

Bandwidth 4Q22 and 2022 Earnings Results

February 23, 2023

Legal Disclaimer

This presentation contains forward-looking statements. All statements contained in this presentation other than statements of historical facts, including, without limitation, future financial and business performance for the first quarter 2023 and full year 2023, attractiveness of our product offerings and platform and the value proposition of our products, and our assessment of the impact of the distributed denial of service (“DDoS”) attacks are forward-looking statements. The words “anticipate,” “believe,” “continue,” “estimate,” “expect,” “intend,” “guide,” “may,” “will” and similar expressions and their negatives are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks and uncertainties, including, without limitation, risks related to our rapid growth and ability to sustain our revenue growth rate, competition in the markets in which we operate, market growth, our ability to innovate and manage our growth, our ability to expand effectively into new markets, legal, reputational, and financial risks which may result from the DDoS attacks or other cyber security incidents, risks that the anticipated benefits of the acquisition of Voxbone may not be fully realized or may take longer to realize than expected, our ability to operate in compliance with applicable laws, as well as other risks and uncertainties set forth in the “Risk Factors” section of our latest Form 10-K filed with the Securities and Exchange Commission (the “SEC”) and any subsequent reports that we file with the SEC. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, we cannot guarantee future results, levels of activity, performance, achievements or events and circumstances reflected in the forward-looking statements will occur. We are under no obligation to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations, except as required by law. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation.

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

Market data and industry information used throughout this Presentation are based on management's knowledge of the industry and the good faith estimates of management. Management also relied, to the extent available, upon management's review of independent industry surveys and publications and other publicly available information prepared by a number of third party sources. The market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. No representations or warranties are made by the Company or any of its affiliates as to the accuracy of any such statements or projections. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

Orchestrating the Global 2000 move to cloud communications

Bandwidth at a Glance

\$12b¹

2022
global TAM

\$573m

2022
revenue

>60

Communication
services in >60
countries

>90%

Global GDP
coverage



Trusted by top brands

98%

Customer
Satisfaction

IDC²

Worldwide CPaaS
Leader
in IDC MarketScape

¹ Source: UCaaS and Conferencing from Gartner Unified Communications Worldwide Forecast (September 2021); CPaaS from IDC Worldwide Communications Platform-as-a-Service Forecast (September 2021); CCaaS from IDC Worldwide Contact Center Applications Software Forecast (June 2020); SIP from OMDIA SIP Trunking Services Worldwide Forecast (September 2021).

² Source: IDC MarketScape - Worldwide Communications Platform as a Service 2021 Vendor Assessment, May 2021.

**Solving complex
communications
challenges
across
target markets**

Serving three customer categories



Global communication plans

Automate voice and phone
numbers globally



Programmable services

Unleash high-capacity
text messaging



Direct enterprise solutions

Transform communications
for Global 2000

Mission-critical.

Redundant.

Reliable.

Scalable.

4Q 2022 Customer Highlights



Healthcare leader

A healthcare leader in diabetes care chose Bandwidth as the cloud provider for their Genesys contact center. Our new Call Assure™ product delivering toll-free calling redundancy was a key differentiator.



Large IT service provider

An IT managed services provider with a complex organization spanning 23,000 customers in 50,000 locations chose Bandwidth because we addressed their unique needs for emergency 911 calling compliance.



B2B text messaging leader

A leader in B2B text messaging chose Bandwidth for high-volume text messaging. They chose Bandwidth for the scalability, reliability and deliverability they need to support rapid growth.



Global UCaaS provider

Bandwidth's outstanding customer support solved difficult international routing issues in Japan and other countries for a large unified communications platform that led to incremental toll-free business.

2022 Financial Highlights

- Total revenue of \$573m, up 17% y/y
- Dollar-based net retention rate of 112%
- Messaging 14% of total revenue¹, growing 46% y/y
 - Political messaging contributed approximately \$17m in revenue excluding surcharges
- Net income of \$20m and Non-GAAP net income of \$15m²
- Utilized \$117m cash to repurchase \$160m of 2026 convertible notes

¹ Messaging as a percent of total revenue does not include pass through carrier surcharges.

² See Appendix for GAAP to Non-GAAP reconciliation.

