



Q1 2023 Results



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Important Information About This Presentation

Cautionary Note Regarding Forward-Looking Statements

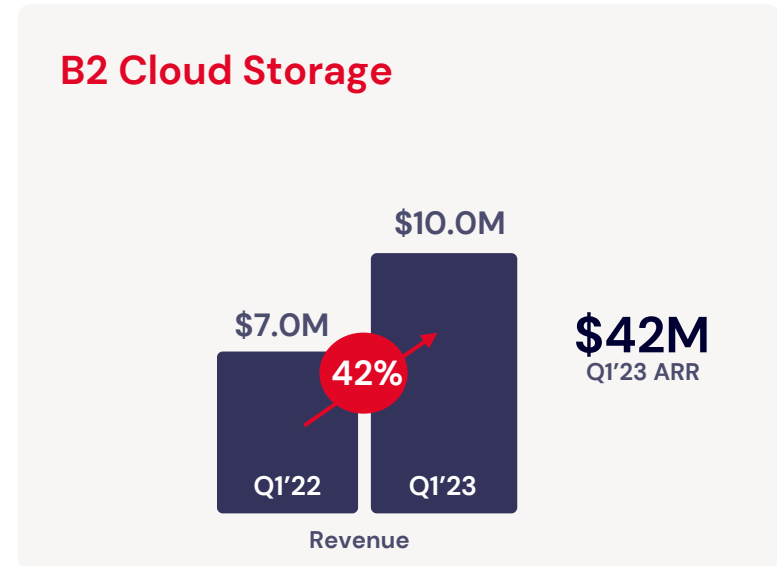
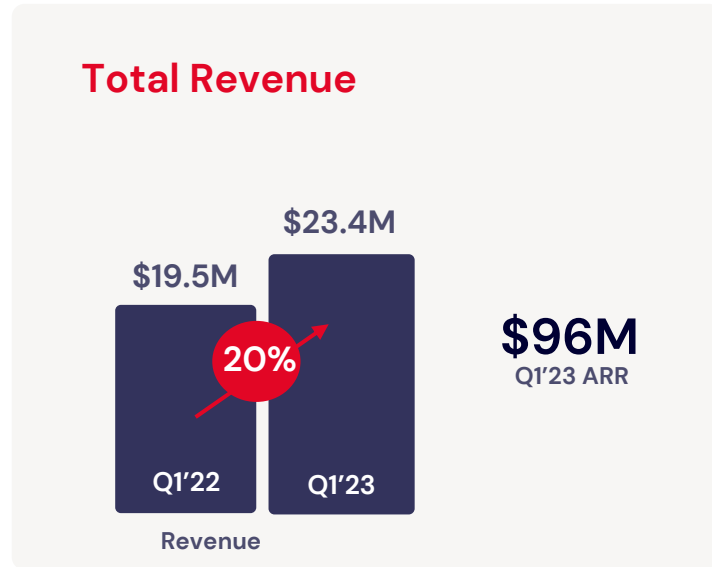
This presentation contains forward-looking statements, which involve risks and uncertainties. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this presentation, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, planned investments and initiatives, prospects, plans, objectives of management and general economic trends and trends in the industry and markets are forward-looking statements. The forward-looking statements are contained principally in the sections entitled. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results to be materially different from any future results expressed or implied by the forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this presentation.

Non-GAAP Financial Measures

To supplement the financial measures prepared in accordance with generally accepted accounting principles (GAAP), we use non-GAAP Adjusted Gross Margin and Adjusted EBITDA Margin. These non-GAAP financial measures exclude certain items and are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, not a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. We present these non-GAAP measures because management believes they are a useful measure of the Company’s performance and provides an additional basis for assessing our operating results. Please see the Appendix attached to this presentation for a reconciliation of non-GAAP Adjusted Gross Margin and Adjusted EBITDA Margin to the most directly comparable GAAP financial measures.

Strong Q1 Y/Y Growth: Revenue +20%, B2 Cloud Storage +42%



NOTES: Financial data is shown for the quarters ending March 31, 2022 and 2023, and is based on unaudited financial data. B2 Cloud Storage and Computer Backup segment revenue now includes \$0.2M in Physical Media revenue and is allocated based on usage; previously Physical Media revenue was disclosed separately. See appendix for definition of ARR (Annual Recurring Revenue).

