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Bandwidth, Inc. (BAND)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning and welcome to the Bandwidth's First Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note, this event is being recorded.

I would now like to turn the conference over to Ankit Hira of Investor Relations. Please go ahead.

Ankit Hira

Investor Relations, Solebury Strategic Communications

Good morning and welcome to Bandwidth's first quarter 2026 Earnings Call. I'm joined today by David Morken, our CEO; and Daryl Raiford, our CFO. They will begin with prepared remarks and then we will open up the call for Q&A. Our earnings press release was issued earlier today. The press release and an earnings presentation with historical financial highlights and a reconciliation of GAAP to non-GAAP financial results can be found on the Investor Relations page at investors.bandwidth.com.

During the call, we will make statements related to our business that may be considered forward-looking, including statements concerning our financial guidance for the full year 2026. We caution you not to put undue reliance on these forward-looking statements, as they may involve risks and uncertainties that could cause actual results to vary materially from any future results or outcomes expressed or implied by the forward-looking statements.

Any forward-looking statements made on this call and in the presentation slides reflect our analysis as of today, and we have no plans or obligation to update them. For a discussion of material risk and other important factors

that could affect our actual results, please refer to those contained in our latest 10-K filing as updated by other SEC filings.

With that, let me turn the call over to David.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

Thank you and welcome, everyone.

Bandwidth has entered 2026 with historic momentum. In the first quarter, we exceeded our expectations with record revenue of \$209 million, up 20% year-over-year, and record first quarter adjusted EBITDA of \$26 million. Based on this performance, we are raising our full year outlook. These results represent far more than a quarterly beat. They are a definitive proof point of our structural advantage in a technology sector undergoing a profound transformation.

Our global Communications Cloud and Maestro orchestration layer are essential infrastructure that make voice AI possible. Bandwidth is flourishing as the mission-critical foundation for the AI-driven enterprise. Thank you to our customers for growing and innovating with us, and to our Bandmates for your amazing work. And I thank God for giving this team the opportunities to serve together.

We are executing against a clear strategy, to power mission-critical communications for the AI-driven enterprise. For voice AI to succeed in production, it requires ultra-low latency, carrier grade reliability, and deep regulatory control capabilities that only a company that owns the underlying network can provide.

This is our moat. It creates durable advantages in economics and performance that are impossible for virtual providers to replicate. We are no longer just enabling AI. We are orchestrating it. Through our Maestro platform, we participate in every interaction, allowing us to capture more value as customer usage grows.

As AI increases the frequency and complexity of interactions, our model allows us to grow revenue per interaction, not just per minute. We are seeing this play out as customers deploy AI into their live workflows and rely upon our platform to support mission-critical interactions.

A key example is our expanded partnership with Salesforce. We recently announced that Salesforce selected Bandwidth as their critical infrastructure partner to power voice and messaging for their groundbreaking new Agentforce Contact Center platform. Salesforce is fundamentally re-architecting the contact center for the AI era, bringing together their customer data, digital engagement, and Agentic AI capabilities into a single AI-first platform.

In Salesforce's vision, Agentforce Contact Center becomes a native execution layer for CRM. This gives enterprises a single source of truth to achieve faster, more intelligent customer engagement. Salesforce is a longtime customer, and to realize its bold vision for Agentforce, they turn to Bandwidth, once again, as their critical infrastructure partner. Only we are able to deliver the unique combination of network ownership, real-time orchestration and global regulatory expertise required to support Agentforce's high volume, AI-driven interactions. This is the result of our years of powering hyperscalers and all the Gartner leaders in CCaaS and UCaaS.

In our partnership, Salesforce has embedded Bandwidth's communications cloud directly into their governed workflows, enabling the control, observability, and integration depth required for agentic interactions at scale. This is significant for two reasons.

First, it adds CRM as a new category of platforms we power. In addition to CCaaS, UCaaS, and conversational AI leaders, we are now partnered with the leading CRM platform as it becomes the system of execution for customer engagement. This expands our total addressable market and positions us to capture meaningful share as CRM platforms take on a larger role in customer interactions.