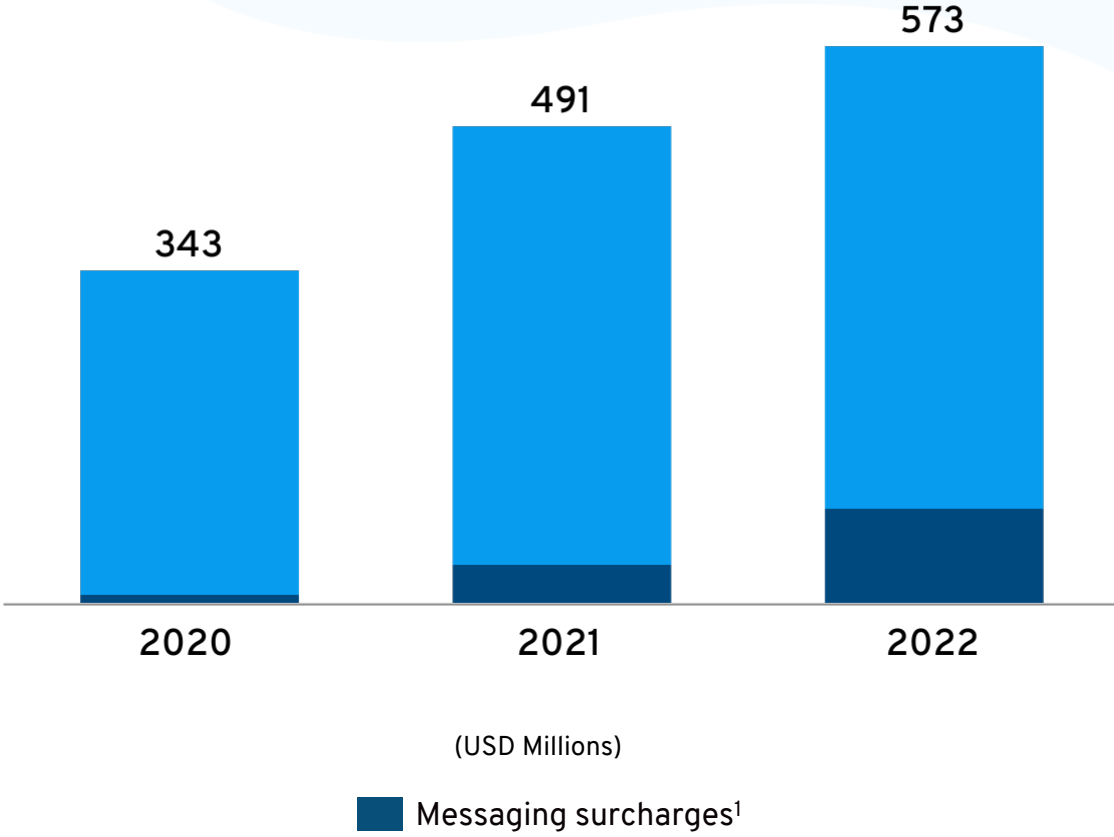
Exceeded guidance

Strong customer retention

Strengthened balance sheet

Annual Revenue Performance

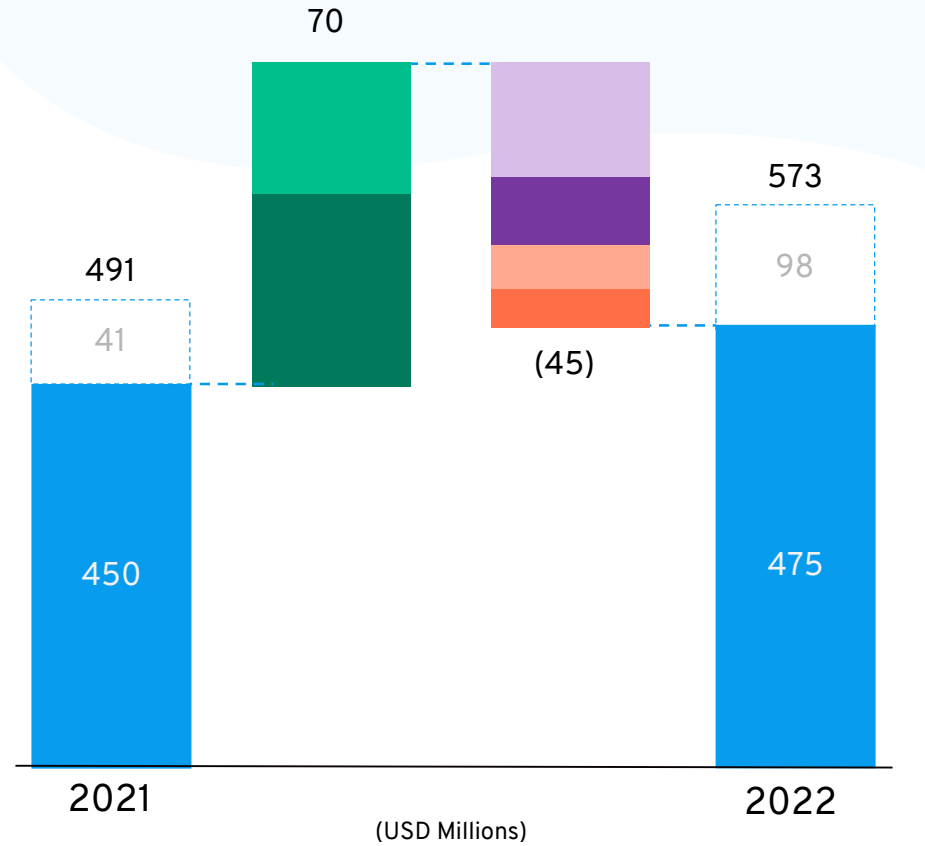
Durable revenue
from powering
business-critical
communications



¹ Messaging surcharge is defined as pass-through messaging surcharges levied by carriers on Application to Person (A2P) text messages.

