



Q2 2023 Results



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CFO

August 8, 2023

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.

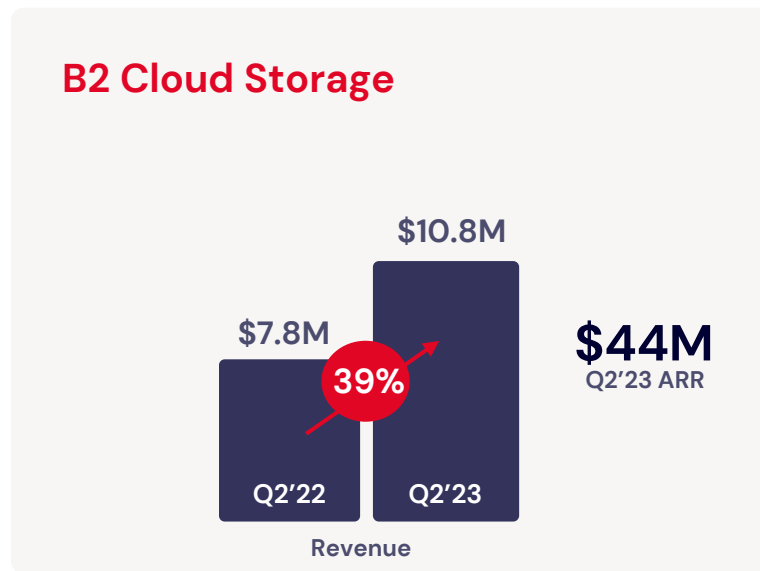
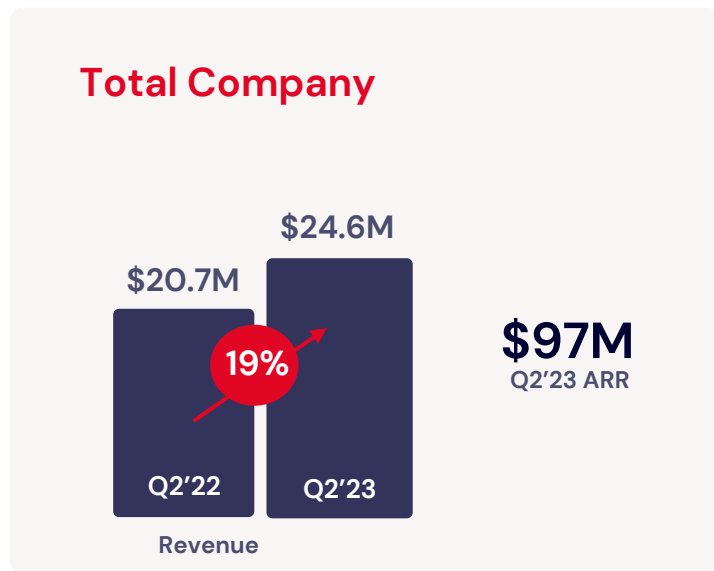
We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this presentation.

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, non-GAAP Net Income, Adjusted EBITDA Margin and non-GAAP Operating Expenses to the most directly comparable GAAP financial measures.

Strong Q2 2023 Revenue Growth

Total Company +19%, B2 Cloud Storage +39%



NOTES: Financial data is shown for the quarters ending June 30, 2022 and 2023, and the June 30, 2023 results are based on unaudited financial data. Total company revenue includes \$0.2M and \$0.1M in Physical Media revenue, respectively for the periods presented, and is allocated between B2 Cloud Storage and Computer Backup based on the underlying offering from which it originates; previously Physical Media revenue was disclosed separately. See appendix for definition of ARR (Annual Recurring Revenue).

Growth Strategy

Self-Serve



Sales-Assisted



Partnerships



Application Storage



Executing on Growth Strategy

Self-Serve

- Overhauled our backend website infrastructure
- New Content Management System (CMS) for rapid testing
- More personalized onboarding experience

Sales Assisted

- Customers with ARR > \$50k increased to 74 in Q2'23 versus 48 in Q2'22
- New engagements with a number of large potential customers

Executing on Growth Strategy

Partnerships

- Enabled Cloud Instant Business Recovery supporting Disaster Recovery as a Service with partner Continuity Centers
- Increased pipeline from VeeamOn and NAB conferences compared to last year
- Petabyte-scale win with technology partner, Fastly, with one of the world's largest video game companies

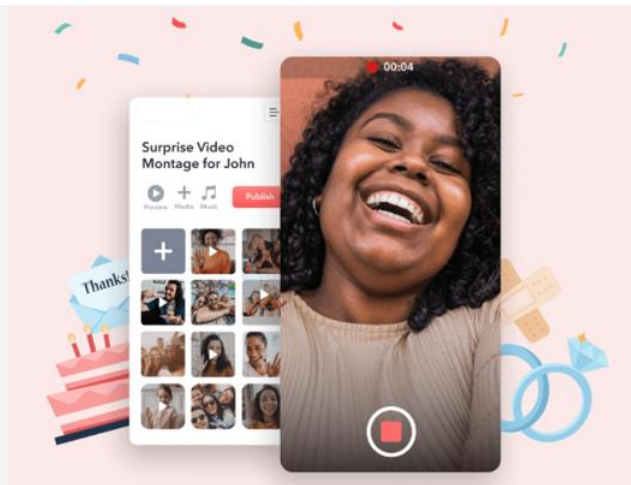
Application Storage

- Rebuilt and launched a new developer documentation hub on our website
- Enhanced the user experience of working with Backblaze's API
- New hub helping to drive higher user traffic

Customer Story: Consumer Video App

Backblaze Replaced Amazon S3

- Was paying an exorbitant amount to store data in Amazon S3 after startup credits ran out
- Leveraged free egress to a networking partner
- Switched from Amazon to Backblaze in under two weeks



“Backblaze has been a game changer for us in terms of maintainable long-term storage costs.”