Second, it reinforces our emerging role as critical infrastructure embedded inside governed workflows, where every interaction represents a unit of usage and value creation. This is a blueprint for how we expand value by embedding deeper into core enterprise systems and participating in more workflows on our platform. As Agentforce adoption grows, we believe revenue will build over time.

With AI becoming the primary interface for customer engagement, the traditional contact center stack is being re-architected around agentic workflows. We have a long history of working closely with the leading CCaaS providers, and they continue to innovate and invest in exciting new AI capabilities. The evolution of the category will expand the range of platforms enterprises can choose from, and Bandwidth is positioned to support them all. Our open platform strategy ensures that regardless of which application or AI provider an enterprise selects, Bandwidth remains the underlying communications infrastructure.

We're seeing this same need for mission-critical infrastructure play out in highly regulated industries, particularly in financial services, where we've secured large wins over several consecutive quarters, including two new million-dollar-plus deals.

The first is with a leading U.S. consumer financial services company that has over 70 million active accounts. This customer selected Bandwidth to replace its legacy telecom provider and migrate its contact center to the cloud through our Maestro integration with Genesys and our ultra-reliable, Call Assure toll-free voice solution. Our solution delivers the reliability, control and integration they needed, while also enabling their transition to AI-driven customer engagement. We're now positioned for significant expansion as the customer integrates AI into the next phase of their customer experience transformation.

Our second million-dollar-plus deal during the quarter is with one of the largest mutual life insurance companies in the world. This customer selected Bandwidth to replace a long-standing legacy carrier. Like many enterprises in regulated industries, this customer required both performance and trust, areas where our owned network and integrated platform provide a clear advantage. Their comprehensive customer experience transformation leverages our Maestro integration with Genesys, our Call Assure toll-free voice, and our Trust Services, including Call Verification and Number Reputation Management. Cost savings from modernization are being reinvested into new AI services, which could further increase usage on our platform, redirecting spend away from legacy systems and toward more intelligent, scalable customer engagement with Bandwidth.

These examples demonstrate our continued strong momentum in financial services where scalability, compliance, and resiliency are non-negotiable. Standardizing on Bandwidth enables best-in-class integrations, intelligent call routing, built-in failover, and a clear path to deploying new AI services. This is a land and expand model where initial platform wins immediately demonstrate Bandwidth's value proposition, leading to higher usage, increased software attachment, and long-term durable revenue growth.

We're seeing a similar dynamic play out in our messaging business, where enterprises need a robust, reliable platform partner to scale real-time customer engagement across digital channels.

During the first quarter, we won an additional high volume messaging customer with major consumer brands across the retail and restaurant verticals. This customer reached a level of throughput where their previous large provider could no longer meet their requirements, and switched to Bandwidth for our proven delivery performance and ability to scale, particularly as they manage tens of millions of messages per month across short code, 10DLC, and toll-free channels. As they add new AI workflows to automate campaign management and customer interactions, Bandwidth's messaging platform and campaign registration tools ensure reliable execution. This example shows how we're extending the same land and expand model into messaging. As customers grow and scale their engagement, activity flows directly through our platform, driving revenue and margin performance over time.

In addition to our customer acquisition success in voice and messaging, we are increasingly supporting a growing ecosystem of AI developers building vertical applications on top of our platform. We're seeing continued momentum in this space, with developers building agentic solutions across a wide variety of use cases, from restaurants and hospitality to health care, home services and customer support, where real-time voice and messaging are central to the customer experience.

These AI app developers are choosing Bandwidth for the same reasons as our enterprise customers. The ultra-low latency, reliability, and scalability required to run AI applications in production, along with the orchestration capabilities of Maestro. As enterprises increasingly adopt verticalized applications built by third party developers, Bandwidth becomes the essential communications layer, powering additional usage on our platform.

In summary, we are the mission-critical communications platform for AI-driven enterprises.

First, we are executing against a clear and consistent strategy to power mission-critical communications for the AI-driven enterprise, and we are seeing this focus translate into large enterprise adoption across our platform.

