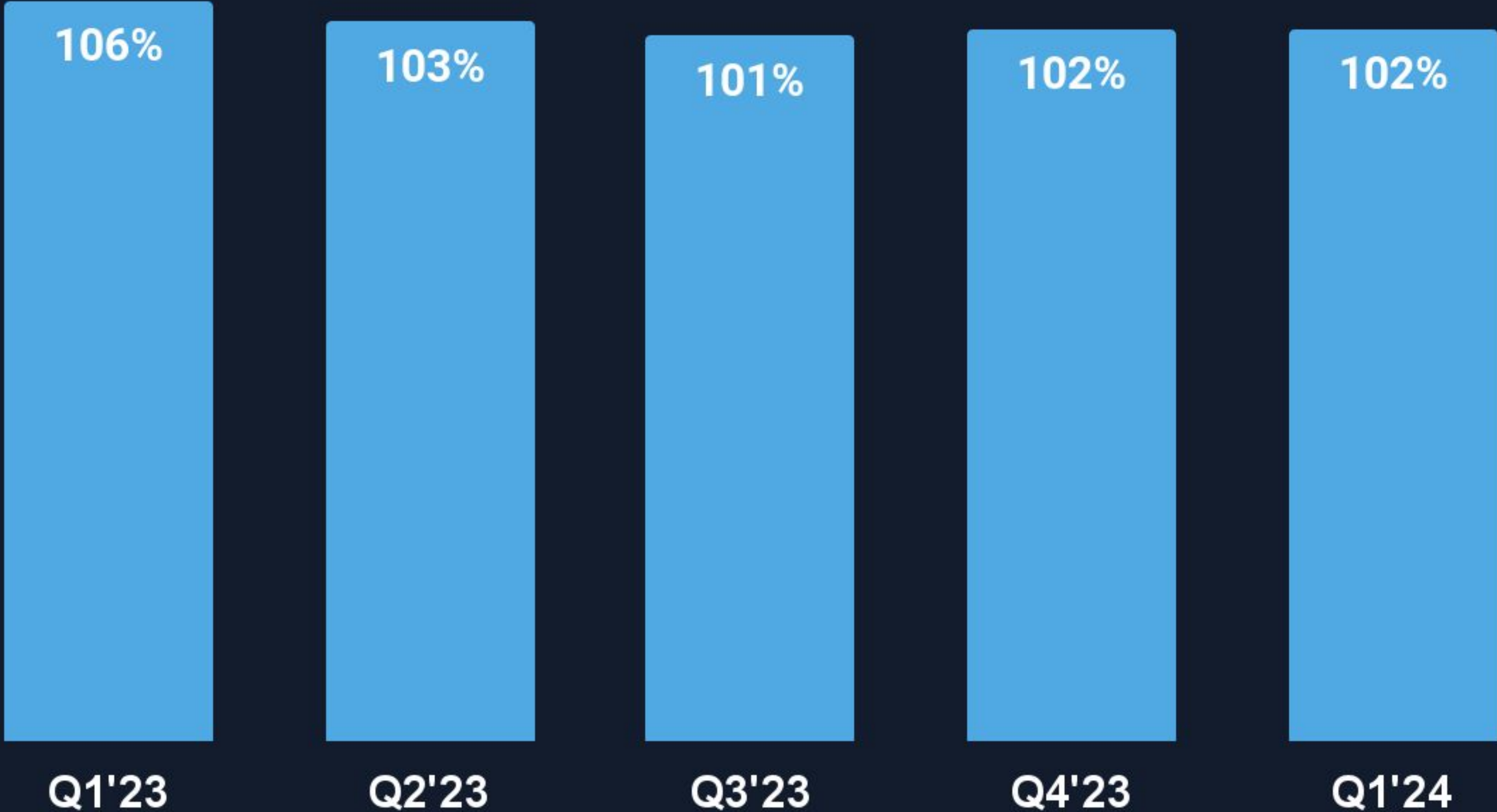
7%
Q1'24 Organic Revenue
Growth Y/Y

7%
Q1'24 Communications
Organic Revenue Growth
Y/Y

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



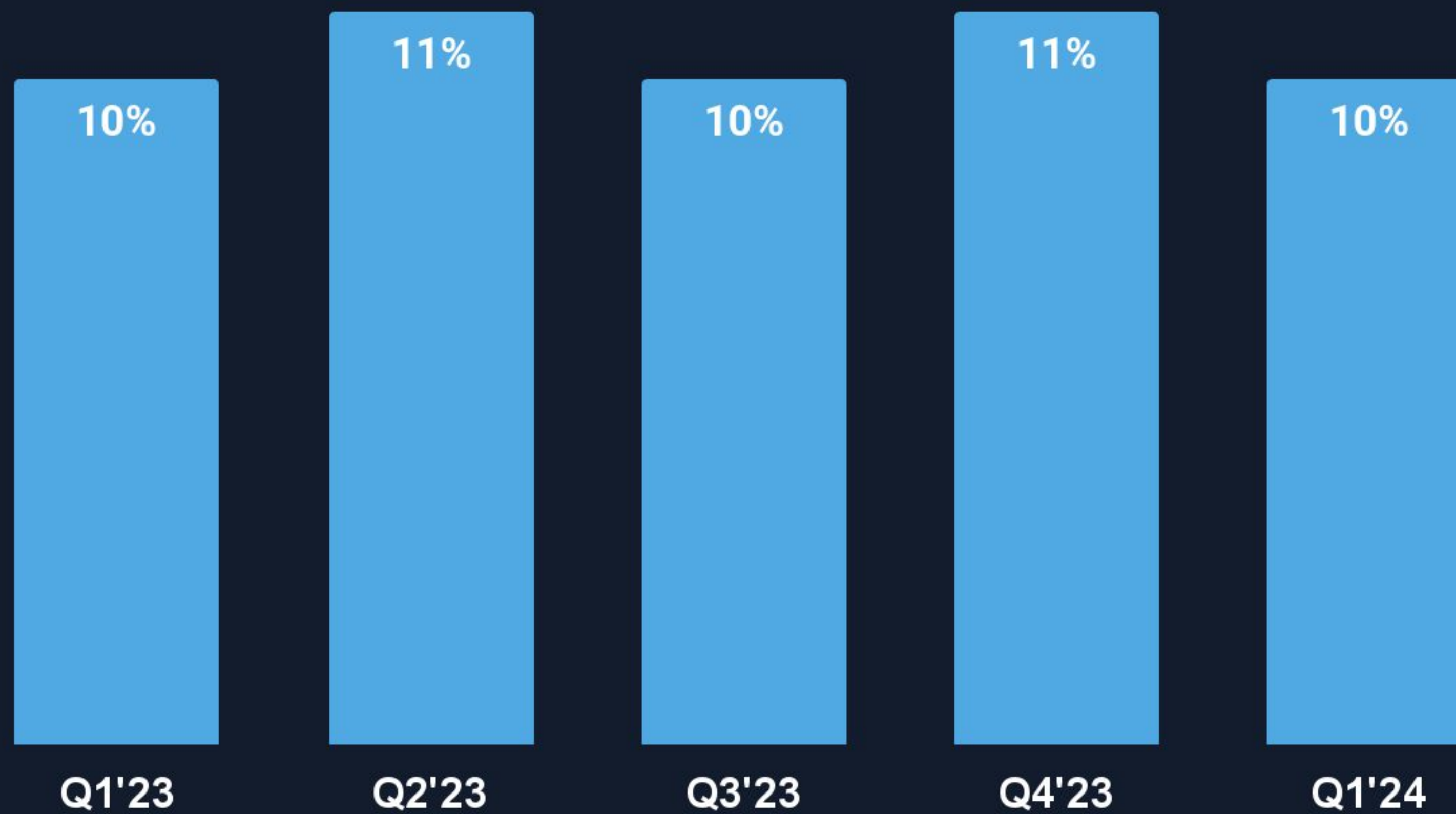
Dollar-Based Net Expansion Rate



Note: IoT, which was divested on June 1, 2023, is excluded from the calculation beginning in Q2 2023, and ValueFirst, which was divested on July 3, 2023, is excluded from the calculation beginning in Q3 2023.