2022 Revenue Progression

Broad based
growth offset
by
isolated
headwinds



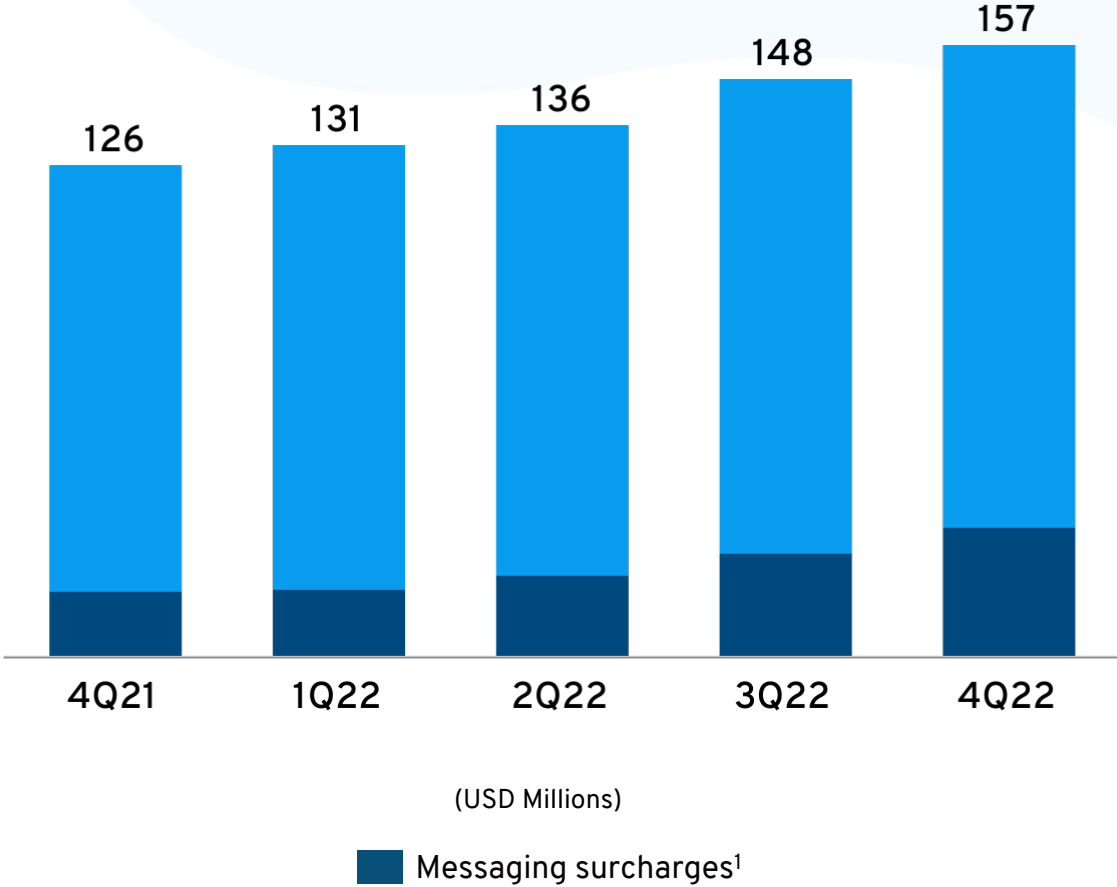
- Messaging
- Voice + Monthly recurring charges
- DDoS (40 impacted customers)
- Two large customers
- Divestments
- FX
- Messaging surcharges

Note: Totals may not sum due to rounding.

Quarterly Revenue Performance

Exceeded mid-point of 4Q22 guidance by \$10m

Strong momentum across all products



¹ Messaging surcharge is defined as pass-through messaging surcharges levied by carriers on Application to Person (A2P) text messages.