Second, we are expanding our role inside governed customer workflows as AI moves into production.

And third, we are scaling a business model that drives increasing usage, expands revenue per customer, and delivers exceptional incremental gross profit growth.

Taken together, we are positioned as the mission-critical communications platform for AI-driven enterprises.

Now, I'll turn it over to Daryl to walk through the financial details of the quarter.

Daryl Edward Raiford

Chief Financial Officer, Bandwidth, Inc.

Thank you, David. And good morning, everyone.

Bandwidth's 2026 is off to a historic start. Our first quarter performance was exceptionally strong, with demand for both voice and messaging exceeding our projections and driving results above the top end of our guidance ranges.

This robust momentum across all key financial metrics, including revenue, gross profit, adjusted EBITDA, non-GAAP earnings per share and free cash flow has given us the confidence to raise our financial guidance for the full year. Our market performance and execution underscore the depth of our competitive moat and the resilience of our business model, as we continue to scale our cloud communications platform and drive long-term value for our shareholders.

Now diving into our first quarter 2026 results.

Total revenue was \$209 million, an increase of 20% year-over-year. Cloud communications revenue, which is total revenue, less messaging surcharge revenue of \$59 million, reached \$150 million, a 13% year-over-year increase, driven by growth across our core communications platform.

Non-GAAP gross profit of \$89 million increased 14% year-over-year, and marked another quarter of improving gross profit yield on incremental cloud communications revenue. Non-GAAP gross margin improved 50 basis points to 59.5%, illustrating the structural margin advantage of our unique global owned and operated communications platform.

Adjusted EBITDA grew by 17% to \$26 million, driven by gross profit growth and the scale of higher revenue across our operating expense base. Non-GAAP earnings per share rose to \$0.38, representing 6% growth, and operating cash flow grew significantly to yield essentially breakeven free cash flow, representing a marked year-over-year improvement despite the typical first quarter working capital cycle.

Focusing on our first quarter cloud communications revenue growth, both Voice and Programmable Messaging solutions exceeded our expectations. For our voice solutions, we reported revenue of \$121 million, growing 12%. Both of our voice market categories contributed towards the total voice growth. Within our Global Voice Plans category, we saw broad-based demand producing revenue growth of 12% year-over-year, underscoring both the strength and durability of our installed customer base and the tailwind of AI-influenced voice usage. And for our enterprise voice category, revenue grew 14% year-over-year to \$13 million. Growth was driven by both recent customer additions and increasing momentum as enterprises scale on our Maestro platform.

In Programmable Messaging, revenue rose 15% year-over-year to approximately \$30 million. This performance exceeded our projections, particularly given the typical first quarter seasonal headwinds we often encounter.

Turning to our operating metrics. Our reported net retention rate for the first quarter was 102%. Adjusted to normalize the cyclical political campaign revenue impact, our commercial net retention rate was a healthy 110%. We believe this adjusted view more accurately reflects underlying organic commercial demand and customer expansion.

Customer name retention remained well above 99%, indicating near-zero customer churn, a remarkable and unique track record that we expect to continue. Average annual revenue per customer reached a new high of \$244,000, reflecting the mission-critical nature of our platform and deep integration with our customers.

Taken together, these metrics demonstrate continued expansion within our existing customer base, as customers increase their usage, adopt more of our services, and deepen their reliance on our platform.

In the first quarter, we progressed our balanced capital allocation strategy. We deployed approximately \$11 million in cash to mitigate share dilution by 700,000 shares, while repurchasing \$100 million in aggregate principal of our 2028 convertible notes at a discount to par. This resulted in a long-term debt leverage ratio of less than 1.25 times. Shares acquired under our \$80 million repurchase authorization were purchased at an average price of \$15.93. Looking ahead, we intend to maintain this opportunistic approach, prioritizing debt reduction and dilution management while remaining steadfast in our commitment to prudent cash flow management and a strong, flexible balance sheet.