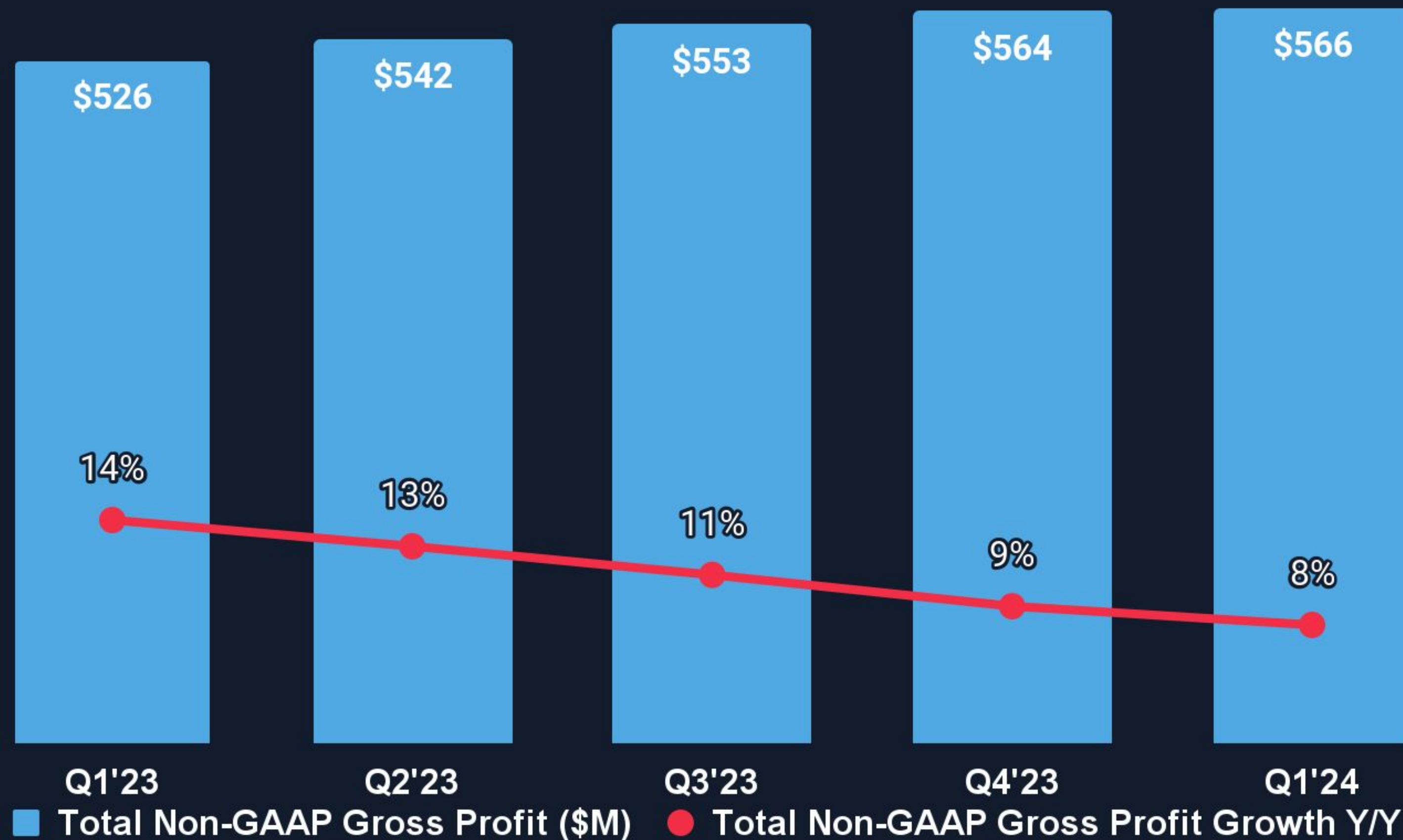
Top 10 Active Customer Accounts by Revenue



Note: Represents top 10 Active Customer Accounts as a percentage of total revenue in the respective quarter.



