



1Q26 Earnings Results

April 30, 2026

Legal Disclaimer

This presentation includes 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 quarter ending June 30, 2026 and year ending December 31, 2026, the success of our product offerings and our platform, and the value proposition of our products, are forward-looking statements. The words “anticipate,” “assume,” “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 successfully leverage the use of artificial intelligence in our business operations and in our service offerings, our ability to expand effectively into new markets, macroeconomic conditions both in the U.S. and globally, legal, reputational and financial risks which may result from ever-evolving cybersecurity threats, 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.

**A global communications
leader orchestrating
AI, voice & messaging
across cloud communications**

Providing Global Comms at Scale Across Three Customer Categories

Global Voice Plans

Powering hyperscalers and global cloud platforms across Contact Center, CRM, and Unified Communications



Enterprise Voice

Powering mission-critical, AI-driven communications for Global 2000 enterprises elevating customer experience

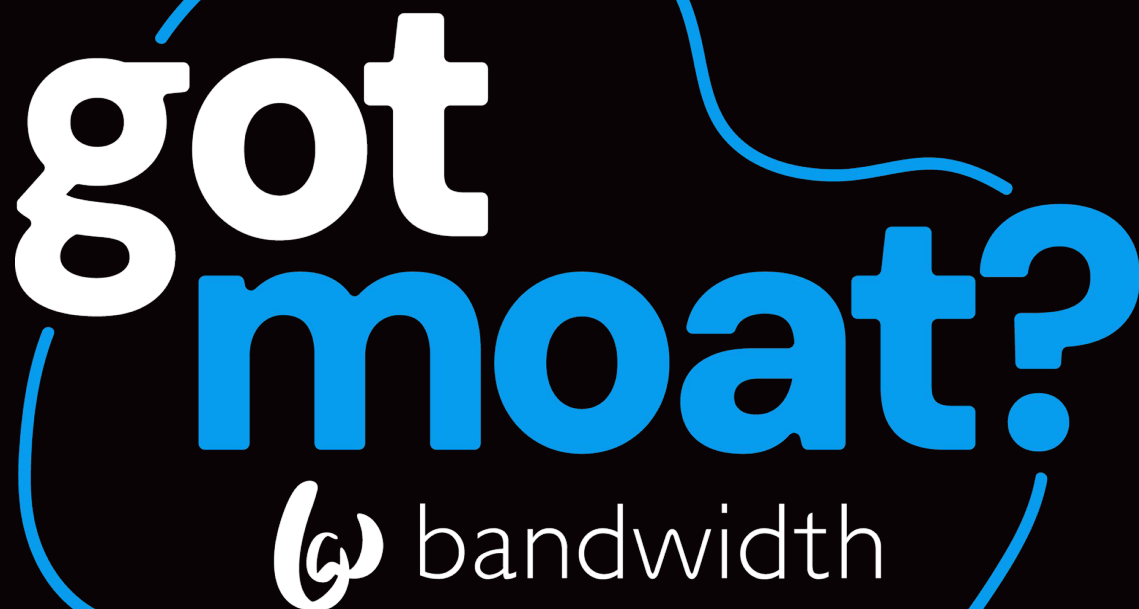


Programmable Messaging

Powering customer engagement and notifications across messaging channels



Bandwidth's Competitive Edge



Global Communications Infrastructure

Owned network and regulatory licenses across nearly 70 countries with ~7,000 direct carrier connections worldwide

→ Structural margin advantage and durable barriers to entry



AI Voice Orchestration Platform

Maestro enables enterprises to deploy and scale AI voice agents with ultra-low latency, reliability, scalability—with trust and compliance embedded

→ Higher usage, richer call flows, and expanding software revenue



Durable Customer Loyalty

Trusted platform for hyperscalers and global enterprises

→ Sustained >99% customer retention

Bandwidth: Critical Infrastructure in the AI Tech Stack

ENTERPRISE AI TECH STACK



AI Voice Applications



Enterprise Systems & Workflows



Bandwidth Communications Cloud

Owned Global Network + Maestro Orchestration Software

▲ ~7,000 direct carrier connections ▼



Global Communications Ecosystem

**Usage Model
expands with AI
voice adoption**

- **More interactions from AI agents**
Continuous, automated communication flows increase platform usage
- **Higher value per interaction**
Additional call legs, services, and software expand revenue per interaction

Deeply embedded in governed workflows

- Trust, compliance, and integrations built into the network

Orchestration layer for AI-driven communications

- Maestro connects AI agents across enterprise systems

Control and observability for high-value interactions

- Source of truth, visibility, auditability at enterprise scale

1Q26 TTM Financial Highlights

\$788m

Total revenue

▲13%¹

Total revenue
y/y growth

\$578m

Cloud communications
revenue²

▲10%³

Cloud communications
revenue² y/y growth

\$97m

Adjusted EBITDA

▲10%

Adjusted EBITDA⁴
y/y growth

\$69m

Free cash flow⁴

▲40%

Free cash flow⁴
y/y growth

¹ Normalized for political campaign revenue of \$54m for the TTM period ended Q1'25.