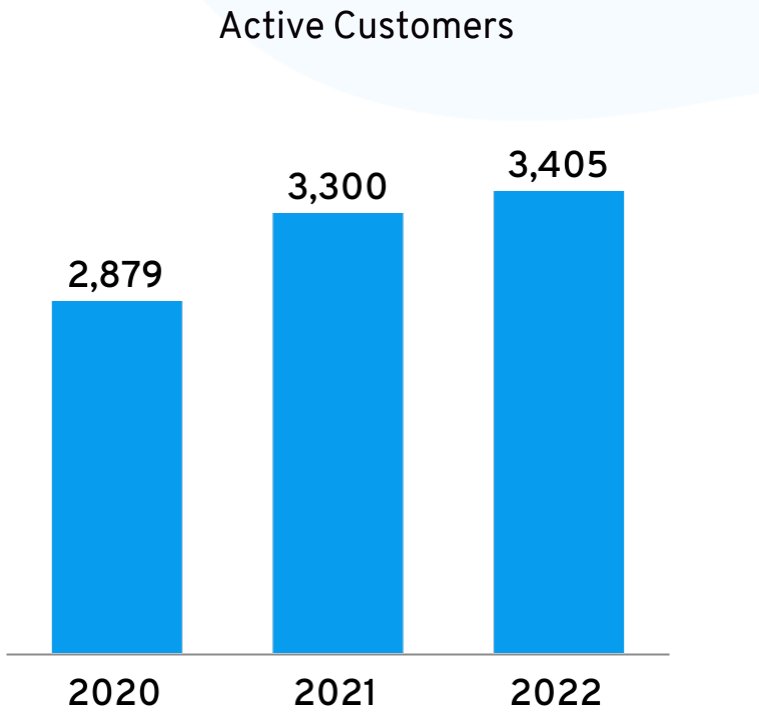
Customer Metrics Performance

\$171K
TTM Average Annual
Customer Revenue

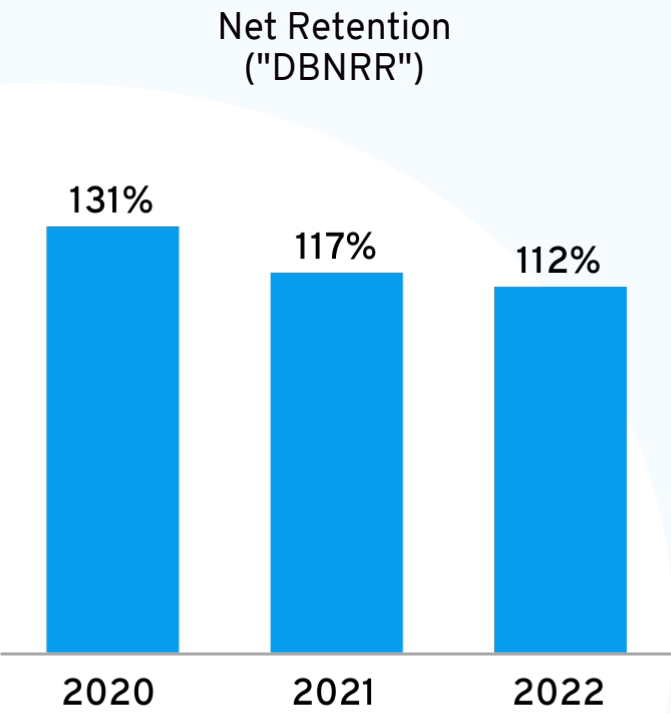


Diverse
No 10% of revenue
customers

Active Customers



Net Retention
("DBNRR")



Note: As a result of the change in revenue segment reporting, our active customers and dollar-based net retention rates ("DBNRR") disclosed in previous SEC filings, press releases and presentations prior to reporting periods ended March 31, 2022, will not be directly comparable to our active customers and DBNRR reported going forward. To facilitate comparison between the periods presented in the chart above, active customers and DBNRR have been conformed to the current period methodology. Additional information regarding active customers and DBNRR including definitions and how they are calculated is included in the Appendix.

Non-GAAP Gross Margin Performance

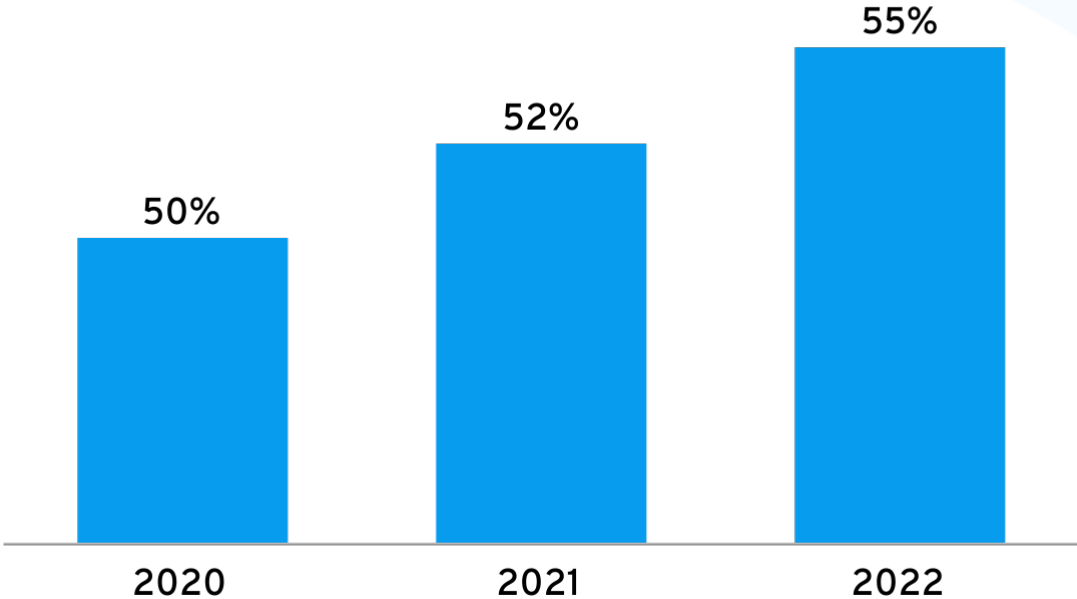
Record annual margin fueled by four drivers

Scale and platform ownership

Product mix

Global coverage

Operational efficiencies

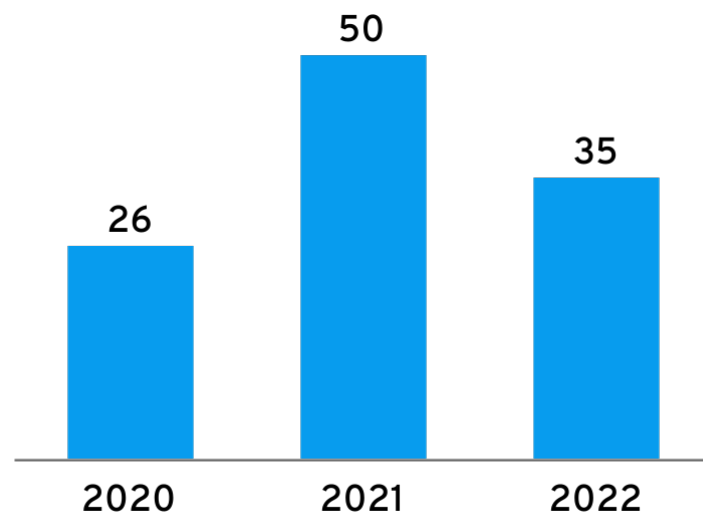


Note: We calculate Non-GAAP gross margin by dividing non-GAAP gross profit by revenue less pass through messaging surcharges. See Appendix for GAAP to Non-GAAP reconciliation.

