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As filed with the Securities and Exchange Commission on October 18, 2021.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

BACKBLAZE, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	7372 (Primary Standard Industrial Classification Code Number)	20-8893125 (I.R.S. Employer Identification Number)

500 Ben Franklin Ct
San Mateo, CA 94401
(650) 352-3738
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Gleb Budman
Chief Executive Officer
Backblaze, Inc.
500 Ben Franklin Ct
San Mateo, CA 94401
(650) 352-3738
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Bennett L. Yee Jeffrey R. Vetter Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP 550 Allerton St Redwood City, CA 94063	Tom MacMitchell General Counsel Backblaze, Inc. 500 Ben Franklin Ct San Mateo, CA 94401 (650) 352-3738	Stuart Bressman White & Case LLP 1221 Avenue of the Americas New York, NY 10020 Tel: (212) 819-8200

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Class A Common Stock, $0.0001 par value per share	$100,000,000.00	$9,270

(1) Estimated pursuant to Rule 457(o) under the Securities Act of 1933, as amended.
(2) Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated October 18, 2021

PROSPECTUS

Shares

Backblaze

Class A Common Stock

This is Backblaze, Inc.'s initial public offering. We are selling shares of our Class A common stock.

We expect the public offering price to be between $ and $ per share. Currently, no public market exists for our Class A common stock. After pricing of the offering, we expect that the shares will trade on the NASDAQ Global Market under the symbol "BLZE."

We have two classes of common stock, Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except for voting, transfer, and conversion rights. Each share of Class A common stock is entitled to one vote. Each share of Class B common stock is entitled to ten votes and is convertible at any time into one share of Class A common stock. See the section titled "Description of Capital Stock" herein for additional information on our capital stock. The holders of our outstanding shares of Class B common stock will hold approximately % of the voting power of our outstanding capital stock immediately following this offering, and our founders and executive officers as a group will hold, or have the ability to control, approximately % of the voting power of our outstanding capital stock immediately following this offering.

We are an "emerging growth company" as defined under the federal securities laws and, as such, have elected to comply with certain reduced reporting requirements for this prospectus and may elect to do so in future filings. See "Prospectus Summary—Implications of Being an Emerging Growth Company." Investing in the common stock involves risks that are described in the "Risk Factors" section beginning on page 18 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also exercise their option to purchase up to an additional shares from us, at the public offering price, less the underwriting discount, for 30 days after the date of this prospectus.

At our request, the underwriters have reserved up to shares of our Class A common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to certain of our business partners and qualifying customers who are located in the United States. See the section titled "Underwriting."

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities, or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The shares will be ready for delivery on or about , 2021.