² Cloud communications revenue is total revenue less pass-through messaging surcharge revenue.

³ Normalized for political campaign revenue of \$20m for the TTM period ended Q1'25 in cloud communications revenue.

⁴ See appendix for GAAP to non-GAAP reconciliation.

Note: See Appendix for definitions and calculations of metrics presented on this slide.

Strong Customer Retention

99%

Customer Name
Retention

110%¹

Net Retention Rate

12 years

Top 20 Customer
Median Tenure

¹ Net retention rate is calculated as the four-quarter average of dollar-based net retention, excluding \$54M of campaign revenue from 2Q'24–4Q'24.
Note: Customer metrics as of March 31, 2026. See Appendix for definitions of metrics presented in this slide.

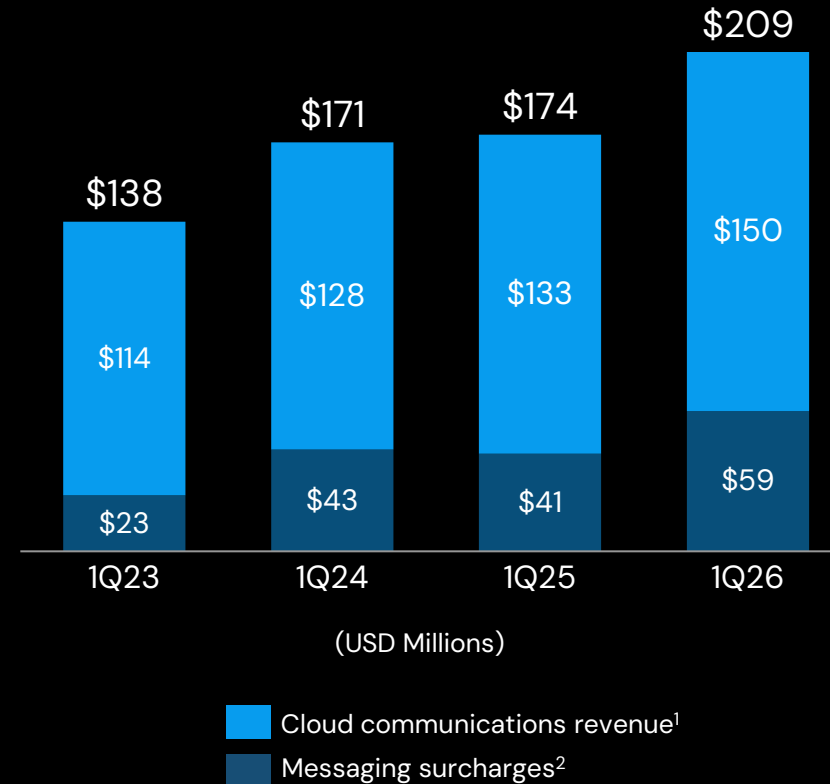
Revenue Performance

▲ **20%**

1Q26 Total revenue
growth y/y

▲ **13%**

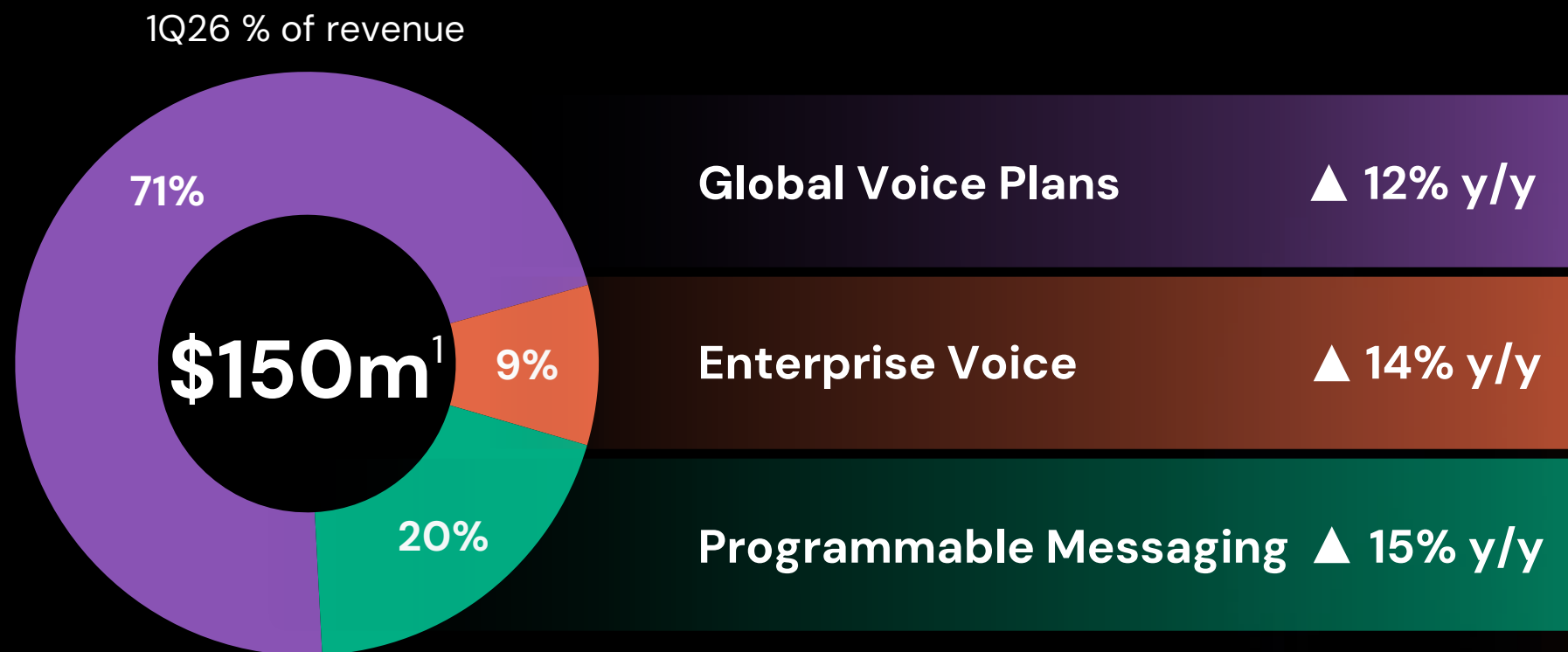
1Q26 Cloud communications
revenue¹ growth y/y