Non-GAAP Gross Profit

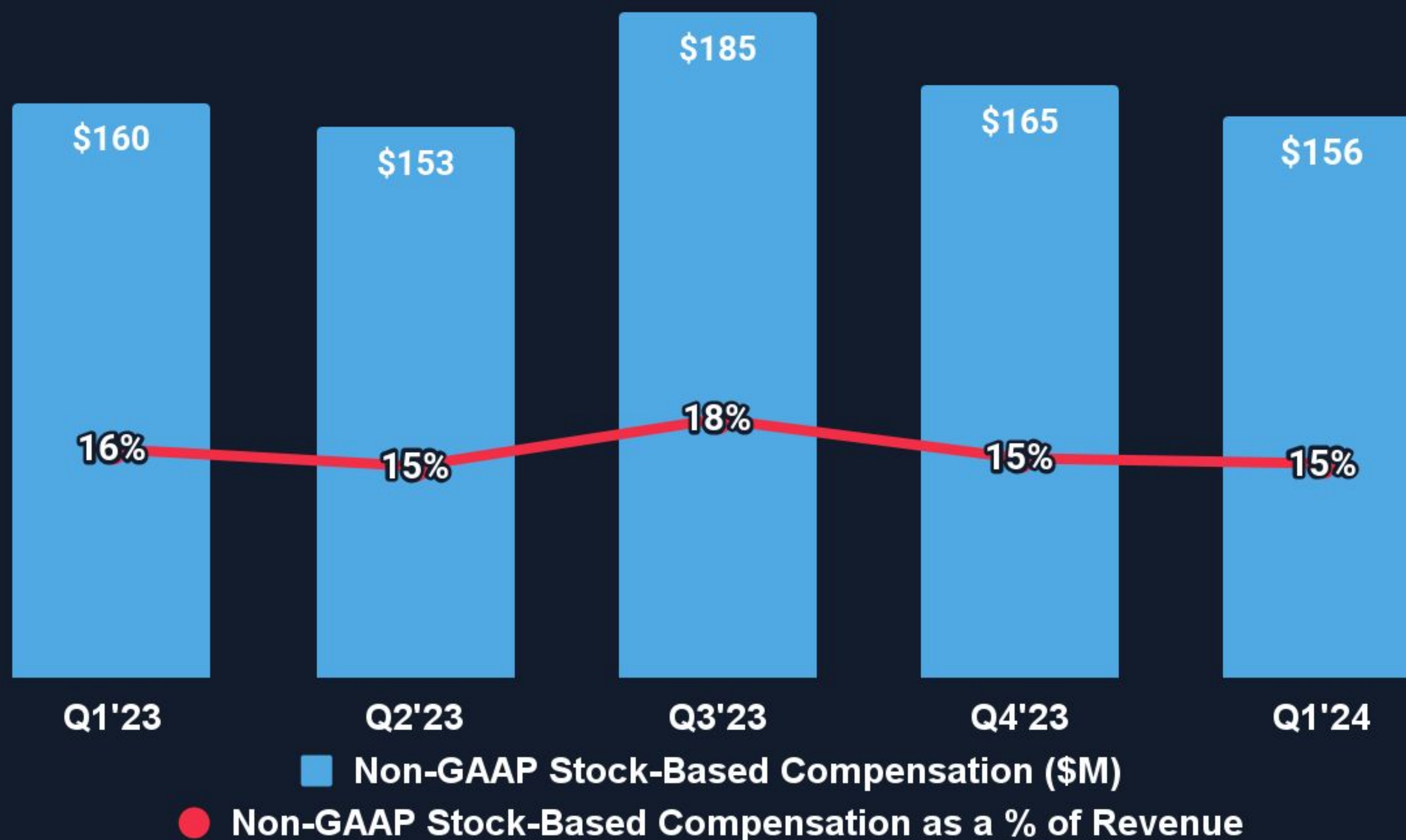


8%
Q1'24 NON-GAAP GROSS
PROFIT GROWTH Y/Y

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



Non-GAAP Stock-Based Compensation Expense

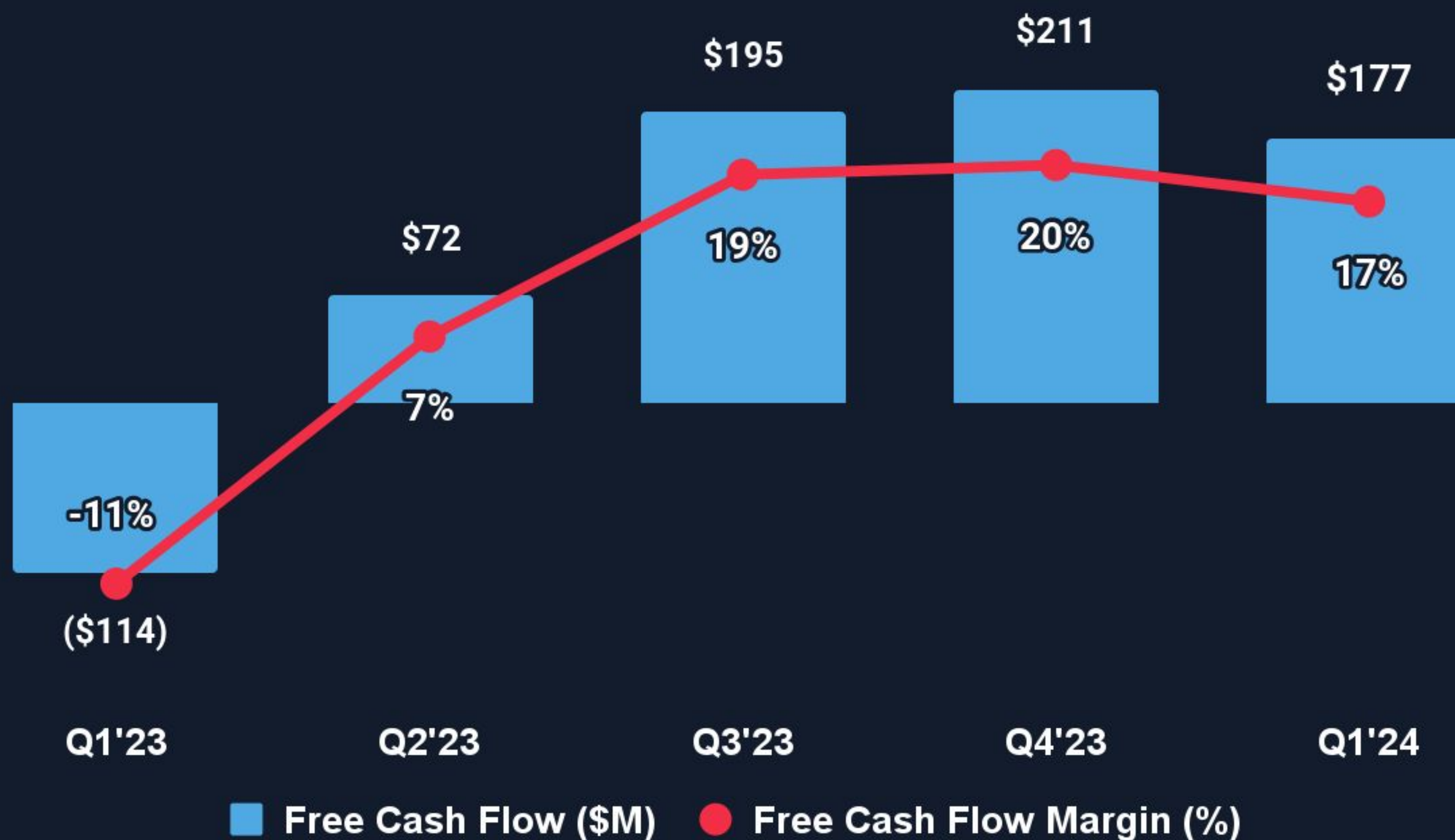


15%
Q1'24 NON-GAAP STOCK-BASED COMPENSATION AS A PERCENT OF REVENUE

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



Free Cash Flow



17%
Q1'24 FREE CASH FLOW
MARGIN

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

Q1 2024: Representative Customer Wins





Representative Customer Wins from the Quarter

Communications & Segment:

- We signed a seven figure, multi-year deal with an existing Twilio Communications customer, a leading timeshare and vacation brand, to implement Segment CDP. This was a competitive win in which the customer chose Segment because of the superior CDP capabilities as well as the pre-existing relationship with Twilio. With Segment, the brand will be able to create tailored marketing campaigns and improve campaign performance via conversions, all while providing a unified view of the customer.

