

The foundation for the future

2018 ANNUAL REPORT



**“My gratitude for all that the
past year brought is surpassed
only by my enthusiasm for
what the future holds.”**

DAVID A. MORKEN



Bandwidth Stockholders and Friends:

Thank you for being a part of Bandwidth's first year as a public company. And what a year it was! First, I want to express my limitless gratitude to God, to the Bandwidth team members and their families, to our customers, and to our stockholders. Fueled by your investment in our team, we achieved remarkable results and strengthened the foundation on which we will build our future successes:

Our Financial Results. Our 2018 revenue was \$204.1 million—up 25% year-over-year and eclipsing \$200 million for the first time. Within 2018 revenue, our CPaaS (or Communications Platform-as-a-Service) revenue was \$164.4 million—also up 25% year-over-year.

Our Customers. Our commitment to serve our customers drives everything we do at Bandwidth. In 2018, our customers expressed a 97% satisfaction rate. Satisfied customers purchase additional services, renew contracts at a higher rate, and provide new customer referrals. Our 2018 dollar-based net retention rate of 118% (up from 2017's 107%) demonstrates that we stayed true to our abiding commitment to serve our customers well. In 2018, our enterprise customers rewarded us for our commitment to them. We work every day to earn and reward their trust.

Our CPaaS Solutions. Our customers depend on our CPaaS solutions. Our owned and managed, purpose-built IP voice network, one of the largest in the nation, integrates seamlessly with our software APIs. Our highly scalable CPaaS solutions allow enterprises to develop and offer advanced voice and messaging capabilities within their applications and devices. During 2018, we continued to develop and improve our CPaaS solutions to support our customers' new and evolving needs. We grew our Technology and Research & Development teams

from 66 to 156 team members, which allowed us to offer stronger, more dynamic CPaaS solutions.

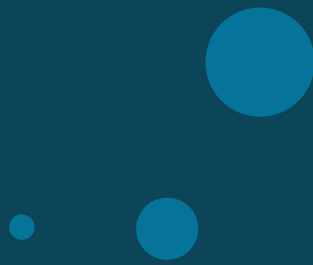
Our Team. Our team is at the heart of each and every one of our accomplishments. As our team grows, so too does our capacity for greatness. In 2018, we added 233 new team members, growing 62%, from 378 to 611 team members. In addition to more than doubling our technology team, our sales and marketing teams grew by almost 140%, from 63 to 150. I'm proud to report that throughout this extraordinary growth, we held fast to our Whole Person Promise, which offers Bandmates meaningful work and a full life outside of work. We joyfully continue to prove the skeptics wrong by showing that our business accomplishments don't have to come at our team members' expense. Bandwidth flourishes when our team is strong in mind, body, and spirit.

We are profoundly humbled by your commitment to us and your belief in our team. My gratitude for all that the past year brought is surpassed only by my enthusiasm for what the future holds.

Thank you for your continued support.



David A. Morken
Co-Founder, Chairman, & Chief Executive Officer



LEADERSHIP

David A. Morken

Chief Executive Officer

Jeffrey A. Hoffman

Chief Financial Officer and Treasurer

W. Christopher Matton

General Counsel and Secretary

Noreen Allen

Chief Marketing Officer

Rebecca Bottorff

Chief People Officer

Scott Mullen

Chief Technology Officer

Kade Ross

Chief Information Officer

Gabriela Gonzalez

Controller and Assistant Treasurer

BOARD OF DIRECTORS

David A. Morken

Chairman of the Board and Chief Executive Officer, Bandwidth

Brian D. Bailey^{1, 2*}

Managing Partner, Carmichael Partners

John C. Murdock

Former President, Bandwidth

Lukas M. Roush^{1, 2}

Managing Partner, Sovereign's Capital

Douglas A. Suriano^{1, 2}

Senior Vice President and General Manager, Oracle Communications

¹Audit Committee ²Compensation Committee

*Committee Chairman



CORPORATE INFORMATION

Corporate Headquarters

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Raleigh, NC 27606

Stock Transfer Agent and Registrar

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Independent Registered Public Accounting Firm

Ernst & Young LLP
4130 Parklake Avenue, Suite 500
Raleigh, NC 27612

SEC Annual Report on Form 10-K

Additional copies of our fiscal 2018 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, including the financial statements and the financial statement schedules but not including the exhibits contained therein, are available without charge upon written request, directed to:

Investor Relations Department

Bandwidth Inc.
900 Main Campus Drive, Suite 100
Raleigh, NC 27606

We will furnish any exhibit to our fiscal 2018 Annual Report on Form 10-K upon receipt of payment for our reasonable expenses in furnishing such exhibit.

