



Q4 and FY 2022 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.

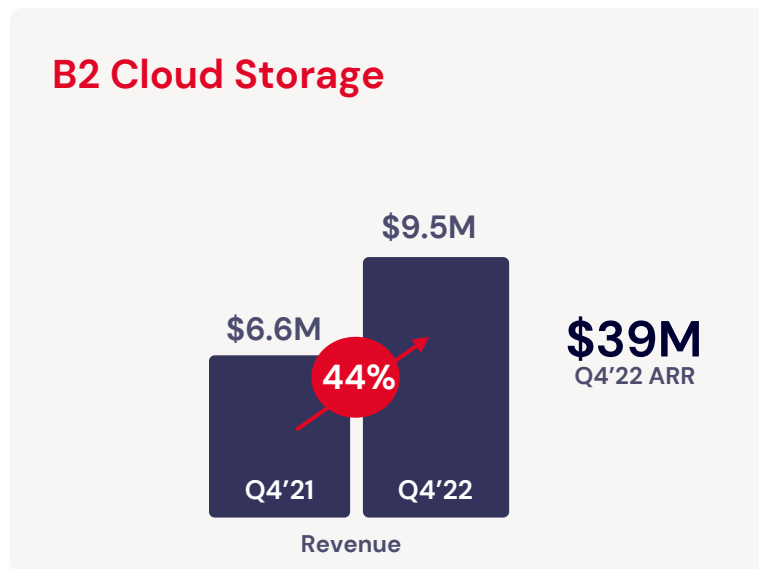
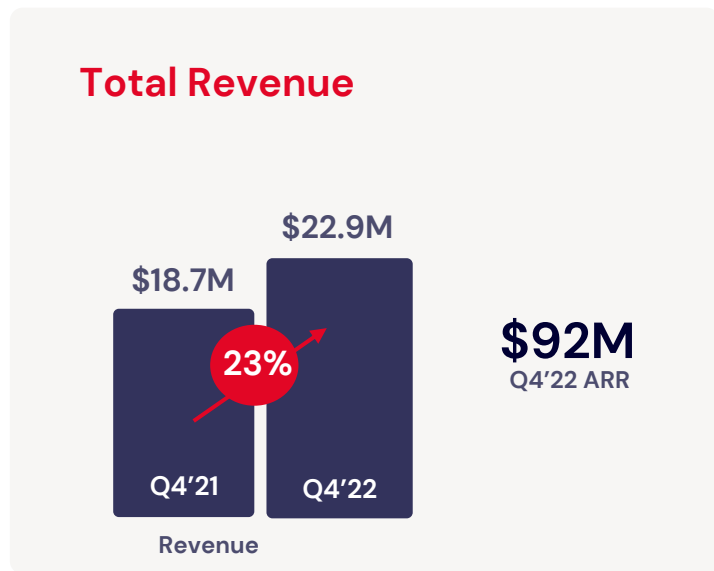
We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this presentation.

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 Q4 Y/Y Growth: Revenue +23%, B2 Cloud Storage +44%

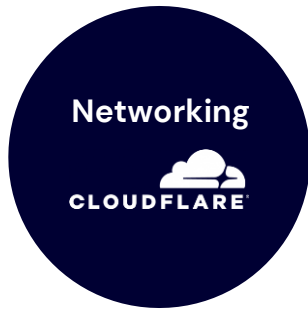
- Full-year 2022: Total Company Revenue +26%, B2 Cloud Storage: +46%



NOTES: Financial data is shown for the quarters ending December 31, 2021 and 2022, and is based on unaudited financial data. Total Revenue includes B2 Cloud Storage, Computer Backup and Physical Media. B2 Cloud Storage revenue data only includes revenue attributed to B2 Cloud Storage. See appendix for definition of ARR (Annual Recurring Revenue).

Three Phases of the Public Cloud

- Phase 1: What is the Cloud?
- Phase 2: Cloud = Amazon Web Services
- Phase 3: Cloud = Multi-Cloud



Partner Updates



Backup and data services platform provider



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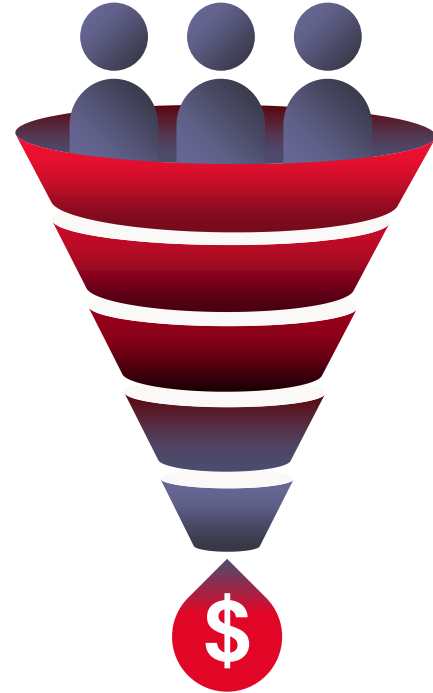
Developer (Application Storage) Outreach

Attendance +60% Y/Y



Self-Serve Funnel Optimization

- ~80% of company revenue is generated from accounts acquired via “self-serve”
- New marketing team focused on self-serve funnel optimization
- January strongest month of new self-serve accounts in a year



Customer Story: Monument

Application Storage customer; AI-enabled Photo Storage Service

- Privacy-focused photo storage service
- Originally enabled with a physical device
- Realized building cloud service on AWS would lose money
- Data on B2 Cloud Storage
- Now 25k users



Customer Story: Daltix

- Retail data provider for consumer goods industry
- Previously held 250 TBs on Amazon S3
- Moved archive data to B2 Cloud Storage
- Projected to save \$75k-100k by 2023-end



"It runs in the background, there's nothing to manage, we have full visibility, and it's cost effective. Backblaze B2 is an ideal solution for us."