Profitability Performance

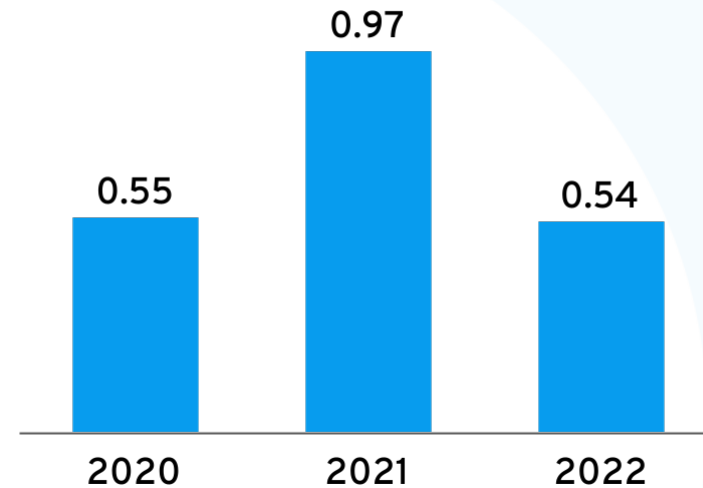
Longstanding
commitment
to profitability

Adjusted EBITDA



(USD Millions)

Non-GAAP EPS



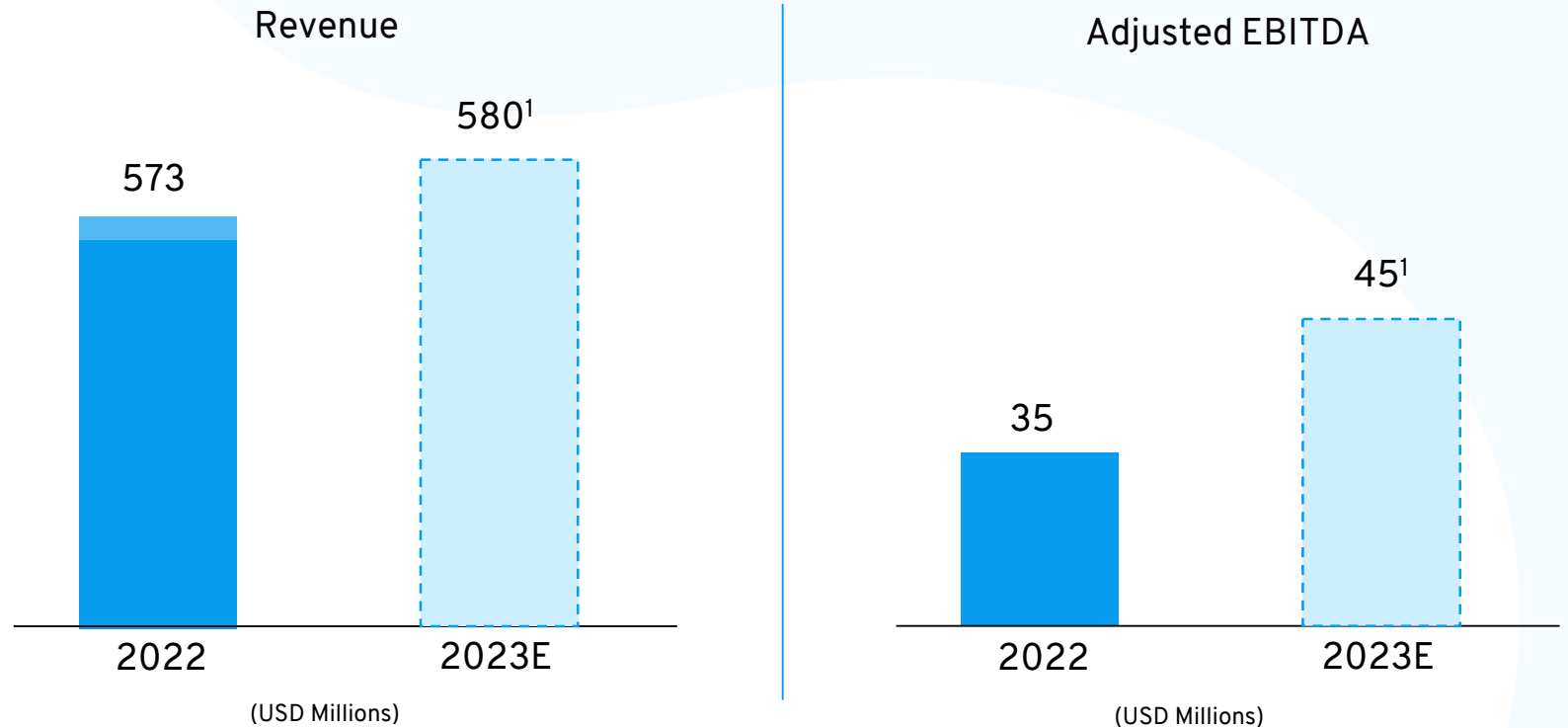
(USD)

Note: See Appendix for definitions and GAAP to Non-GAAP reconciliation.