Communications:

- We signed a competitive deal with Bluesky, a social media app, which recently launched its app to the public this past quarter. They chose Twilio's Verify API to ensure a seamless and secure sign-up process for new users. At launch, the company saw an impressive amount of sign ups - gaining almost 800,000 new users in one day - and Fraud Guard not only helped save the company hundreds of thousands of dollars, but it ensured new users received a secure authentication process.
- During the quarter we secured a multi-year Flex contract with Spotnana, a pioneering travel platform that is revolutionizing the outdated infrastructure of the travel industry, replacing its legacy contact center solution. Spotnana chose Twilio Flex because of its out of the box robust analytics and insights capabilities and its seamless integration with Snowflake, which allows Spotnana to effortlessly leverage its data, enabling the company to gain valuable insights into their customer experience (CX) operations, all from a unified interface. Spotnana is natively building Twilio Flex as part of their core offerings, which will be used by thousands of agents in coming years. To ensure a smooth implementation of Flex, Spotnana is collaborating closely with both Twilio and Terazo, a Twilio Preferred Partner to go live in the later part of Q2, focusing on enhancing key communication channels, including Voice, Messaging, Chat and Email.



Representative Customer Wins from the Quarter (cont.)

Communications (continued):

- During the quarter, we signed a seven figure Verify deal with a leading on-demand streaming service company. With Verify, the customer is able to provide a trusted sign-up experience for its global customer base via both Messaging and WhatsApp channels.
- We also signed a partnership with Bloomreach, a leader in the marketing automation space, and we'll be working with them to co-sell Twilio products.
- We signed a seven-figure partner agreement with China Unicom, one of China's wireless carriers who will resell a majority of our Communications products for its enterprise customers across Singapore and Hong Kong.

Segment:

- We landed a three-year, seven figure deal with a leader in the consumer packaged goods space. The brand has a vast number of digital properties and plans to connect Segment to its Databricks warehouse to ultimately drive engagement and loyalty, and drive personal recommendations amongst its broad customer base.
- We signed a competitive seven-figure multi-year deal with a cloud based accounting software company. We won after a successful proof of concept because of our ability to connect to data sources to create a unified view of their consumers and create personalized touchpoints.



Thank you!

Appendix



Forward-Looking Statements



This presentation and the accompanying conference call contain forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “can,” “will,” “would,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “forecasts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this presentation and the accompanying conference call include, but are not limited to, statements about: our future financial performance, including our expected financial results and our guidance; our expectations regarding profitability, including when we will become profitable on GAAP and non-GAAP bases; our anticipated strategies and business plans; our expectations regarding our relationships with ISVs, partners and resellers, and our self-service and cross-sell efforts, and our ability to expand into new markets and larger deal sizes; our ability to execute on our announced plans and targets for Segment following our operational review; our ability to create synergies with our Communications and Segment products; the ongoing effects of our recent workforce reductions and other cost-saving measures; our expectations regarding compensation programs; our expectations regarding levels of stock-based compensation; the reorganization of our business and the shift in our segment reporting structure; our expectations regarding our sales pipeline, the benefits to us of recently signed deals, new product releases, increased investment and go-to-market focus to capture market share, our revenue growth, profit potential and anticipated cash flows, and our strategy for streamlining the customer experience; our ability to develop products related to generative artificial intelligence and machine learning, including CustomerAI and its use cases; our ability to deliver on our product roadmap and our focus on innovation; our expectations regarding share repurchases; and our expectations regarding the impact of macroeconomic and industry conditions, the impact of such conditions on our customers, and our ability to operate in such conditions. You should not rely upon forward-looking statements as predictions of future events.

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

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

Operating Metrics



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

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

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

Operating Metrics



Dollar-Based Net Expansion Rate. Our Dollar-Based Net Expansion Rate compares the total revenue from all Active Customer Accounts and customer accounts from Zipwhip in a quarter to the same quarter in the prior year. To calculate the Dollar-Based Net Expansion Rate, we first identify the cohort of Active Customer Accounts and customer accounts from Zipwhip that were Active Customer Accounts or customer accounts from Zipwhip in the same quarter of the prior year. The Dollar-Based Net Expansion Rate is the quotient obtained by dividing the revenue generated from that cohort in a quarter, by the revenue generated from that same cohort in the corresponding quarter in the prior year. When we calculate Dollar-Based Net Expansion Rate for periods longer than one quarter, we use the average of the applicable quarterly Dollar-Based Net Expansion Rates for each of the quarters in such period. Revenue from acquisitions does not impact the Dollar-Based Net Expansion Rate calculation until the quarter following the one-year anniversary of the applicable acquisition, unless the acquisition closing date is the first day of a quarter. As a result, for the quarter ended March 31, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any acquisitions made after January 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 March 31, 2024, our Dollar-Based Net Expansion Rate excludes the contributions from any divestitures made after March 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. Dollar-Based Net Expansion Rate excluding crypto and Zipwhip software customers is calculated using the same methodology described above, but excluding revenue attributable to customers that operate in the cryptocurrency space and customers of our Zipwhip software business in each respective period. Revenue from customer accounts from Zipwhip, which we acquired on July 14, 2021, has been included in our Dollar-Based Net Expansion Rate beginning in the quarter ended December 31, 2022.