¹Cloud communications revenue is total revenue less pass-through messaging surcharge revenue.

²Messaging surcharges is defined as pass-through messaging surcharges levied by carriers on Application to Person (A2P) text messages.

Cloud Communications Revenue by Customer Category



¹ Represents Cloud communications revenue, which is total revenue less pass-through messaging surcharge revenue, for the quarter ended March 31, 2026.

Customer Metrics

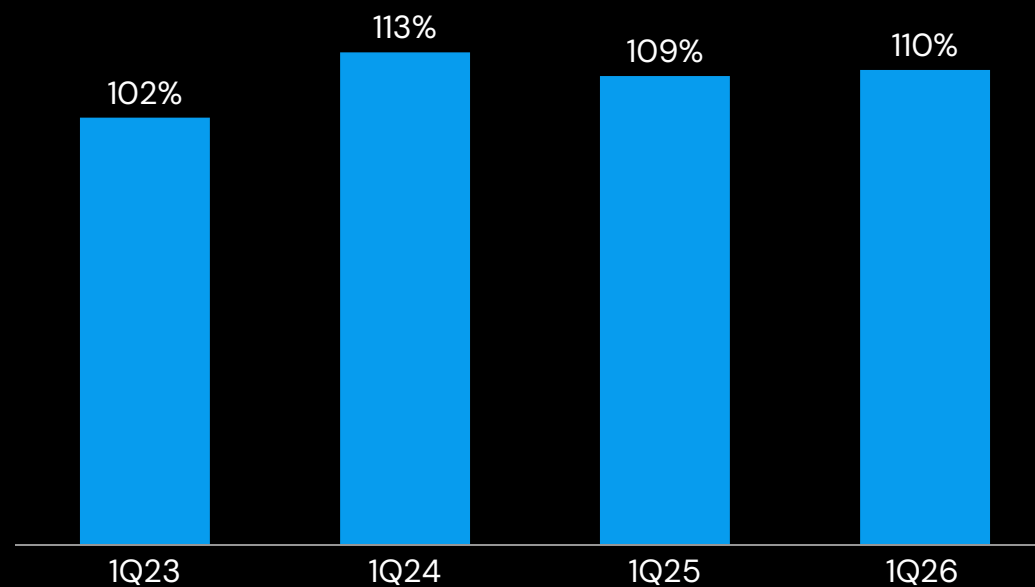
\$244k

Average annual
customer revenue

▲16%²

Average annual
customer revenue
growth y/y

Adjusted Net Retention Rate¹



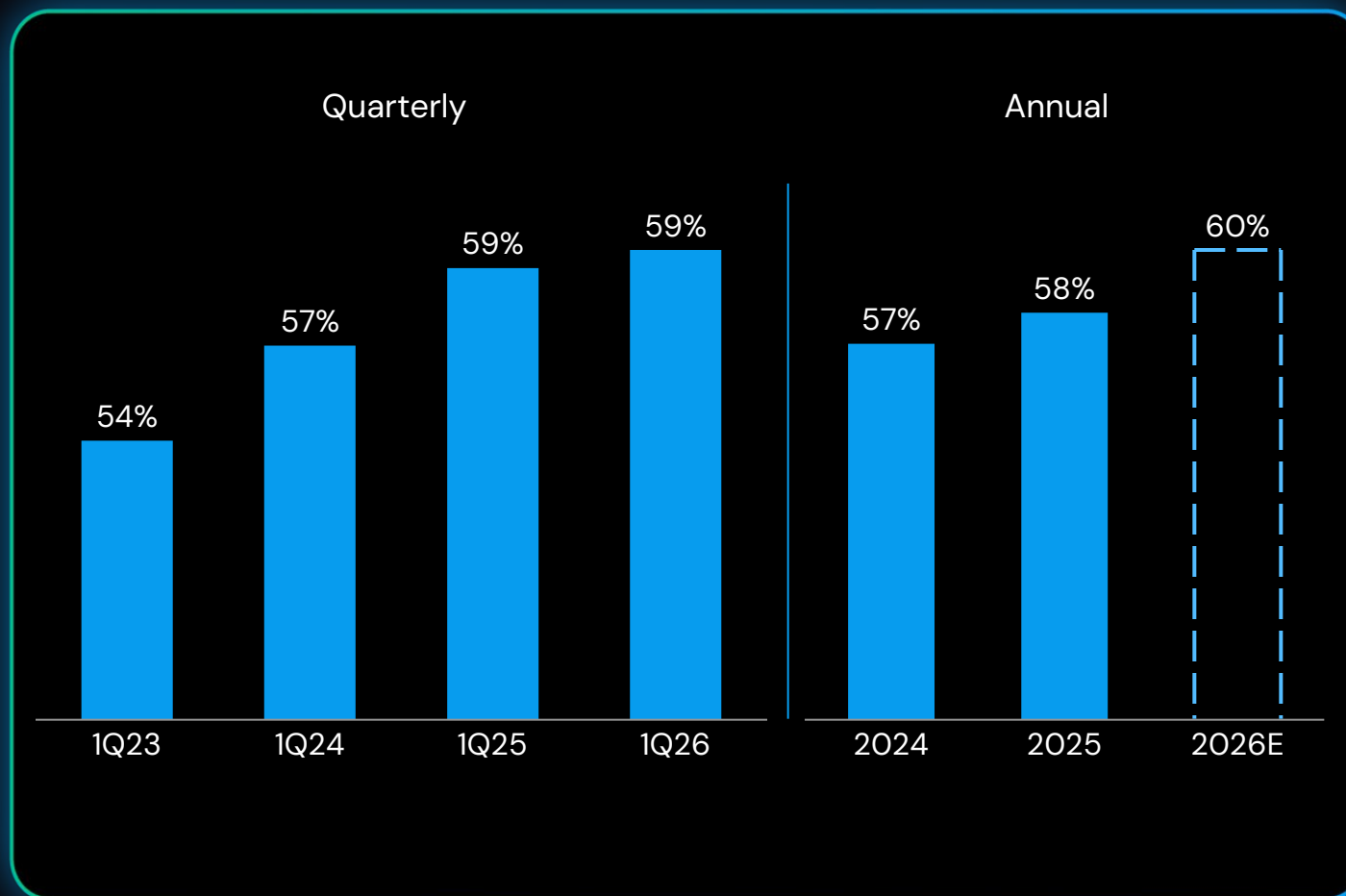
¹Normalized for campaign messaging revenue of \$37m and \$54m for the TTM periods ending Q1'23, and Q1'25, respectively.

²Normalized for campaign messaging revenue of \$54m for the TTM period ending Q1'25.

Non-GAAP Gross Margin Performance

▲14%

Gross Profit
growth y/y



Note: We calculate non-GAAP gross margin by dividing non-GAAP gross profit by Cloud communications revenue, which is total revenue less pass-through messaging surcharge revenue.
See Appendix for GAAP to non-GAAP reconciliation.

Adjusted EBITDA Performance

17%

1Q26 Adjusted EBITDA
margin¹

▲17%

Adjusted EBITDA
growth y/y



¹ Calculated by dividing Adjusted EBITDA by Cloud communications revenue, which is total revenue less pass-through messaging surcharge revenue.

² Represents midpoint of guidance provided in the Financial Outlook section of the April 30, 2026 earnings press release. Bandwidth has not reconciled full year 2026 guidance related to Adjusted EBITDA to GAAP Net income or loss, because stock-based compensation cannot be reasonably calculated or predicted at this time.

Non-GAAP EPS Performance

▲ **6%**
1Q26 Non-GAAP EPS
growth y/y

Accelerated
value
creation



¹Weighted average diluted share count of approximately 33.8 million in 1Q 2026 and estimated weighted average diluted share count of 35.3 million in full year 2026.