– Co-Founder & CTO

Eliminated Dual Class Structure

- Effective July 6, 2023, all outstanding shares of Class B common stock converted to Class A common stock (on a 1:1 basis)
- Support for good corporate governance
- Commitment to be a shareholder-friendly company

Q2 2023 Financial Overview



Frank Patchel,
CFO

Financial and Operational Q2 Highlights

	Revenue (\$M)	Y/Y Growth	NRR	Gross Customer Retention
B2 Cloud Storage	\$10.8	39%	121%	90%
Computer Backup	\$13.8	7%	103%	91%
Total Company	\$24.6	19%	110%	91%

NOTES: Q2'23 Total Company Revenue includes \$0.1M in revenue from Physical Media. For the period 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 June 30, 2023, with year-over-year revenue comparisons to the same period as of June 30, 2022, and are based on unaudited financial information. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.

Other Q2 Financial Highlights

75%

Adj. Gross Margin

(7)%

Adj. EBITDA Margin

\$45M

Balance Sheet Cash,
Investments, and
Restricted Cash

NOTES: Adjusted Gross Margin and Adjusted EBITDA Margin are shown for the quarter ending June 30, 2023, and Balance Sheet Cash and Investments is as of June 30, 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.

Q3'23 and 2023 Outlook Ranges



Revenue (\$M)

Q3'23
\$ 25.0 to \$25.4

**Reiterating
2023**
\$98 to \$102



Adj. EBITDA Margin

Q3'23
(8)% to (4)%

**Raising
2023**
(8.5)% to (4.5)%

NOTES: The above financial information guidance for Q3 of 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.

Path to Cash Flow Breakeven

- Growing revenue and improving profitability
 - Approaching adjusted EBITDA breakeven in Q4'23
- \$6M+ in expected annual savings from recent restructuring
- \$6M+ in pandemic-era leases concluding
- Lower expected capital expenditures
 - Driven by software innovation and greater hardware efficiency



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Q&A

Institutional Investor Events

- **August 9:** Oppenheimer Technology, Internet & Communications Conference (Virtual)
- **September 14:** Lake Street Best Ideas Growth Conference (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.
- “**Customer**” is defined as a distinct account at the end of any period, as identified by a unique account identifier, that has paid for our cloud services, which makes up substantially all of our user base.

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

	Q2'23	Q2'22
Adjusted Gross Profit		
Gross Profit	\$12.051	\$11.132
Gross Margin	49%	54%
Adjustments for Cost of Revenue:		
Stock Based Compensation	0.387	0.348
Depreciation and Amortization	5.985	4.377
Adjusted Gross Profit	\$18.423	\$15.857
Adjusted Gross Margin	75%	77%

Dollars in Millions

Reconciliation of Non-GAAP Measures: Net Income

	Q2'23	Q2'22
Net Loss	\$(14.337)	\$(11.575)
Net Loss Margin	-58%	-56%
Adjustments:		
Total Stock Based Compensation	4.884	4.346
Severance charges	1.147	—
Non-GAAP Net Income (Loss)	\$(8.306)	\$(7.229)
Non-GAAP Net Income Margin	-34%	-35%
Non-GAAP Diluted Shares	35.149	31.183
Non-GAAP Net Loss per Diluted Share	\$(0.24)	\$(0.23)

Dollars in Millions

Reconciliation of Non-GAAP Measures: Adjusted EBITDA

	Q2'23	Q2'22
Net Loss	\$(14.337)	\$(11.575)
Net Loss Margin	-58%	-56%
Adjustments:		
Total Depreciation & Amortization	6.131	4.570
Total Stock Based Compensation	4.884	4.346
Net Interest Expense	0.423	0.793
Income Tax Provision (Benefit)	—	(0.037)
Workforce Reduction and Related Severance Charges	1.147	—
Adjusted EBITDA	\$(1.752)	\$(1.903)
Adjusted EBITDA Margin	-7%	-9%

Dollars in Millions

Reconciliation of Non-GAAP Measures: Operating Expenses

	Q2'23	Q2'22
R&D (GAAP)	\$9.925	\$8.400
Adj: Stock Based Compensation	(1.788)	(1.683)
Restructuring charges	(1.147)	-
S&M (GAAP)	9.875	8.369
Adj: Stock Based Compensation	(1.717)	(1.233)
Restructuring charges	-	-
G&A (GAAP)	6.165	5.182
Adj: Stock Based Compensation	(0.992)	(1.082)
Restructuring charges	-	-
Adjusted R&D (% revenue)	28%	32%
Adjusted S&M (% revenue)	33%	34%
Adjusted G&A (% revenue)	21%	20%

Dollars in Millions

NOTES: The amount for S&M Stock Based Compensation presented in the table above has been reduced by \$81 thousand as it is included in the S&M Restructuring charges line item. The amount for G&A Stock Based Compensation presented in the table above has been reduced by \$44 thousand as it is included in G&A Restructuring charges line item.



Thank you.