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



Non-GAAP Financial Measures

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

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

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

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

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

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



Non-GAAP Financial Measures

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

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

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

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended | | | |
|---|--------------------|-------------------|--------------------|-------------------|
| | March 31, 2022 | June 30, 2022 | September 30, 2022 | December 31, 2022 |
| Non-GAAP gross profit and gross margin | | | | |
| Revenue | \$ 875,363 | \$ 943,354 | \$ 983,030 | \$ 1,024,574 |
| GAAP gross profit | \$ 425,071 | \$ 445,289 | \$ 462,075 | \$ 481,142 |
| GAAP gross profit growth (Y/Y) | | | | |
| GAAP gross margin | 48.6 % | 47.2 % | 47.0 % | 47.0 % |
| Non-GAAP adjustments: | | | | |
| Stock-based compensation | 4,521 | 3,996 | 6,114 | 6,505 |
| Amortization of acquired intangibles | 30,636 | 31,236 | 30,729 | 30,052 |
| Payroll taxes related to stock-based compensation | — | 242 | 215 | 82 |
| Non-GAAP gross profit | \$ 460,228 | \$ 480,763 | \$ 499,133 | \$ 517,781 |
| Non-GAAP gross profit growth (Y/Y) | | | | |
| Non-GAAP gross margin | 52.6 % | 51.0 % | 50.8 % | 50.5 % |

| | Three Months Ended | | | | |
|---|--------------------|-------------------|--------------------|-------------------|-------------------|
| | March 31, 2023 | June 30, 2023 | September 30, 2023 | December 31, 2023 | March 31, 2024 |
| Non-GAAP gross profit and gross margin | | | | | |
| Revenue | \$ 1,006,564 | \$ 1,037,761 | \$ 1,033,670 | \$ 1,075,950 | \$ 1,047,050 |
| GAAP gross profit | \$ 490,690 | \$ 505,755 | \$ 516,319 | \$ 531,166 | \$ 544,041 |
| GAAP gross profit growth (Y/Y) | 15 % | 14 % | 12 % | 10 % | 11 % |
| GAAP gross margin | 48.7 % | 48.7 % | 50.0 % | 49.4 % | 52.0 % |
| Non-GAAP adjustments: | | | | | |
| Stock-based compensation | 5,290 | 6,334 | 7,053 | 7,666 | 5,891 |
| Amortization of acquired intangibles | 29,961 | 29,669 | 29,045 | 24,591 | 15,682 |
| Payroll taxes related to stock-based compensation | 195 | 123 | 181 | 200 | 345 |
| Non-GAAP gross profit | \$ 526,136 | \$ 541,881 | \$ 552,598 | \$ 563,623 | \$ 565,959 |
| Non-GAAP gross profit growth (Y/Y) | 14 % | 13 % | 11 % | 9 % | 8 % |
| Non-GAAP gross margin | 52.3 % | 52.2 % | 53.5 % | 52.4 % | 54.1 % |

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended | | | | |
|---|--------------------|-------------------|-----------------------|----------------------|-------------------|
| | March 31, 2023 | June 30, 2023 | September 30, 2023 | December 31, 2023 | March 31, 2024 |
| Non-GAAP stock-based compensation expense | | | | | |
| Revenue | \$ 1,006,564 | \$ 1,037,761 | \$ 1,033,670 | \$ 1,075,950 | \$ 1,047,050 |
| Stock-based compensation | 170,799 | 153,094 | 185,474 | 166,490 | 158,606 |
| Stock-based compensation as a percentage of revenue | 17% | 15% | 18% | 15% | 15% |
| Non-GAAP adjustments: | | | | | |
| Stock-based compensation recognized in restructuring costs | (10,333) | (296) | (467) | (1,919) | (2,448) |
| Non-GAAP stock-based compensation expense | \$ 160,466 | \$ 152,798 | \$ 185,007 | \$ 164,571 | \$ 156,158 |
| Non-GAAP stock-based compensation expense as a percentage of revenue | 16 % | 15 % | 18 % | 15 % | 15 % |