Growth Strategy: Key Elements

Self-Serve Funnel Optimization



Sales-Assisted



Partnerships



Application Storage



Customer Story: AI-enabled video search service

Backblaze Replaced Azure

- Initially used free credits from Azure
- Felt “blocked” by Azure’s limitations, complex interface, and lack of S3 compatibility
- Could not use all the software tools they wanted
- Leveraged Backblaze / Vultr (Compute) partnership



“We use a massive amount of Backblaze B2 Cloud Storage and it runs like a top.”

— CTO/Co-Founder

Customer Story: Esports Event Production Company

Backblaze Replaced Google Cloud Platform

- Initially used Google Cloud Platform (GCP) as their storage backend
- GCP was expensive and failed during a couple of events
- Saved significant data storage costs by switching to Backblaze B2 Cloud Storage



"Backblaze gives us peace of mind knowing that we have reliable, scalable file storage during the post-production rush at a big event."

– Post-Production Team Lead

Customer Story: School System in Washington State

Backblaze Replaced Amazon S3

- Was paying an exorbitant amount to store data in Amazon S3
- Considered Amazon Glacier, but speed and cost of data retrieval were a concern
- Saved 75% on data storage costs by switching to Backblaze B2 Cloud Storage



"I was concerned about how hard it would be to switch over from Amazon S3 to Backblaze B2, but it was surprisingly easy and minimal work overall."

– Senior Systems Engineer

Q1 2023 Financial Overview



Frank Patchel,
CFO

Financial and Operational Q1 Highlights

	Revenue (\$M)	Y/Y Growth	NRR	Gross Customer Retention
B2 Cloud Storage	\$10.0	42%	120%	90%
Computer Backup	\$13.4	8%	106%	90%
Total Company	\$23.4	20%	111%	91%

NOTES: Q1'23 total company revenue includes \$0.2 million in revenue from Physical Media. For the periods presented, Physical Media revenue has been consolidated into B2 Cloud Storage or Computer Backup Revenue based on the underlying offering from which it originates. All financial information is as of March 31, 2023, with year-over-year revenue comparisons to the same period as of March 31, 2022, and are based on unaudited financial information. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.

Other Q1 Financial Highlights

72%

Adj. Gross Margin

-12%

Adj. EBITDA Margin

\$57M

Balance Sheet Cash,
Investments, and
Restricted Cash

NOTES: Adjusted Gross Margin and Adjusted EBITDA Margin are shown for the quarter ending March 31, 2023, and Balance Sheet Cash and Investments is as of March 31, 2023. All financial data is based on unaudited financial information. Adjusted Gross Margin excludes capex depreciation, stock-based compensation and R&D amortization. R&D, S&M, G&A and Adjusted EBITDA metrics are shown on an adjusted basis excluding stock-based compensation. See appendix for reconciliation of GAAP to non-GAAP metrics.

Q2'23 and 2023 Outlook Ranges



Revenue (\$M)

Q2'23
\$24.1 to \$24.5

Reiterating:
2023
\$98 to \$102



Adj. EBITDA Margin

Q2'23
-11% to -7%

Reiterating:
2023
-10% to -6%

NOTES: The above financial information guidance for the second quarter of fiscal year 2023 and fiscal year 2023 are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may differ materially. A reconciliation of non-generally accepted accounting principles (GAAP) guidance measures to corresponding GAAP measures for Adjusted EBITDA Margin is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of expenses and other factors in the future.



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Q&A

Institutional Investor Events

- **May 11:** Oppenheimer Emerging Growth Conference
- **June 12:** Investor Meetings Hosted by Cenkos (London)
- **June 14:** Cantor Fitzgerald CyberSecurity and Infrastructure Software Conference (NYC)
- **June 15:** Investor Meetings Hosted by Craig-Hallum (NYC)

Thank You!