Full Year 2023 Outlook

Revenue growing
8% y/y
adjusted for
campaign messaging

Adjusted EBITDA
growing
30% y/y



■ Campaign messaging revenue including surcharges

■ 2023 guidance midpoint

¹ Represents midpoint of guidance provided in the Financial Outlook section of February 23, 2023 earnings press release.

Note: See Appendix for definitions and GAAP to Non-GAAP reconciliation. Also, the Company has not reconciled its 2023 outlook for Adjusted EBITDA to its most closely comparable GAAP metric as it cannot reasonably calculate the GAAP metric at this time.

2023 Guidance Ranges

Macroeconomic considerations

Lower cyclical campaign messaging

30% profit growth

	1Q 2023	FY 2023
Total Revenue	\$132m-\$134m	\$576m-\$584m
Adjusted EBITDA	\$4m - \$6m	\$43m - \$47m

Thank you!

Appendix

Historical Metrics

USD millions

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22
Total Revenue	68.5	76.8	84.8	113.0	343.1	113.5	120.7	130.6	126.1	490.9	131.4	136.5	148.3	157.0	573.2
Total Gross Profit	31.2	33.8	38.3	50.6	153.9	51.2	53.5	57.1	52.1	213.8	55.4	55.4	63.5	64.1	238.4
Non-GAAP Gross Profit	33.8	36.2	40.7	54.8	165.7	56.6	58.8	62.4	57.5	235.3	60.9	60.8	68.8	69.5	260.0
Non-GAAP Gross Margin ¹	50%	48%	50%	51%	50%	52%	51%	54%	53%	52%	53%	53%	57%	56%	55%
Net Income (Loss)	(1.1)	(20.6)	(2.4)	(19.9)	(44.0)	(5.3)	(6.9)	(6.9)	(8.2)	(27.4)	(6.8)	(6.2)	(0.8)	33.4	19.6
Non-GAAP Net Income (Loss)	1.1	3.1	6.5	3.5	14.2	8.3	8.6	6.5	2.3	25.7	2.5	(0.9)	8.0	5.3	15.0
Adjusted EBITDA	3.1	5.5	9.3	8.3	26.2	13.4	13.8	14.2	8.3	49.6	8.4	5.1	12.8	8.3	34.6
Adjusted EBITDA Margin	5%	7%	11%	7%	8%	12%	11%	11%	7%	10%	6%	4%	9%	5%	6%
Cash and Investments	517.9	522.7	532.1	121.4	121.4	339.3	319.0	331.1	332.3	332.3	317.0	303.8	312.5	185.9	185.9
Operating Cash Flows	(7.6)	7.3	11.6	(6.8)	4.5	10.0	(1.2)	14.8	17.1	40.8	(6.7)	7.0	24.0	10.6	34.9
Net cash used in investing capital assets ²	(4.4)	(4.6)	(2.3)	(3.2)	(14.6)	(7.9)	(17.8)	(2.7)	(8.8)	(37.2)	(5.9)	(4.3)	(10.5)	(24.6)	(45.4)
Free Cash Flow	(12.0)	2.7	9.3	(10.0)	(10.1)	2.1	(18.9)	12.2	8.3	3.6	(12.6)	2.7	13.5	(14.1)	(10.5)
Active Customers	1,832	1,918	2,050	2,879	2,879	2,999	3,085	3,220	3,300	3,300	3,372	3,362	3,380	3,405	3,405
DBNRR	117%	122%	126%	131%	131%	131%	128%	125%	117%	117%	114%	112%	109%	112%	112%

¹ Calculated by dividing Non-GAAP gross profit by revenue less pass-through surcharges of \$1.3M in 1Q20, \$1.6M in 2Q20, \$2.6M in 3Q20, \$5.6M in 4Q20, \$4.0M in 1Q21, \$6.3M in 2Q21, \$14.3M in 3Q21, \$16.8M in 4Q21, \$17.4M in 1Q22, \$21.0M in 2Q22, \$26.9M in 3Q22, and \$33.3M in 4Q22.

² Represents the acquisition cost of property, plant and equipment and capitalized development costs for software for internal use.

Note: Totals may not sum due to rounding.