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended | | |
|--|--------------------|-------------------|----------------|
| | March 31, 2023 | December 31, 2023 | March 31, 2024 |
| Non-GAAP income from operations and Non-GAAP operating margin | | | |
| Revenue | \$ 1,006,564 | \$ 1,075,950 | \$ 1,047,050 |
| GAAP gross profit | \$ 490,690 | \$ 531,166 | \$ 544,041 |
| Non-GAAP adjustments: | | | |
| Stock-based compensation | 5,290 | 7,666 | 5,891 |
| Amortization of acquired intangibles | 29,961 | 24,591 | 15,682 |
| Payroll taxes related to stock-based compensation | 195 | 200 | 345 |
| Non-GAAP gross profit | \$ 526,136 | \$ 563,623 | \$ 565,959 |
| GAAP operating expenses | \$ 754,774 | \$ 892,893 | \$ 587,545 |
| Non-GAAP adjustments: | | | |
| Stock-based compensation | (155,176) | (156,905) | (150,267) |
| Amortization of acquired intangibles | (20,813) | (17,880) | (13,257) |
| Acquisition and divestiture related expenses | (2,235) | (40) | — |
| Loss on net assets held for sale | (3,824) | — | — |
| Payroll taxes related to stock-based compensation | (5,052) | (2,046) | (6,431) |
| Charitable contributions | (1,599) | (13,361) | (1,295) |
| Restructuring costs | (121,942) | (25,542) | (9,946) |
| Impairment of long-lived assets | (21,784) | (286,226) | — |
| Non-GAAP operating expenses | \$ 422,349 | \$ 390,983 | \$ 406,349 |
| GAAP loss from operations | \$ (264,084) | \$ (361,727) | \$ (43,504) |
| GAAP operating margin | (26.2)% | (33.6)% | (4.2)% |
| Non-GAAP adjustments: | | | |
| Stock-based compensation | 160,466 | 164,571 | 156,158 |
| Amortization of acquired intangibles | 50,774 | 42,471 | 28,939 |
| Acquisition and divestiture related expenses | 2,235 | 40 | — |
| Loss on net assets held for sale | 3,824 | — | — |
| Payroll taxes related to stock-based compensation | 5,247 | 2,246 | 6,776 |
| Charitable contributions | 1,599 | 13,361 | 1,295 |
| Restructuring costs | 121,942 | 25,452 | 9,946 |
| Impairment of long-lived assets | 21,784 | 286,226 | — |
| Non-GAAP income from operations | \$ 103,787 | \$ 172,640 | \$ 159,610 |
| Non-GAAP operating margin | 10.3% | 16.0% | 15.2% |

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended | | | | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | March 31, 2023 | June 30, 2023 | September 30, 2023 | December 31, 2023 | March 31, 2024 |
| Organic revenue | | | | | |
| Total revenue | \$ 1,006,564 | \$ 1,037,761 | \$ 1,033,670 | \$ 1,075,950 | \$ 1,047,050 |
| Acquisition revenue | (2,088) | — | — | — | — |
| Divestiture revenue | — | (6,142) | — | — | — |
| Organic revenue | \$ 1,004,476 | \$ 1,031,619 | \$ 1,033,670 | \$ 1,075,950 | \$ 1,047,050 |
| Revenue growth | 15 % | 10 % | 5 % | 5 % | 4 % |
| Organic revenue growth | 15% ¹ | 10% ² | 8% ³ | 8% ⁴ | 7% ⁵ |

¹ Q1'22 organic revenue, when used as the denominator for Q1'23 Organic Revenue Growth, excludes \$1 million of acquisition revenue. Q1'22 revenue was \$875 million.

² Q2'22 organic revenue, when used as the denominator for Q2'23 Organic Revenue Growth, excludes \$7 million of divestiture revenue. Q2'22 revenue was \$943 million.

³ Q3'22 organic revenue, when used as the denominator for Q3'23 Organic Revenue Growth, excludes \$28 million of divestiture revenue. Q3'22 revenue was \$983 million.

⁴ Q4'22 organic revenue, when used as the denominator for Q4'23 Organic Revenue Growth, excludes \$30 million of divestiture revenue. Q4'22 revenue was \$1,025 million.

⁵ Q1'23 organic revenue, when used as the denominator for Q1'24 Organic Revenue Growth, excludes \$28 million of divestiture revenue.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended March 31, 2024 |
|--|--|
| Communications organic revenue | |
| Communications revenue | \$ 972,005 |
| Communications organic revenue | <u>\$ 972,005</u> |
| Communications revenue growth | 4 % |
| Communications organic revenue growth | 7% ¹ |

¹ Q1'23 Communications organic revenue, when used as the denominator for Q1'24 Communications Organic Revenue Growth, excludes \$28 million of divestiture revenue. Q1'23 Communications revenue was \$933 million.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended | | | | |
|---|---------------------|------------------|-----------------------|----------------------|-------------------|
| | March 31, 2023 | June 30, 2023 | September 30, 2023 | December 31, 2023 | March 31, 2024 |
| Free cash flow and free cash flow margin | | | | | |
| Net cash (used in) provided by operating activities | \$ (97,866) | \$ 83,646 | \$ 206,427 | \$ 222,545 | \$ 190,123 |
| Operating cash flow margin | (10)% | 8% | 20% | 21% | 18% |
| Non-GAAP adjustments: | | | | | |
| Capitalized software development costs | (9,860) | (10,215) | (10,451) | (9,399) | (11,154) |
| Purchases of long-lived and intangible assets | (6,751) | (1,503) | (765) | (2,291) | (1,671) |
| Free cash flow | \$ (114,477) | \$ 71,928 | \$ 195,211 | \$ 210,855 | \$ 177,298 |
| Free cash flow margin | (11)% | 7% | 19% | 20% | 17% |

