



# Q2 2022 Results



**Gleb Budman,**  
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# Important Information About This Presentation

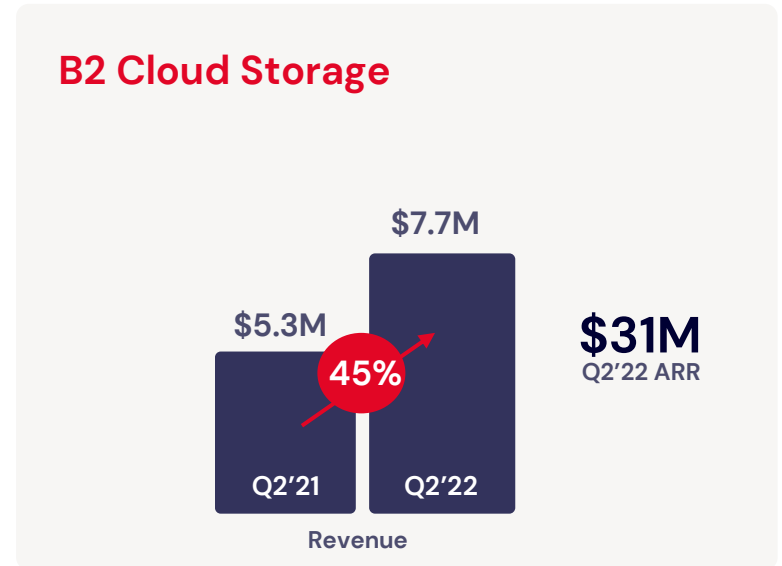
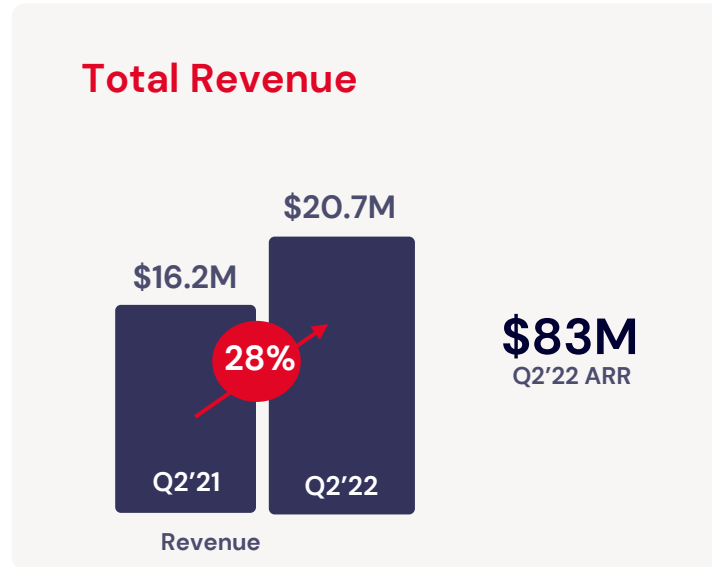
## Cautionary Note Regarding Forward-Looking Statements

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.

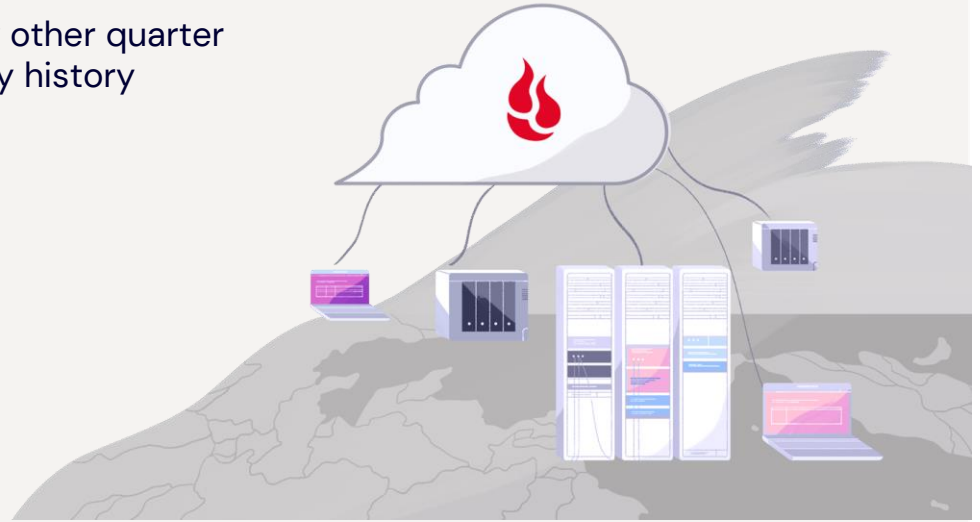
# Strong Q2 Y/Y Growth: Revenue +28%, B2 Cloud Storage +45%



NOTES: Financial data is shown for the quarters ending June 30, 2021 and 2022, and is based on unaudited financial data. Total Revenue includes B2 Cloud Storage, Computer Backup and Physical Media. See appendix for definition of ARR (annual recurring revenue).