GAAP to Non-GAAP Reconciliation – Net Income

USD millions, except per share amounts

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22
Net income (Loss)	(1.1)	(20.6)	(2.4)	(19.9)	(44.0)	(5.3)	(6.9)	(6.9)	(8.2)	(27.4)	(6.8)	(6.2)	(0.8)	33.4	19.6
Stock-based compensation	2.5	2.4	2.4	2.6	9.9	4.4	3.4	3.8	2.9	14.5	5.3	4.8	4.9	5.6	20.7
Amortization of acquired intangibles	0.1	0.1	0.1	3.3	3.7	4.9	4.9	4.8	4.6	19.1	4.6	4.3	4.1	4.2	17.2
Amortization of debt discount and issuance costs for convertible debt	1.7	4.5	4.6	4.7	15.6	5.2	7.1	7.2	7.3	26.7	0.8	0.8	0.8	0.7	3.0
Acquisition-related expenses	-	-	1.7	12.7	14.5	-	-	-	-	-	-	-	-	-	-
Gain on sale of business	-	-	-	-	-	-	-	-	-	-	(0.9)	(2.9)	-	-	(3.8)
Net gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	(40.2)	(40.2)
Non-recurring items not indicative of ongoing operations and other ¹	0.2	0.0	0.0	0.1	0.3	0.2	0.1	0.0	0.5	0.8	0.2	0.0	0.1	1.7	2.0
Estimated tax effects of adjustments	(2.5)	16.6	0.0	0.1	14.3	(1.0)	0.1	(2.3)	(4.8)	(8.1)	(0.6)	(1.7)	(1.1)	0.0	(3.4)
Non-GAAP net income (Loss)	1.1	3.1	6.5	3.5	14.2	8.3	8.6	6.5	2.3	25.7	2.5	(0.9)	8.0	5.3	15.0
Interest expense on convertible notes ²	-	-	-	-	-	-	-	-	-	-	0.4	0.7	0.6	0.4	1.7
Numerator used to compute Non-GAAP diluted net income per share³	1.1	3.1	6.5	3.5	14.2	8.3	8.6	6.5	2.3	25.7	2.9	(0.9)	8.6	5.8	16.7

¹ Non-recurring items not indicative of ongoing operations and other include \$0.9 million of foreign currency losses on the settlement of intercompany borrowings, which were repatriated in conjunction with the repurchase of the 2026 Convertible Notes and \$0.6 million of nonrecurring litigation expense for the year ended December 31, 2022, and \$0.5 million, \$0.8 million, and \$0.3 million of losses on disposals of property, plant and equipment during the years ended December 31, 2022, 2021 and 2020, respectively.

² Upon the adoption of ASU 2020-06, net income is increased for interest expense as part of the calculation for diluted Non-GAAP earnings per share.

³ As the Company was at a Non-GAAP net loss for the three months ended June 30, 2022, the interest expense on convertible notes was not used to compute Non-GAAP diluted net loss per share. This figure is presented to show the activity during the quarter resulting in the interest expense on convertible notes used to compute Non-GAAP diluted net income per share.

Note: Totals may not sum due to rounding.

GAAP to Non-GAAP Reconciliation – Net Income (cont.)

USD millions, except per share amounts

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22
Net income (loss) per share															
Basic	(0.04)	(0.86)	(0.10)	(0.81)	(1.83)	(0.21)	(0.28)	(0.28)	(0.33)	(1.09)	(0.27)	(0.25)	(0.03)	1.32	0.77
Diluted	(0.04)	(0.86)	(0.10)	(0.81)	(1.83)	(0.21)	(0.28)	(0.28)	(0.33)	(1.09)	(0.27)	(0.25)	(0.03)	(0.16)	(0.48)
Non-GAAP net income (loss) per Non-GAAP share															
Basic	0.05	0.13	0.27	0.14	0.59	0.33	0.34	0.26	0.09	1.02	0.10	(0.04)	0.32	0.21	0.59
Diluted	0.04	0.13	0.24	0.13	0.55	0.30	0.32	0.25	0.09	0.97	0.09	(0.04)	0.27	0.19	0.54
Weighted average number of common shares outstanding															
Basic shares	23.6	24.0	24.2	24.7	24.1	25.0	25.1	25.1	25.1	25.1	25.2	25.3	25.3	25.3	25.3
Diluted shares	23.6	24.0	24.2	24.7	24.1	25.0	25.1	25.1	25.1	25.1	25.2	25.3	25.3	30.5	30.9
Non-GAAP basic shares	23.6	24.0	24.2	24.7	24.1	25.0	25.1	25.1	25.1	25.1	25.2	25.3	25.3	25.3	25.3
Convertible debt conversion	-	-	1.7	2.0	1.0	1.8	1.2	0.9	-	1.0	5.8	-	5.8	5.1	5.6
Stock options issued and outstanding	0.7	0.4	0.3	0.2	0.4	0.2	0.2	0.2	0.2	0.2	0.1	-	0.1	0.1	0.1
Nonvested RSUs outstanding	0.2	0.3	0.4	0.4	0.4	0.3	0.2	0.2	0.1	0.2	-	-	-	-	-
Non-GAAP diluted shares	24.5	24.7	26.5	27.2	25.9	27.3	26.7	26.4	25.4	26.5	31.1	25.3	31.2	30.5	31.0

Note: Totals may not sum due to rounding.