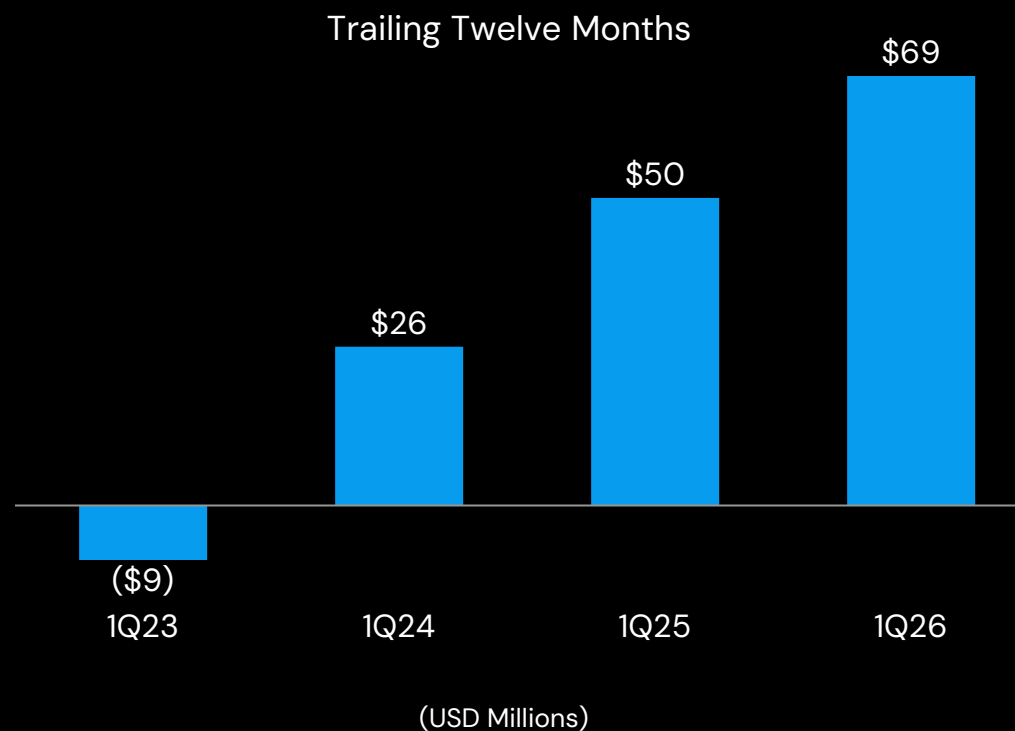
Free Cash Flow Performance (TTM)

12%¹

1Q26 Free cash flow
margin

▲40%

FCF growth y/y



¹ Calculated by dividing Free cash flow by Cloud communications revenue, which is total revenue less pass-through messaging surcharge revenue. See appendix for GAAP to non-GAAP reconciliation.

Balanced Capital Allocation Strategy

1Q26 Debt reduction

- Repurchased \$100 million of 0.5% convertible notes due 2028 at a discount
- Fully retired 0.25% convertible senior notes due 2026
- Lowered long-term debt leverage ratio to 1.23x (\$150 million outstanding / \$122 million 2026 Adjusted EBITDA mid-point)

1Q26 Dilution reduction

- Initiated \$80 million share repurchase program
- Opportunistically reduced dilution by ~700,000 shares using approximately \$11 million cash through balanced methods

2Q26 and Full Year 2026 Outlook

▲18%

Total revenue
growth y/y
2026 guidance

▲31%

Adjusted EBITDA
growth y/y
2026 guidance

	2Q 2026	FY 2026
Revenue	\$214m - \$220m	\$880m - \$900m
Adjusted EBITDA ¹	\$24m - \$27m	\$119m - \$125m
Non-GAAP EPS ^{1,2}	\$0.35 - \$0.37	\$1.77 - \$1.83

Full year 2026 guidance is based upon the following estimates and assumptions:

- Interest expense of \$1 – \$3m
- Depreciation of \$38 – \$42m
- Adjusted tax rate of 20% – 21%
- Average diluted share count of approximately ~35m
- Capital Expenditures of \$24 – \$26m

¹ Bandwidth has not reconciled its first quarter and full year 2026 guidance related to Adjusted EBITDA to GAAP net income or loss and non-GAAP net earnings or loss to GAAP net earnings or loss and non-GAAP earnings or loss per share to GAAP earnings or loss, because stock-based compensation cannot be reasonably calculated or predicted at this time. Accordingly, a reconciliation is not available without unreasonable effort.

² Weighted average diluted share count of approximately 34.7 million in 2Q 2026 and estimated weighted average diluted share count of 35.3 million in full year 2026.

1Q26 Earnings Results Key Takeaways

Raising Outlook on Strong Performance

Achieved record quarterly revenue of \$209 million, up 20% y/y, and Adjusted EBITDA of \$26 million, up 17% y/y.

Raised full-year 2026 outlook.

Momentum in Large Enterprise Market

Secured multi-million-dollar deals in financial services, emphasizing our leadership in providing mission-critical, AI-driven communications to high-demand, regulated sectors.

AI Driving Platform Expansion

Maestro orchestration platform enables seamless AI-driven interactions, positioning Bandwidth as the indispensable communications backbone for AI-first enterprises.