Turning to our second quarter 2026 outlook. We expect revenue to be in the range of \$214 million and \$220 million, representing 20% growth year-over-year. Adjusted EBITDA to be in the range of \$24 million and \$27 million, representing 20% growth year-over-year and non-GAAP EPS to be in the range of \$0.35 and \$0.37.

Turning to our improving full year outlook, we are raising our full year 2026 guidance to reflect the first quarter beat and continued demand strength. Our positive outlook for the remainder of the year is underpinned by three significant growth catalysts.

First, the transition of AI-driven traffic into high volume production. We are seeing a marked acceleration in our global voice category, as AI voice agents move beyond the pilot phase into full scale deployment. This organic growth is generating volume that leverages the carrier grade reliability and ultra-low latency of our owned network, further expanding our competitive moat.

Second, a robust enterprise pipeline poised for a second half inflection. We expect growth to accelerate as our record pipeline of large scale deals completes onboarding. Our role as a mission-critical partner is validated by Salesforce selecting Bandwidth to power Agentforce alongside our significant million-dollar-plus wins in financial services this quarter. These partnerships cement our position as the foundational infrastructure for next-generation engagement.

Third, the continued expansion of high margin software services. As enterprises integrate more deeply with our platform, they are increasingly adopting unique services within the Bandwidth Communications Cloud. During the quarter, software services revenue nearly doubled year-over-year, with its sequential ARR exit rate growing 67% to \$25 million. This provides a powerful tailwind for both long-term business durability and incremental profitability as we scale.

We now expect for the full year 2026 total revenue to be in the range of \$880 million and \$900 million, representing 18% growth year-over-year at the midpoint, compared to our prior range of \$864 million and \$884 million. Within total revenue, we expect cloud communications to be in the range of \$616 million and \$624 million, representing 10% growth year-over-year at the midpoint. Adjusted EBITDA outlook to be in the range of \$119 million and \$125 million, representing 31% growth year-over-year at the midpoint compared to our prior range of \$117 million and \$123 million. Non-GAAP EPS to be in the range of \$1.77 and \$1.83, representing growth of 26% year-over-year at the midpoint, compared to our prior range of \$1.66 and \$1.74.

Additional modeling details underlying our full year 2026 outlook are as follows. We expect net interest expense to be in the range of \$1 million and \$3 million. Depreciation expense to be in the range of \$38 million and \$42 million. Adjusted effective tax rate to be in the range of 20% and 21%. Weighted average diluted shares outstanding of approximately 35 million. And for capital expenditures, we expect these to be in the range of \$24 million and \$26 million.

With that, I'll now turn the call over to the operator for Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] In the interest of time, please limit yourself to one question and one follow-up. At this time, we'll pause momentarily to assemble our roster.

And our first question comes from Erik Suppiger from B. Riley Securities. Please go ahead.

Erik Suppiger

Analyst, B. Riley Securities, Inc.

Q

Yes, thanks for taking the question. Congrats on a solid quarter there. Can you speak a little bit about some of the developments going on with some of the frontier model providers like Google and OpenAI, in terms of their advances in their ability to support AI voice technologies? And if that's...

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Certainly Erik, and thanks for...

Erik Suppiger

Analyst, B. Riley Securities, Inc.

Q

...taking any – and is that making a difference to Bandwidth?

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Yes, certainly. And thanks for joining, Erik. There are a number of these announcements just in the last 10 days, I think most recently the voice model that Grok came out with. Before that, Gemini, OpenAI. These models are focused on improving the text-to-speech, speech-to-text legacy experience that has a number of different challenges associated with it. So, we're excited about the voice focus that the frontier models have.

It really does accelerate lots of the performance and quality for voice agents, and that is very favorable as a tail end for our platform and our approach to serving voice agents globally on our platform.

Erik Suppiger

Analyst, B. Riley Securities, Inc.

Q

Are they putting much behind marketing those services? And are they fully – are you fully capable of integrating with those services?

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

So, on the first point, they have been very forthright and expansive in talking about the new voice-focused models. In fact, one of them talked about it displacing one of their sister company's contact center legacy experience and resolving 70% of tickets in the contact center environment just with that voice model last week.

