

TWILIO INC.
Reconciliation to Non-GAAP Financial Measures*

(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 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
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
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
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
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
Non-GAAP adjustments:												
Stock-based compensation	138	142	180	190	650	222	266	284	354	1,126	1,809	1,623
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
Payroll taxes related to stock-based compensation	-	-	-	-	-	-	-	-	-	-	-	58
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
Non-GAAP gross margin	59%	57%	53%	53%	55%	55%	55%	55%	54%	55%	58%	59%
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
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)
Amortization of acquired intangibles	(38)	(38)	(25)	(38)	(139)	(22)	-	-	-	(22)	-	-
Gain on lease termination	150	-	-	-	150	-	-	-	-	-	-	-
Payroll taxes related to stock-based compensation	(806)	(223)	(315)	(122)	(1,466)	(314)	(1,215)	(748)	(936)	(3,213)	(3,136)	(2,186)
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
Non-GAAP research and development as % of revenue	24%	25%	25%	23%	24%	23%	20%	18%	18%	19%	21%	23%
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
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)
Amortization of acquired intangibles	(117)	(202)	(220)	(214)	(753)	(220)	(206)	(390)	(301)	(1,117)	(5,003)	(7,329)
Gain on lease termination	100	-	-	-	100	-	-	-	-	-	-	-
Payroll taxes related to stock-based compensation	(338)	(128)	(148)	(100)	(714)	(74)	(349)	(339)	(368)	(1,130)	(1,425)	(990)
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
Non-GAAP sales and marketing as % of revenue	21%	24%	23%	21%	22%	22%	22%	24%	24%	23%	23%	25%
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
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)
Amortization of acquired intangibles	(24)	(20)	(20)	(20)	(84)	(20)	(20)	(20)	(315)	(375)	(153)	(62)
Acquisition related expenses	(217)	(58)	(35)	-	(310)	-	-	(1,554)	(2,927)	(4,481)	(12,543)	(1,274)
Release of tax liability upon obligation settlement and estimate revisions	920	12,161	-	284	13,365	-	-	-	-	-	-	-
Gain on lease termination	45	-	-	-	45	-	-	-	-	-	-	-
Payroll taxes related to stock-based compensation	(306)	(253)	(132)	(79)	(770)	(176)	(247)	(411)	(440)	(1,274)	(1,907)	(746)
Legal settlements/accruals	-	-	-	-	-	-	-	(1,510)	(200)	(1,710)	-	-
Charitable contribution	-	-	-	-	-	-	-	(175)	-	(175)	-	-
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
Non-GAAP general and administrative as % of revenue	17%	13%	14%	13%	14%	14%	12%	11%	11%	12%	13%	11%
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)
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
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
Acquisition related expenses	217	58	35	-	310	-	-	1,554	2,927	4,481	12,543	1,274
Release of tax liability upon obligation settlement and estimate revisions	(920)	(12,161)	-	(284)	(13,365)	-	-	-	-	-	-	-
Gain on lease termination	(295)	-	-	-	(295)	-	-	-	-	-	-	-
Payroll 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
Legal settlements/accruals	-	-	-	-	-	-	-	1,510	200	1,710	-	-
Charitable contribution	-	-	-	1,172	1,172	-	-	175	6,946	7,121	-	-
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
Non-GAAP operating margin	(4%)	(5%)	(8%)	(3%)	(5%)	(4%)	1%	3%	1%	1%	1%	1%

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	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
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)
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
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
Acquisition related expenses	217	58	35	-	310	-	-	1,554	2,927	4,481	12,543	1,274
Release of tax liability upon obligation settlement and estimate revisions	(920)	(12,161)	-	(284)	(13,365)	-	-	-	-	-	-	-
Gain on lease termination	(295)	-	-	-	(295)	-	-	-	-	-	-	-
Payroll 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
Legal settlements/accruals	-	-	-	-	-	-	-	1,510	200	1,710	-	-
Charitable contribution	-	-	-	1,172	1,172	-	-	175	6,946	7,121	-	-
Amortization of debt discount and issuance costs	-	-	-	-	-	-	2,695	5,679	5,679	14,053	5,841	5,841
Income tax benefit related to acquisition	-	-	-	-	-	-	-	-	-	-	(51,644)	(63)
Provision for income tax effects related to non-GAAP adjustments**	-	-	-	-	-	-	-	-	-	-	(2,219)	(3,588)
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
Non-GAAP net income (loss) attributable to common stockholders as % of revenue	(4%)	(5%)	(7%)	(2%)	(4%)	(3%)	2%	5%	2%	2%	3%	2%
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)
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
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
Acquisition related expenses	0.00	0.00	0.00	-	0.00	-	-	0.01	0.03	0.04	0.10	0.01
Release of tax liability upon obligation settlement and estimate revisions	(0.01)	(0.13)	-	(0.00)	(0.15)	-	-	-	-	-	-	-
Gain on lease termination	(0.00)	-	-	-	(0.00)	-	-	-	-	-	-	-
Payroll 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
Legal settlements/accruals	-	-	-	-	-	-	-	0.01	0.00	0.02	-	-
Charitable contribution	-	-	-	0.01	0.01	-	-	0.00	0.06	0.07	-	-
Amortization of debt discount and issuance costs	-	-	-	-	-	-	0.03	0.05	0.05	0.13	0.04	0.04
Income tax benefit related to acquisition	-	-	-	-	-	-	-	-	-	-	(0.40)	(0.00)
Provision for income tax effects related to non-GAAP adjustments**	-	-	-	-	-	-	-	-	-	-	(0.02)	(0.02)
Dilutive securities	-	-	-	-	-	-	0.02	0.03	0.04	0.13	0.03	0.07
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
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
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
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

TWILIO INC.
Key Metrics

Number of Active Customers (as of period end date)	40,696	43,431	46,489	48,979		53,985	57,350	61,153	64,286		154,797	161,869
Base Revenue (in thousands)	\$ 80,643	\$ 87,583	\$ 91,965	\$ 105,299	\$ 365,490	\$ 117,507	\$ 135,004	\$ 154,348	\$ 186,158	\$ 593,017	\$ 220,885	\$ 256,737
Base Revenue Growth Rate	62%	55%	43%	40%	49%	46%	54%	68%	77%	62%	88%	90%
Dollar-Based Net Expansion Rate	141%	131%	122%	118%	128%	132%	137%	145%	147%	140%	146%	140%

* Some columns may not add due to rounding

** Represents the tax effect of the non-GAAP adjustments based on the estimated annual effective tax rate of 25%