Disciplined Capital Allocation

Strengthened balance sheet, including fully retiring 2026 convertible notes, repurchasing \$100 million of 2028 notes at a discount, and launching \$80 million share repurchase program.

Expanding into CRM with Salesforce

Selected by Salesforce as the critical infrastructure partner for Agentforce Contact Center, extending our platform into CRM and strengthening our role in AI-driven customer engagement.

Sustainable Growth and Shareholder Value

Enhanced financial outlook reflects strong execution across large enterprise engagements and robust customer retention, laying the groundwork for sustainable growth and long-term value.

Thank you!

Appendix

Historical Metrics

USD millions, except for Average Annual Customer Revenue in USD thousands

	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26
Total Revenue	601.1	171.0	173.6	193.9	210.0	748.5	174.2	180.0	191.9	207.7	753.8	208.8
Cloud communications	478.9	128.5	128.4	138.8	144.1	539.8	133.5	135.9	141.8	150.3	561.4	150.2
Messaging surcharges	122.2	42.5	45.2	55.1	65.9	208.7	40.8	44.2	50.1	57.4	192.4	58.6
Total Gross Profit	236.2	65.5	64.8	73.1	76.5	280.0	71.5	71.7	73.8	78.1	295.1	77.9
Non-GAAP Gross Profit	261.4	72.6	71.8	80.1	83.4	307.9	78.6	79.4	81.7	86.3	326.0	89.3
Non-GAAP Gross Margin¹	55 %	57 %	56 %	58 %	58 %	57 %	59 %	58 %	58 %	57 %	58 %	59 %
Net Income (loss)	(16.3)	(9.2)	4.1	0.4	(1.8)	(6.5)	(3.7)	(4.9)	(1.2)	(3.0)	(12.9)	4.1
Non-GAAP Net Income	22.8	7.8	8.7	12.8	11.6	40.9	11.1	11.8	11.5	11.5	45.9	12.5
Adjusted EBITDA	48.2	15.9	18.7	24.0	23.4	82.1	22.2	21.9	24.3	24.8	93.3	26.0
Adjusted EBITDA Margin²	10 %	12 %	15 %	17 %	16 %	15 %	17 %	16 %	17 %	17 %	17 %	17 %
Cash and Investments³	153.5	147.2	76.4	79.9	83.8	83.8	41.7	68.1	80.4	111.3	111.3	50.3
Net cash (used in) provided by operating activities	39.0	2.5	24.4	20.5	36.5	83.9	(3.1)	31.7	22.2	38.6	89.5	8.8
Net cash used in investing in capital assets⁴	(19.9)	(6.9)	(6.1)	(6.2)	(6.2)	(25.4)	(10.2)	(6.1)	(9.1)	(7.5)	(32.9)	(9.4)
Free Cash Flow	19.1	(4.4)	18.3	14.2	30.3	58.5	(13.3)	25.6	13.1	31.1	56.6	(0.6)
Average Annual Customer Revenue	178	190	198	212	226	226	228	230	231	232	232	244
Net Retention Rate	101 %	107 %	111 %	117 %	122 %	122 %	116 %	112 %	105 %	98 %	98 %	102 %
Adjusted Net Retention Rate	109 %	113 %	115 %	115 %	112 %	112 %	109 %	107 %	107 %	107 %	107 %	110 %

¹ Calculated by dividing non-GAAP gross profit by Cloud communications revenue.

² Calculated by dividing adjusted EBITDA by Cloud communications revenue.

³ Cash and Investments excludes restricted cash.

⁴ 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

	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26
Net income (loss)	(16.3)	(9.2)	4.1	0.4	(1.8)	(6.5)	(3.7)	(4.9)	(1.2)	(3.0)	(12.9)	4.1
Stock-based compensation	37.0	12.3	11.4	11.4	13.2	48.4	13.6	12.5	12.3	13.9	52.3	13.0
Amortization of acquired intangibles	17.3	4.4	4.3	4.4	4.4	17.5	4.3	4.6	4.6	4.6	18.1	7.6
Amortization of debt discount and issuance costs for convertible debt	2.0	0.5	0.4	0.3	0.3	1.5	0.3	0.3	0.3	0.3	1.1	0.2
Net cost associated with early lease terminations and leases without economic benefit	4.0	1.2	0.9	0.4	0.0	2.4	—	—	—	—	—	—
Net gain on extinguishment of debt	(12.8)	—	(10.3)	—	—	(10.3)	(1.1)	—	—	—	(1.1)	(7.3)
Gain on business interruption insurance recoveries	(4.0)	—	—	—	—	—	—	—	—	—	—	—
Non-recurring items not indicative of ongoing operations and other ¹	1.2	0.1	0.0	(1.0)	0.3	(0.6)	0.5	0.3	1.2	0.8	2.8	(0.4)
Estimated tax effects of adjustments	(5.5)	(1.4)	(2.1)	(3.2)	(4.8)	(11.5)	(2.7)	(0.9)	(5.7)	(5.1)	(14.5)	(4.8)
Non-GAAP net income	22.8	7.8	8.7	12.8	11.6	40.9	11.1	11.8	11.5	11.5	45.9	12.5
Interest expense on convertible notes ²	1.3	0.3	0.3	0.3	0.3	1.1	0.3	0.2	0.2	0.2	1.0	0.2
Numerator used to compute Non-GAAP diluted net income per share	24.0	8.1	9.0	13.0	11.8	42.0	11.4	12.1	11.7	11.7	46.9	12.7