So, there's – these things have just been announced. There's no reason that we shouldn't be able to support voice agents utilizing these models fully, and that they will complement the quality that we offer for PSTN delivery of voice agent experiences, again, across 80 countries-plus.

Erik Suppiger

Analyst, B. Riley Securities, Inc.

Very good. Thank you.

Q

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

Thank you, Erik.

A

Operator: Our next question comes from Patrick Walravens from Citizens. Please go ahead.

Patrick D. Walravens

Analyst, Citizens JMP Securities LLC

Oh, thank you. And Dave, congratulations to you and all the Bandmates. Really fantastic. So two questions. I guess one's a follow-up. So first of all, can you tell us a little bit more about the Salesforce partnership in your remarks? You talked about how they're fundamentally re-architecting the contact center. Tell us a little bit more about that and where you fit in. And also, are customers buying into the way they're fundamentally re-architecting the contact center?

Q

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

Hey, Pat. Thanks. Appreciate the congrats.

And want also congratulate our Chief Operating Officer, Devesh Agarwal, for delivering fantastic results with all of our Bandmates. To answer your question on Salesforce...

A

Patrick D. Walravens

Analyst, Citizens JMP Securities LLC

Yes.

Q

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

I think the team at Salesforce, Marc Benioff, the longtime founder and CEO, and their whole team have a compelling vision for every sales call to be a conference call. And that vision of having an agent aware of all the context of your customer experience is powerful. And we believe in it as well.

A

So, when we say that they are absolutely challenging, the legacy assumptions around contact center, it's more like a context center now, where an agent is both fully aware of all your needs, wants, wishes, your sentiment, and can share or suggest or compliment or correct a sales rep or an operations representative of your company in real time. So, it is a revolution, no question about it.

Their headless approach just last week, saying that they are taking the face off the UI and allowing agents to directly engage with the system of execution within their CRM Salesforce platform. It's powerful. I don't – I don't think that it's – it can be overstated very easily.

And in terms of the second part of your question, Pat, are companies embracing this? I don't think companies have a choice. The level of intelligence that is now going to be available to real-time customer interactions through an approach like Agentforce is taking, is differentiated. It is competitively ahead of its peer group and cohort. And I think everyone will follow.

Patrick D. Walravens

Analyst, Citizens JMP Securities LLC

Q

All right. Fantastic. And so, for my follow-up, if someone does, you know, if you have a big airline or a big bank or whatever the size that they're going to move forward with – with Salesforce on their new approach, how does Bandwidth make money? What are the dynamics there?

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

You bet. Great question. So, we make money on a usage-based model based on interactions. So, we are powering in announcement already every one of those calls. And so, when every call becomes a conference call, there are multiple usage components to that that we benefit from. And it's – they're obviously relying on us for high, high quality resiliency footprint, all kinds of our advantages that we've enjoyed for the last 15 years. But our usage-based model is the approach we take to powering these experiences, and there are multiple units of usage now with AI involved.

Patrick D. Walravens

Analyst, Citizens JMP Securities LLC

Q

Fantastic. Thank you.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Thank you Pat.

Operator: [Operator Instructions] And our next question comes from Joshua Reilly from Needham. Please go ahead.

Joshua Reilly

Analyst, Needham & Co. LLC

Q

All right. Thanks for taking my question. Maybe just starting off, global voice plan revenue growth was really strong at 12% year-over-year. I guess, what are you seeing from these customers in terms of their adoption of AI driving incremental growth relative to maybe some other factors like new customer ramps? We know there's been a lot of million-dollar-plus customers ramping there. Maybe can you just give us a sense of what was the relative driver of that strong 12% growth there.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Josh, thanks and thanks for your good question. I've got with me today, John Bell, our Chief Product Officer. Let me invite him to respond to your good question.

John Bell

Chief Product Officer, Bandwidth, Inc.

A

Yes, so we see broad-based adoption of AI and integration of voice agent technologies by our customers. Our customers are making it very easy for enterprises to realize real economic value from voice agents, and we see that consistently across our customer base.