Definitions

- “**ARR**” means Annual Recurring Revenue and is based on the monthly revenue from all B2 Cloud Storage and Computer Backup arrangements (excluding revenue for Physical Media) for the last month of a period and multiplying it by 12. Our annual recurring revenue for each of Computer Backup and B2 Cloud Storage is calculated in the same manner as our overall annual recurring revenue based on the revenue from our Computer Backup and B2 Cloud Storage solutions, respectively.
- “**Gross Customer Retention**” is used to measure our ability to retain our customers and is based on the trailing four-quarter average of the percentage of cohort of customers who were active at the end of the quarter in the prior year that are still active at the end of the current quarter. We calculate our gross customer retention rate for a quarter by dividing (i) the number of accounts that generated revenue in the last month of the current quarter that also generated recurring revenue during the last month of the corresponding quarter in the prior year, by (ii) the number of accounts that generated recurring revenue during the last month of the corresponding quarter in the prior year.
- “**NRR**” means Net Revenue Retention and is based on a trailing four-quarter average of the recurring revenue from a cohort of customers in a quarter as compared to the same period in the prior year. Our net revenue retention rate for each of Computer Backup and B2 Cloud Storage is calculated in the same manner as our overall net revenue retention rate based on the revenue from our Computer Backup and B2 Cloud Storage solutions, respectively.

Definitions

- **Adjusted EBITDA** is defined as net loss excluding depreciation and amortization, stock-based compensation, interest expense, income tax provision, unrealized loss on SAFE and gain on extinguishment of debt. We use adjusted EBITDA to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that adjusted EBITDA, when taken together with our GAAP financial results, provides meaningful supplemental information regarding our operating performance by excluding certain items that may not be indicative of our business, results of operations, or outlook. We consider adjusted EBITDA to be an important measure because it helps illustrate underlying trends in our business and our historical operating performance on a more consistent basis.
- **Non-GAAP Net Income (Loss)** We define non-GAAP net income (loss) as net income adjusted to exclude stock-based compensation and other items we deem non-recurring. We believe that non-GAAP net income (loss), when taken together with our GAAP financial results, provides meaningful supplemental information regarding our operating performance by excluding certain items that may not be indicative of our business, results of operations, or outlook.
- **Adjusted Gross Profit (and Margin)** We define adjusted gross margin as gross profit, exclusive of stock-based compensation expense, depreciation expense of our property and equipment, and amortization expense of capitalized internal-use software included within cost of revenue, as a percentage of adjusted gross profit to revenue. We exclude stock-based compensation, which is a non-cash item, because we do not consider it indicative of our core operating performance. We exclude depreciation expense of our property and equipment and amortization expense of capitalized internal-use software, because these may not reflect current or future cash spending levels to support our business. We believe adjusted gross margin provides consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this metric eliminates the effects of depreciation and amortization

Reconciliation of Non-GAAP Measures: Gross Margin

Adjusted Gross Profit	Q1'23	Q1'22
Gross Profit	\$10.969	\$9.809
Gross Margin	47%	50%
Adjustments for Cost of Revenue:		
Stock Based Compensation	0.416	0.276
Depreciation and Amortization	5.570	4.670
Adjusted Gross Profit	\$16.955	\$14.755
Adjusted Gross Margin	72%	76%

Dollars in Millions

Reconciliation of Non-GAAP Measures: Net Income

	Q1'23	Q1'22
Net Loss	\$(17.113)	\$(12.530)
Net Loss Margin	-73%	-64%
Adjustments:		
Total Stock Based Compensation	5.703	3.835
Severance charges	2.457	
Non-GAAP Net Income (Loss)	\$(8.953)	\$(8.695)
Non-GAAP Net Income Margin	-38%	-45%
Non-GAAP Diluted Shares	33.923	30.542
Non-GAAP Net Loss per Diluted Share	\$(0.26)	\$(0.28)

Dollars in Millions

Reconciliation of Non-GAAP Measures: Adjusted EBITDA

	Q1'23	Q1'22
Net Loss	\$(17.113)	\$(12.530)
Net Loss Margin	-73%	-64%
Adjustments:		
Total Depreciation & Amortization	5.733	4.863
Total Stock Based Compensation	5.703	3.835
Net Interest Expense	0.313	0.873
Income Tax Provision (Benefit)		(0.032)
Workforce Reduction and Related Severance Charges	2.457	
Adjusted EBITDA	\$(2.907)	\$(2.991)
Adjusted EBITDA Margin	-12%	-15%



Thank you.