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended March 31, 2024 |
|--|--------------------------------------|
| Organic revenue excluding Crypto industry revenue and Zipwhip software revenue | |
| Total revenue | \$ 1,047,050 |
| Crypto industry revenue | (9,089) |
| Zipwhip software revenue | (394) |
| Organic revenue excluding Crypto industry revenue and Zipwhip software revenue | \$ 1,037,567 |
| Revenue growth | 4 % |
| Organic revenue growth excluding Crypto industry revenue and Zipwhip software revenue | 9%¹ |

¹ Q1'23 organic revenue excluding Crypto industry revenue and Zipwhip software revenue, when used as the denominator for Q1'24 Organic Revenue Growth excluding Crypto industry and Zipwhip software revenue, excludes \$28 million of divestiture revenue, \$17 million of Crypto industry revenue, and \$10 million of Zipwhip software revenue. Q1'23 revenue was \$1,007 million.

| | Three Months Ended March 31, 2024 |
|---|--------------------------------------|
| Communications organic revenue excluding Crypto industry revenue and Zipwhip software revenue | |
| Communications revenue | \$ 972,005 |
| Crypto industry revenue | (8,000) |
| Zipwhip software revenue | (394) |
| Communications organic revenue excluding Crypto industry revenue and Zipwhip software revenue | \$ 963,611 |
| Communications revenue growth | 4 % |
| Communications organic revenue growth excluding Crypto industry revenue and Zipwhip software revenue | 10%¹ |

¹ Q1'23 Communications organic revenue excluding Crypto industry revenue and Zipwhip software revenue, when used as the denominator for Q1'24 Communications Organic Revenue Growth excluding Crypto industry revenue and Zipwhip software revenue, excludes \$28 million of divestiture revenue, \$16 million of Crypto industry revenue, and \$10 million of Zipwhip software revenue. Q1'23 Communications revenue was \$933 million.

Non-GAAP Financial Measures Reconciliation

(Dollars in thousands, unaudited)



| | Three Months Ended March 31, 2024 |
|--|--|
| Communications Non-GAAP gross profit and gross margin | |
| Revenue | \$ 972,005 |
| Communications GAAP gross profit | 488,001 |
| Communications GAAP gross margin | 50.2% |
| Non-GAAP adjustments: | |
| Stock-based compensation | 4,313 |
| Amortization of acquired intangibles | 15,117 |
| Payroll taxes related to stock-based compensation | 274 |
| Communications Non-GAAP gross profit | \$ 507,705 |
| Communications Non-GAAP gross margin | 52.2% |

| | Three Months Ended March 31, 2024 |
|---|--|
| Segment Non-GAAP gross profit and gross margin | |
| Revenue | \$ 75,045 |
| Segment GAAP gross profit | 56,040 |
| Segment GAAP gross margin | 74.7% |
| Non-GAAP adjustments: | |
| Stock-based compensation | 1,577 |
| Amortization of acquired intangibles | 566 |
| Payroll taxes related to stock-based compensation | 71 |
| Segment Non-GAAP gross profit | \$ 58,254 |
| Segment Non-GAAP gross margin | 77.6% |

Operating Results by Segment

(Dollars in thousands, unaudited)



| | Three Months Ended | |
|---|----------------------|-------------------|
| | December 31, 2023 | March 31, 2024 |
| Revenue: | | |
| Communications Segment | \$ 1,000,920 | \$ 972,005 |
| Total | \$ 1,075,950 | \$ 1,047,050 |
| Non-GAAP income (loss) from operations: | | |
| Communications Segment | \$ 248,391 | \$ 249,010 |
| Corporate costs | (18,493) | (20,994) |
| Total | (57,258) | (68,406) |
| | \$ 172,640 | \$ 159,610 |
| Non-GAAP operating margin: | | |
| Communications Segment | 24.8% | 25.6% |
| | (24.6)% | (28.0)% |
| Reconciliation of non-GAAP income from operations to loss from operations: | | |
| Total non-GAAP income from operations | \$ 172,640 | \$ 159,610 |
| Stock-based compensation | (164,571) | (156,158) |
| Amortization of acquired intangibles | (42,471) | (28,939) |
| Acquisition and divestiture related expenses | (40) | — |
| Payroll taxes related to stock-based compensation | (2,246) | (6,776) |
| Charitable contributions | (13,361) | (1,295) |
| Restructuring costs | (25,452) | (9,946) |
| Impairment of long-lived assets | (286,226) | — |
| Loss from operations | (361,727) | (43,504) |
| Other income (expenses), net | 2,073 | (1,657) |
| Loss before provision for income taxes | \$ (359,654) | \$ (45,161) |