# B2 Cloud Storage Recent Milestones

- **More data added** in Q2'22 than any other quarter
- **Largest purchase order** in company history



# Sales and Marketing: New Chief Marketing Officer (CMO)

## CMO Kevin Gavin

- 30 years of industry experience
- Led marketing teams as CMO at Five9, ShoreTel, and others



# Key New Partnerships



## **Carahsoft Partnership**

Allows resellers, systems integrators, and consultants to sell Backblaze products to public sector organizations across federal, state, and local government agencies, as well as education and healthcare markets

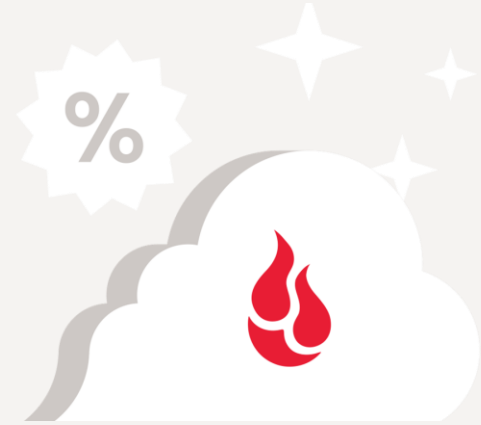


## **Veritas Backup Exec Partnership**

Enables small and medium businesses using Veritas' Backup Exec service to tier their backups to B2 Cloud Storage

# Sales and Marketing: Channel Partner Program

- Suite of tools, resources, incentives, and benefits
- Providers of **B2 Reserve**
- Access to **Universal Data Migration** program



# Platform Enhancements: Cloud Replication

## Cloud Replication

- General availability in June 2022
- Use cases: disaster recovery, compliance objectives, faster access

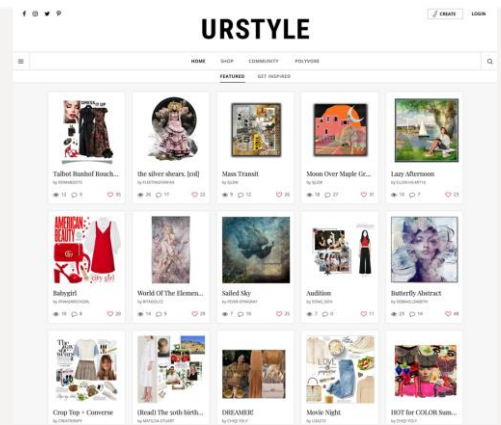




# Customer Story: DevChain



- Blockchain software developer
- Key project: URSTYLE, a social commerce site with 200,000+ users, 20,000 images processed each day
- Faced large, unexpected AWS bills after startup credits expired
- Used Universal Data Migration program, paid no egress fees
- Free egress to CDN provider, a Backblaze partner
- Reduced storage costs by 80%, infrastructure costs by 65%



“Backblaze is so easy to use we were able to get everything up and running ourselves, and management takes almost no effort. For a small startup like ours, the more time we have to focus on development, the better.”

—Damian Gadziak, Founder & CTO, DevChain

# Customer Story: Global Advertising Agency

- Global ad agency with tens of thousands of employees
- Moving a large office to a green building, LTO tape storage system conflicted with new sustainability goals
- Engaged IT consultant NAPC to find storage solution for that office
- LTO management was very time consuming for IT department
- Move to B2 met sustainability goals, increased trust in data recovery, and dramatically increased accessibility



“We considered a couple of AWS options, but Glacier would take up to four hours to retrieve files and an S3 bucket would be really expensive.”