¹ Non-recurring items not indicative of ongoing operations and other include (i) \$0.4 million of expense resulting from early termination of undrawn SVB credit facility for the year ended December 31, 2023, (ii) a \$1.0 million gain on the sale of an intangible asset for the year ended December 31, 2024, (iii) \$1.3 million of foreign exchange charges primarily related to balance sheet revaluations, \$0.5 million in nonrecurring litigation expenses, and \$0.1 million of losses on sale of business for the year ended December 31, 2025, and (iv) \$0.9 million, \$0.4 million, and \$0.8 million of losses on disposals of property, plant and equipment during the years ended December 31 2025, 2024 and 2023, respectively. For the three months ended March 31, 2026, non-recurring items not indicative of ongoing operations and other include (\$0.6 million) of foreign exchange charges primarily related to balance sheet revaluations and \$0.2 million of losses on disposals of property, plant and equipment.

² Non-GAAP net income is increased for interest expense as part of the calculation for diluted Non-GAAP earnings per share.

GAAP to Non-GAAP Reconciliation – Earnings Per Share

USD millions, except per share amounts

	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26
Net income (loss) per share												
Basic	(0.64)	(0.35)	0.15	0.02	(0.06)	(0.24)	(0.13)	(0.16)	(0.04)	(0.10)	(0.43)	0.13
Diluted	(0.64)	(0.35)	(0.17)	0.01	(0.06)	(0.24)	(0.13)	(0.16)	(0.04)	(0.10)	(0.43)	(0.08)
Non-GAAP net income per Non-GAAP share												
Basic	0.89	0.30	0.32	0.47	0.41	1.50	0.38	0.40	0.38	0.37	1.53	0.40
Diluted	0.83	0.27	0.29	0.43	0.37	1.34	0.36	0.38	0.36	0.35	1.43	0.38
Weighted average number of common shares outstanding												
Basic shares	25.6	26.5	27.1	27.4	27.9	27.2	29.0	29.9	30.3	30.8	30.0	31.7
Diluted shares	25.6	26.5	29.5	28.6	27.9	27.2	29.0	29.9	30.3	30.8	30.0	33.0
Non-GAAP basic shares	25.6	26.5	27.1	27.4	27.9	27.2	29.0	29.9	30.3	30.8	30.0	31.7
Convertible debt conversion	3.4	3.3	2.4	1.8	1.8	2.3	1.7	1.5	1.5	1.5	1.5	1.3
Nonvested RSUs and stock options issued and outstanding	0.0	0.8	1.3	1.2	2.0	1.9	0.8	0.0	0.5	1.4	1.3	0.9
Non-GAAP diluted shares	29.1	30.6	30.8	30.4	31.6	31.4	31.4	31.4	32.3	33.7	32.9	33.8

Note: Totals may not sum due to rounding.