And in addition to that, we do see new entrants as well coming into the market, AI-native companies that we are enabling. We also announced our Bandwidth Build program, which allows new entrants to easily onboard as customers, and we're really excited about that as well. So both a mix of existing customers, integrating voice agents and driving their business, as well as new entrants coming into the market.

Joshua Reilly

Analyst, Needham & Co. LLC

Q

Got it. And then maybe just a follow-up on the million-dollar-plus customers. If you look at the million-dollar-plus customers that you added in 2025, would you say that all of those now are in the [ph] run rate tier of (29:14) revenue as of this point in 2026? And then, how are you thinking about the net new million-dollar-plus customers that you've added year-to-date thus far in 2026 relative to 2025? Can you add a similar number, even more million-dollar-plus customers this year versus last year? Thank you.

Daryl Edward Raiford

Chief Financial Officer, Bandwidth, Inc.

A

Hello. Hey, this is Daryl. I'll take that question. It's nice to speak with you. The short answer is no. The \$6 million, much larger than a million-dollar deals we announced last year are not fully in the run rate right now. In fact, five of them are less than 50% deployed, with one being fully deployed and now nearly exceeding 120% of our initial estimated contract value.

So, we're really excited about what's to come when I said the inflection in terms of enterprise and second half acceleration. And we're really excited about the one that has fully deployed and more, because as I said in the prepared remarks, as soon as that occurs, the client immediately understands the value proposition that the communication cloud brings and it allows for our land and expand and cross-sell upsell model. So, we're really excited about that.

In terms of your second point about the momentum of enterprise greater – much greater than million-dollar deals, we did announce two this quarter. We have a view into our pipeline, and we think that we're very much on pace with last year or to exceed.

Joshua Reilly

Analyst, Needham & Co. LLC

Q

Got it. Very helpful. Thank you, guys.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Thank you.

Operator: And the next question comes from Arjun Bhatia from William Blair. Please go ahead.

Arjun Bhatia

Analyst, William Blair & Co. LLC

Q

Perfect. Congrats on the solid quarter here, guys. Maybe I'll start on the messaging side because it seems, you know, usually, [ph] I think Daryl you called me out (31:17). But usually, there's a Q1 seasonality dynamic where there's a dip down in Q1 from Q4. But it seems like the year-over-year growth rate is actually accelerating there. So, I'm curious what's driving that? Is that AI volumes starting to layer in? And how do you expect that to sort of play out through the rest of the year, even with political layering into the back half here?

Daryl Edward Raiford

Chief Financial Officer, Bandwidth, Inc.

A

We were pleasantly surprised with the strength given in Programmable Messaging, as you said, given the typical seasonal headwinds that occur in the first quarter. We saw pretty strong commercial and civic engagement messaging. And, of course, we had announced a couple messaging customers, one last year that began to deploy and onboard more fully as well. So, we had a favorable compare for that. But yes, the dynamics, the market dynamics, plus our customer onboarding exceeded our expectations.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

And Arjun, I'd only add to that, this is David, that that performance wasn't due to political in the quarter. It was largely commercial. And that squares with the announcement that we had about our messaging win. That was a commercial consumer brand messaging platform for both retail and restaurant verticals, and that was a major win and consistent with the success we're seeing, that has nothing to do with the seasonal civic traffic.

Arjun Bhatia

Analyst, William Blair & Co. LLC

Q

All right. That's very helpful. And then, just maybe a broader question, if I can, and I don't know, maybe this is for you, David. But just as AI becomes more prominent, like what is the change you expect in the business to play out, not just through 2026, but over the next couple years? It seems like your product is there, but how does it impact the revenue model, your visibility into your revenue stream, the customers maybe that you even are going to serve? I'm just curious what this evolution might look like for Bandwidth over the next couple years.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

We believe the next billion users of the global PSTN are significantly going to be voice agents. And so, we're building for those agents, as are many other broad AI infrastructure companies. And we've launched ways like Command Line Interface for agents to be able to autonomously sign up and secure service. We obviously know how to comply with know your customer while we do that.