–Charlie Orford, Principal Software Engineer, Daltix.

Q4 2022 Financial Overview



Frank Patchel,
CFO

Financial and Operational Q4 Highlights

	Revenue (\$M)	Y/Y Growth	NRR	Gross Customer Retention
B2 Cloud Storage	\$9.5	44%	122%	90%
Computer Backup	\$13.3	11%	108%	90%
Total Company	\$22.9	23%	113%	91%

NOTES: Q4'22 total company revenue includes \$0.2 million in revenue from Physical Media. All financial information is as of December 31, 2022, with year-over-year revenue comparisons to the same period as of December 31, 2021, and are based on unaudited financial information. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.

Number of Customers

	(in thousands)	
	Q4'21	Q4'22
B2 Cloud Storage	74	87
Computer Backup	433	436
Total Company	493	506

NOTES: Number of customers is defined in the appendix. The number of customers for each of B2 Cloud Storage and Computer Backup solutions include customers that use both our B2 Cloud Storage and Computer Backup solutions.

Average Revenue Per User (ARPU)

	Q4'21	Q4'22
B2 Cloud Storage	\$360	\$437
Computer Backup	\$113	\$124
<hr/>		
Total Company	\$153	\$181

NOTES: Average Revenue Per User (ARPU) is defined in the appendix.

Other Q4 Financial Highlights

75%

Adj. Gross Margin

-11%

Adj. EBITDA Margin

\$70M

Balance Sheet Cash,
Investments, and
Restricted Cash

NOTES: Adjusted Gross Margin and Adjusted EBITDA Margin are shown for the quarter ending December 31, 2022, and Balance Sheet Cash and Investments is as of December 31, 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.

Q1'23 and 2023 Outlook Ranges



Revenue (\$M)

Q1'23
\$23.1 to \$23.5

2023
\$98.0 to \$102.0



Adj. EBITDA Margin

Q1'23
-15% to -11%

2023
-10% to -6%

NOTES: The above financial information guidance for the first 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

- **Mar 7:** JMP Securities Technology Conference
(San Francisco)
- **Mar 14:** William Blair Tech Innovators Conference

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	Q4'22	Q4'21
Gross Profit	\$11.707	\$9.834
Gross Margin	51%	53%
Adjustments for Cost of Revenue:		
Stock Based Compensation	0.290	0.176
Depreciation and Amortization	5.309	4.105
Adjusted Gross Profit	\$17.306	\$14.115
Adjusted Gross Margin	75%	75%

Dollars in Millions

Reconciliation of Non-GAAP Measures: Net Income

	Q4'22	Q4'21
Net Loss	\$(14.793)	\$(9.605)
Net Loss Margin	-65%	-51%
Adjustments:		
Total Stock Based Compensation	4.338	2.018
Realized loss on SAFE		1.077
SAFE holder settlement	1.500	
Non-GAAP Net Income (Loss)	\$(8.955)	\$(6.510)
Non-GAAP Net Income Margin	-39%	-35%
Non-GAAP Diluted Shares	32.900	25.005
Non-GAAP Net Loss per Diluted Share	\$(0.27)	\$(0.26)

Dollars in Millions

Reconciliation of Non-GAAP Measures: Adjusted EBITDA

	Q4'22	Q4'21
Net Loss	\$(14.793)	\$(9.605)
Net Loss Margin	-65%	-53%
Adjustments:		
Total Depreciation & Amortization	5.462	4.280
Total Stock Based Compensation	4.338	2.018
Net Interest Expense	0.918	0.991
Income Tax Provision (Benefit)	0.030	(0.040)
Realized loss on SAFE		1.077
SAFE holder settlement	1.500	
Adjusted EBITDA	\$(2.545)	\$(1.279)
Adjusted EBITDA Margin	-11%	-7%



Reconciliation of Non-GAAP Measures: Operating Expenses

Adjusted Operating Expenses	Q4'22	Q4'21
R&D	\$8.614	\$6.222
Adj: Stock Based Compensation	(1.632)	(0.752)
S&M	9.274	6.549
Adj: Stock Based Compensation	(1.454)	(0.595)
G&A	7.664	4.640
Adj: Stock Based Compensation	(0.962)	(0.495)
Adjusted R&D (% revenue)	30%	29%
Adjusted S&M (% revenue)	34%	32%
Adjusted G&A (% revenue)	29%	22%

Dollars in Millions



Thank you.