—Larry Chase, SVP/Partner, NAPC

# Company Culture: A Competitive Advantage



# Q2 2022 Financial Overview



Frank Patchel,  
CFO

# Financial and Operational Q2 Highlights

	Revenue (\$M)	Y/Y Growth	NRR	Gross Customer Retention
B2 Cloud Storage	\$7.7	45%	126%	90%
Computer Backup	\$12.8	20%	107%	91%
<b>Total Company</b>	<b>\$20.7</b>	<b>28%</b>	<b>113%</b>	<b>91%</b>

NOTES: Q2'22 total company revenue includes \$0.2 million in revenue from Physical Media. All financial information is as of June 30, 2022, with year-over-year revenue comparisons to the same period as of June 30, 2021, and are based on unaudited financial information. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.

# Other Q2 Financial Highlights

**77%**

Adj. Gross Margin

**-9%**

Adj. EBITDA Margin

**\$88.1M**

Balance Sheet Cash  
and Investments

NOTES: Adjusted Gross Margin and Adjusted EBITDA Margin are shown for the quarter ending June 30, 2022, and Balance Sheet Cash and Investments is as of June 30, 2022. 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.

# Q3'22 and 2022 Outlook Ranges



## Revenue (\$M)

Q3'22  
\$21.4 to \$21.8

Reiterating:  
2022  
\$83 to \$86



## Adj. EBITDA Margin

Q3'22  
-18% to -14%

Raising:  
2022  
-17% to -13%  
(was -18% to -14%)

NOTES: The above financial information guidance for the third quarter of fiscal year 2022 and fiscal year 2022 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

- **Aug 10:** Oppenheimer 25th Annual Technology, Internet & Communications Conference (Virtual)
- **Sep 14:** Lake Street Capital Markets Best Ideas Growth Conference (New York City)

# Investor Programs: Coming Soon

stockperks

Stocks  
By Backblaze  
& Storage

# 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

## *Additional Key Business Metrics Calculation Notes*

The metrics for Net Revenue Retention Rate (NRR), Gross Customer Retention are currently calculated using only those customers paying by credit card and exclude customers paying by invoice utilizing a different system. The amounts related to the number of customers paying by invoice has historically been immaterial.

# Reconciliation of Non-GAAP Measures: Gross Margin

Adjusted Gross Profit	Q2'22	Q2'21
<b>Gross Profit</b>	\$11.132	\$8.224
Gross Margin	54%	51%
<b>Adjustments for Cost of Revenue:</b>		
Stock Based Compensation	0.348	0.109
Depreciation and Amortization	4.377	3.818
<b>Adjusted Gross Profit</b>	\$15.857	\$12.151
Adjusted Gross Margin	77%	75%

Dollars in Millions

# Reconciliation of Non-GAAP Measures: Net Income

	Q2'22	Q2'21
<b>Net Loss</b>	\$(11.575)	\$(2.418)
Net Loss Margin	-56%	-15%
<b>Adjustments:</b>		
Total Stock Based Compensation	4.346	1.255
Gain on Extinguishment of Debt		(2.299)
<b>Non-GAAP Net Income (Loss)</b>	\$(7.229)	\$(3.462)
Non-GAAP Net Income Margin	-35%	-21%
Non-GAAP Diluted Shares	31.2	18.7
<b>Non-GAAP Net Loss per Diluted Share</b>	\$(0.23)	\$(0.19)

Dollars in Millions



# Reconciliation of Non-GAAP Measures: Adjusted EBITDA

	Q2'22	Q2'21
<b>Net Loss</b>	\$(11,575)	\$(2,418)
Net Loss Margin	-56%	-15%
<b>Adjustments:</b>		
Total Depreciation & Amortization	4,570	3,972
Total Stock Based Compensation	4,346	1,255
Interest Expense	0,793	0,847
Income Tax (Benefit) Provision	(0,037)	0,136
Gain on Extinguishment of Debt		(2,299)
<b>Adjusted EBITDA</b>	\$(1,903)	\$1,493
Adjusted EBITDA Margin	-9%	9%

Dollars in Millions

# Reconciliation of Non-GAAP Measures: Operating Expenses

Adjusted Operating Expenses	Q2'22	Q2'21
<b>R&amp;D</b>	\$8.400	\$4.707
Adj: Stock Based Compensation	(1.683)	(0.512)
<b>S&amp;M</b>	8.369	4.347
Adj: Stock Based Compensation	(1.233)	(0.379)
<b>G&amp;A</b>	5.182	2.904
Adj: Stock Based Compensation	(1.082)	(0.255)
Adjusted R&D (% revenue)	32%	26%
Adjusted S&M (% revenue)	34%	25%
Adjusted G&A (% revenue)	20%	16%

Dollars in Millions



Thank you.