But look, over the next two years, to your good question, we're going to do a terrific job and being understood broadly as the best place for voice agents to speak with people around the world over the PSTN. And we think we'll do that with differentiation on our vertically integrated universal platform and our global footprint. And we're starting to see the beginning of that, I think, in these results.

But let me pause and invite John Bell, our Chief Product Officer, to also opine on your question.

John Bell

Chief Product Officer, Bandwidth, Inc.

A

Yes, and I would just add that a big part of our role right now is helping our customers transition to this new world, and helping both the human agents and the voice agents work together in a harmonized way. And that creates a very big opportunity for us and a lot of value for our customers to help them quickly realize the economic value of voice agents in their businesses.

Arjun Bhatia

Analyst, William Blair & Co. LLC

Q

Wonderful. Very helpful. Thank you, guys, and congrats again.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Thank you.

Operator: And the next question comes from Jim Fish from Piper Sandler. Please go ahead.

James E. Fish

Analyst, Piper Sandler & Co.

Q

Hey, guys. Congrats on the Agentforce side of things. Just wanted to circle back to on the political side. Was there any political messaging impact this quarter?

Daryl Edward Raiford

Chief Financial Officer, Bandwidth, Inc.

A

There was no meaningful political impact this quarter. Again, we are, you know, for full transparency, we are really believing that that impact will be exactly like we've seen in the last two cycles, which is very second-half-weighted, just given the dynamic of how campaigns work. We're calling in our guide for right at \$15 million of commercial – political campaign messaging benefit. And that's what we see right now. So, we haven't really changed that. As we get into the 1st of July and then beyond, we're going to have a lot better sense with our customers of where this campaign dynamic is headed. But we're looking for about \$15 million net effect in cloud communications revenue this year, second half.

James E. Fish

Analyst, Piper Sandler & Co.

Q

Yes. Makes sense. Thanks, Daryl. And then, look, your new business look pretty strong here. [ph] Agentforce isn't even (36:19) kind of in the numbers at this point from your language here. But what are you guys seeing with cloud conversions across kind of that core unified and CX market? Are we finally getting to a point where enterprises are really starting to shift over towards the cloud, on especially the CCaaS side? And could the new FCC proposals of more human onshoring here change anything for you guys underneath?

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

I'll handle the second part of your question first, and then invite John to talk to the first, if I could. So nothing about the regulatory change augurs negatively for us. The voice agent revolution will apply equally, and if anything, I think bodes well for the partners we work with and the call volumes we support. We've got an extraordinary global

and domestic network underneath all of these initiatives. So, we're not deterred or concerned about that migration or change at all.

John Bell

Chief Product Officer, Bandwidth, Inc.

A

Yes. I'd add. So, the move to the cloud did certainly enable a lot of the enterprises to easily adopt voice agents, which we're excited about. But I would also add that a core benefit of Maestro is even for customers who still have a lot of their human agents and the software for their human agents on-prem, we are still able to voice agent enable them. I mean, that is a tremendous benefit of our Maestro platform.

James E. Fish

Analyst, Piper Sandler & Co.

Q

Thanks, guys.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

A

Thank you.

Daryl Edward Raiford

Chief Financial Officer, Bandwidth, Inc.

A

Thank you, Jim.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to David Morken for any closing remarks.

David A. Morken

Cofounder, Chief Executive Officer & Chairman, Bandwidth, Inc.

Thank you, operator.

In closing, our first quarter performance underscores Bandwidth's expanding role as the mission-critical foundation for the AI-driven enterprise. By combining our unique global owned and operated network with the increasing velocity of the Maestro platform, we are capturing more value as customers deploy Agentic AI into live production workflows.

Compared to prior cycles, our growth today is increasingly complemented by embedded AI workflows and software attachment rather than episodic traffic alone. Our raised full year guidance reflects this momentum and the scale of our record deal pipeline. We remain committed to a disciplined capital allocation strategy that balances strategic investment in our AI moat, with opportunistic shareholder returns, ensuring long-term value creation.

Thank you very much.

Operator: This concludes our conference call today. You may disconnect your lines. Have a nice day.

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