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

USD millions, except per share amounts

	FY23	1Q24	2Q24	3Q24	4Q24	FY24	1Q25	2Q25	3Q25	4Q25	FY25	1Q26
Gross Profit	236.2	65.5	64.8	73.1	76.5	280.0	71.5	71.7	73.8	78.1	295.1	77.9
Gross Margin %	39 %	38 %	37 %	38 %	36 %	37 %	41 %	40 %	38 %	38 %	39 %	37 %
Depreciation	16.3	4.8	4.7	4.7	4.4	18.5	4.7	5.2	5.3	5.5	20.7	5.8
Amortization of acquired intangible assets	7.8	2.0	1.9	2.0	1.9	7.8	1.9	2.0	2.1	2.1	8.1	5.1
Stock-based compensation	1.1	0.4	0.4	0.4	0.5	1.6	0.5	0.5	0.5	0.6	2.2	0.5
Non-GAAP Gross Profit	261.4	72.6	71.8	80.1	83.4	307.9	78.6	79.4	81.7	86.3	326.0	89.3
Non-GAAP Gross Margin %¹	55 %	57 %	56 %	58 %	58 %	57 %	59 %	58 %	58 %	57 %	58 %	59 %
Net Income (loss)	(16.3)	(9.2)	4.1	0.4	(1.8)	(6.5)	(3.7)	(4.9)	(1.2)	(3.0)	(12.9)	4.1
Income tax (benefit) provision	(3.0)	(0.2)	(0.3)	(0.7)	(1.2)	(2.4)	(0.1)	0.1	(2.3)	(1.5)	(3.7)	(1.5)
Interest expense (income), net	0.8	(0.6)	0.7	1.0	0.8	1.9	0.5	0.5	0.5	0.5	2.0	0.7
Depreciation	24.4	8.1	8.0	8.0	7.7	31.7	8.2	8.8	9.2	9.5	35.7	9.8
Amortization	17.3	4.4	4.3	4.4	4.4	17.5	4.3	4.6	4.6	4.6	18.1	7.6
Stock-based compensation	37.0	12.3	11.4	11.4	13.2	48.4	13.6	12.5	12.3	13.9	52.3	13.0
Net cost associated with early lease terminations and leases without economic benefit	4.0	1.2	0.9	0.4	0.0	2.4	—	—	—	—	—	—
Net gain on extinguishment of debt	(12.8)	—	(10.3)	—	—	(10.3)	(1.1)	—	—	—	(1.1)	(7.3)
Gain on business interruption insurance recoveries	(4.0)	—	—	—	—	—	—	—	—	—	—	—
Non-recurring items not indicative of ongoing operations and other ²	0.8	0.1	0.0	(1.0)	0.3	(0.6)	0.5	0.3	1.2	0.8	2.8	(0.4)
Adjusted EBITDA	48.2	15.9	18.7	24.0	23.4	82.1	22.2	21.9	24.3	24.8	93.3	26.0
Net cash (used in) provided by operating activities	39.0	2.5	24.4	20.5	36.5	83.9	(3.1)	31.7	22.2	38.6	89.5	8.8
Net cash used in investing in capital assets ³	(19.9)	(6.9)	(6.1)	(6.2)	(6.2)	(25.4)	(10.2)	(6.1)	(9.1)	(7.5)	(32.9)	(9.4)
Free cash flow	19.1	(4.4)	18.3	14.2	30.3	58.5	(13.3)	25.6	13.1	31.1	56.6	(0.6)

¹ Calculated by dividing Non-GAAP gross profit by revenue less pass-through surcharges of \$122.2M in FY23, \$42.5M in 1Q24, \$45.2M in 2Q24, \$55.1M in 3Q24, \$65.9M in 4Q24, \$40.8M in 1Q25, \$44.2M in 2Q25, \$50.1M in 3Q25, \$57.4M in 4Q25, and \$58.6M in 1Q26.

² Non-recurring items not indicative of ongoing operations and other include (i) a \$1.0 million gain on the sale of an intangible asset for the year ended December 31, 2024, and (iii) \$0.9 million, \$0.4 million, and \$0.8 million of losses on disposals of property, plant and equipment during the years ended December 31, 2025, 2024, and 2023, respectively. For the three months ended March 31, 2026, non-recurring items not indicative of ongoing operations and other include (\$0.6 million) of foreign exchange charges primarily related to balance sheet revaluations and \$0.2 million of losses on disposals of property, plant and equipment.

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

Adjusted EBITDA: Net income or losses from continuing operations, 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, (gain) loss on sale of business, net cost associated with early lease terminations and leases without economic benefit, net (gain) loss on extinguishment of debt, gain on business interruption insurance recoveries, and non-recurring items not indicative of ongoing operations and other.

Adjusted EBITDA margin: Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by cloud communications revenue, which excludes pass-through messaging surcharge revenue.

Average annual customer revenue: Average annual customer revenue is the trailing twelve month revenue divided by the average number of active customers from the current quarter and number of active customers from the same quarter of the prior year.

Cloud communications revenue: Total revenue less pass-through messaging surcharge revenue.

Customer name retention rate: Customer name retention rate (CNRR) is defined as the percentage of customers with \$100k or greater revenue in the prior twelve month period that remain customers in the current twelve month period.

Free cash flow: Free cash flow represents net cash provided by or used in operating activities less net cash used in the acquisition of property, plant and equipment and capitalized development costs of software for internal use.

Free cash flow margin: Free cash flow margin is calculated by dividing free cash flow by cloud communications revenue, which excludes pass-through messaging surcharge revenue.

Messaging surcharge revenue: Revenue derived from fees imposed by certain carriers within the messaging ecosystem, which are subsequently invoiced and passed through to customers.

Net Retention Rate ("NRR"): To calculate the net retention rate, we first identify the cohort of customers that generated revenue in the same quarter of the prior year. The 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 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.

Non-GAAP Gross Profit: Gross profit after adding back the following items: depreciation and amortization; amortization of acquired intangible assets related to acquisitions; and stock-based compensation.

Non-GAAP Gross Margin: Non-GAAP Gross Margin is calculated by dividing non-GAAP gross profit by cloud communications revenue, which excludes pass-through messaging surcharge revenue.

Non-GAAP Net Income: Net income or loss 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, (gain) loss on sale of business, net (gain) loss on extinguishment of debt, gain on business interruption insurance recoveries, non-recurring items not indicative of ongoing operations and other, and estimated tax impact of above adjustments, net of valuation allowances.