GAAP to Non-GAAP Reconciliations – Gross Profit, Adjusted EBITDA, Free Cash Flow

USD millions

	1Q20	2Q20	3Q20	4Q20	FY20	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22
Gross Profit	31.2	33.8	38.3	50.6	153.9	51.2	53.5	57.1	52.1	213.8	55.4	55.4	63.5	64.1	238.4
Gross Margin %	46 %	44 %	45 %	45 %	45 %	45 %	44 %	44 %	41 %	44 %	42 %	41 %	43%	41%	42%
Depreciation	2.4	2.5	2.4	2.7	10.0	3.1	3.1	3.1	3.3	12.6	3.4	3.4	3.4	3.5	13.6
Stock-based compensation	0.2	0.0	0.1	0.1	0.3	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Amortization of acquired intangible assets	-	-	-	1.4	1.4	2.2	2.2	2.1	2.1	8.5	2.0	1.9	1.8	1.9	7.7
Non-GAAP Gross Profit	33.8	36.2	40.7	54.8	165.7	56.6	58.8	62.4	57.5	235.3	60.9	60.8	68.8	69.5	260.0
Non-GAAP Gross Margin %¹	50%	48%	50%	51%	50%	52%	51%	54%	53%	52%	53%	53%	57%	56%	55%
Net Income (Loss)	(1.1)	(20.6)	(2.4)	(19.9)	(44.0)	(5.3)	(6.9)	(6.9)	(8.2)	(27.4)	(6.8)	(6.2)	(0.8)	33.4	19.6
Income tax provision (benefit)	(2.7)	16.5	0.0	1.2	15.0	(0.3)	0.3	0.3	(4.1)	(3.8)	0.2	(0.4)	(0.9)	(1.1)	(2.3)
Interest expense, net	0.9	3.9	4.2	4.7	13.7	5.4	7.7	7.7	8.0	28.8	1.3	0.9	0.7	0.2	3.0
Depreciation	3.2	3.2	3.2	3.6	13.1	4.2	4.3	4.5	4.5	17.5	4.6	4.6	4.7	4.6	18.4
Amortization	0.1	0.1	0.1	3.3	3.7	4.9	4.9	4.8	4.6	19.1	4.6	4.3	4.1	4.2	17.2
Acquisition-related expenses	-	-	1.7	12.7	14.5	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	2.5	2.4	2.4	2.6	9.9	4.4	3.4	3.8	2.9	14.5	5.3	4.8	4.9	5.6	20.7
Gain on sale of business	-	-	-	-	-	-	-	-	-	-	(0.9)	(2.9)	-	-	(3.8)
Net gain on extinguishment of debt	-	-	-	-	-	-	-	-	-	-	-	-	-	(40.2)	(40.2)
Non-recurring items not indicative of ongoing operations and other ²	0.2	0.0	0.0	0.1	0.3	0.2	0.1	0.0	0.5	0.8	0.2	0.0	0.1	1.7	2.0
Adjusted EBITDA	3.1	5.5	9.3	8.3	26.2	13.4	13.8	14.2	8.3	49.6	8.4	5.1	12.8	8.3	34.6
Net cash provided by (used in) operating activities	(7.6)	7.3	11.6	(6.8)	4.5	10.0	(1.2)	14.8	17.1	40.8	(6.7)	7.0	24.0	10.6	34.9
Net cash provided by (used in) investing in capital assets ³	(4.4)	(4.6)	(2.3)	(3.2)	(14.6)	(7.9)	(17.8)	(2.7)	(8.8)	(37.2)	(5.9)	(4.3)	(10.5)	(24.6)	(45.4)
Free cash flow	(12.0)	2.7	9.3	(10.0)	(10.1)	2.1	(18.9)	12.2	8.3	3.6	(12.6)	2.7	13.5	(14.1)	(10.5)

¹ Calculated by dividing Non-GAAP gross profit by revenue less pass-through surcharges of \$1.3M in 1Q20, \$1.6M in 2Q20, \$2.6M in 3Q20, \$5.6M in 4Q20, \$4.0M in 1Q21, \$6.3M in 2Q21, \$14.3M in 3Q21, \$16.8M in 4Q21, \$17.4M in 1Q22, \$21.0M in 2Q22, \$26.9M in 3Q22, and \$33.3M in 4Q22.

² Non-recurring items not indicative of ongoing operations and other include \$0.9 million of foreign currency losses on the settlement of intercompany borrowings, which were repatriated in conjunction with the repurchase of the 2026 Convertible Notes and \$0.6 million of nonrecurring litigation expense for the year ended December 31, 2022, and \$0.5 million, \$0.8 million, and \$0.3 million of losses on disposals of property, plant and equipment during the years ended December 31, 2022, 2021 and 2020, respectively.

³ Represents the acquisition cost of property, plant and equipment and capitalized development costs for software for internal use.

Note: Totals may not sum due to rounding.

Definitions

Non-GAAP Net Income: net income adjusted for certain items affecting period to period comparability. Non-GAAP net income excludes: stock-based compensation; amortization of acquired intangible assets related to acquisitions, amortization of debt discount and issuance costs for convertible debt, acquisition related expenses, impairment charges of intangibles assets, if any, net cost associated with early lease terminations and leases without economic benefit, loss (gain) on sale of business, net gain on extinguishment of debt, non-recurring items not indicative of ongoing operations and other, and estimated tax impact of above adjustments, net of valuation allowances.

Adjusted EBITDA: net (loss) income adjusted to reflect the addition or elimination of certain statement of operations items including, but not limited to: income tax (benefit) provision, interest (income) expense, net, depreciation and amortization expense, acquisition related expenses, stock-based compensation expense, impairment of intangible assets, loss (gain) from disposal of property and equipment and net cost associated with early lease terminations and leases without economic benefit.

Active customers: an active customer account at the end of any period as an individual account for which we have recognized at least \$100 of revenue in the last month of the period.

Dollar-based Net Retention Rate ("DBNRR"): to calculate the dollar-based net retention rate, we first identify the cohort of customers that generate revenue and that were customers in the same quarter of the prior year. The dollar-based net retention rate is 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. The dollar-based net retention rate reported in a quarter is then obtained by averaging the result from that quarter, by the corresponding results from each of the prior three quarters. Customers of acquired businesses are included in the subsequent year's calendar quarter of acquisition.