Oppenheimer & Co. **William Blair** **Raymond James**

JMP Securities **B. Riley Securities**

Lake Street

The date of this prospectus is , 2021

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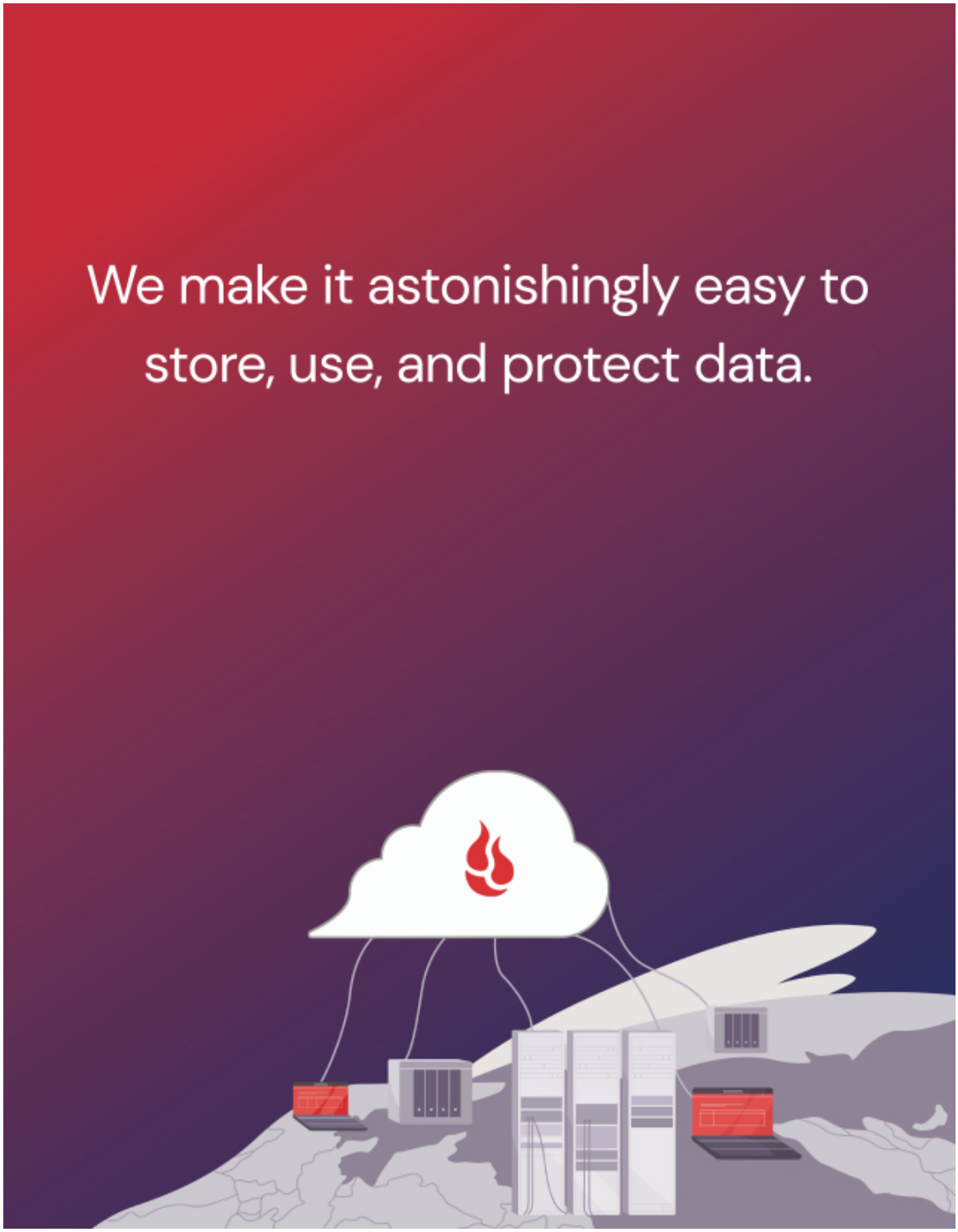

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Customers

GLADSTONE INSTITUTES

"Everything we can do to get our scientists back to working on their data directly benefits humanity. Backblaze enables us to empower them so they can work as fast as they're realistically able to."

ALEX ACOSTA
Senior Security Engineer
Gladstone Institutes

APT

"The affordability and performance of Backblaze B2 is what allowed us to make the cloud part of the APT data storage and distribution strategy into the future."

GERRY FIELD
VP of Technology & Distribution Services
American Public Television

GOOD EATS

"Adding Backblaze B2 was the biggest quality of life improvement I could have hoped for."

ERIC BIGMAN
Head Of Post-Production/Editor
"Good Eats: Reloaded" & "Good Eats: The Return"

Crisp Video

"I'm a huge advocate for the platforms that we can set up and forget about. With Backblaze, we're good to go."

MICHAEL MCMULLAN
Director Of Production
Crisp Video Group

NODECRAFT

"By switching to Backblaze B2, we got all the performance we need, along with the flexibility of scalable cloud storage that works seamlessly with our preferred CDN. Now, we can continue adding new game titles without worrying about our ability to sustain growth."

JAMES ROSS
Co-Founder/CTO
Nodecraft

KONTENT CORE

"When architecting Kontent Core, we realized that Backblaze was so affordable and was so easily integrated into our application that we didn't have to add complexity to our app to recover storage costs or rate-limit storage use. This means there is no 'rate-limiter' on our business."

ANDREW KNOX
CEO, Chief Creative Officer
Kontent Core

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Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectuses prepared by or on behalf of us or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or in any applicable free writing prospectus is current only as of its date, regardless of its time of delivery or any sale of shares of our common stock. Our business, financial condition, results of operations, and prospects may have changed since that date.

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as underwriters and with respect to an unsold allotment or subscription.

Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and financial statements included elsewhere in this prospectus. It does not contain all of the information that may be important to you and your investment decision. You should carefully read this entire prospectus, including the sections titled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our financial statements and the related notes included elsewhere in this prospectus before making an investment decision. In this prospectus, unless context requires otherwise, references to "we," "us," "our," "Backblaze," or the "Company" refer to Backblaze, Inc.

Our Mission

Data is the digital world's most precious resource.
Our mission is to make storing, using, and protecting that data astonishingly easy.

Company Overview

We are a leading storage cloud platform, providing businesses and consumers cloud services to store, use, and protect their data in an easy and affordable manner. We provide these cloud services through a purpose-built, web-scale software infrastructure built on commodity hardware. From genome sequencing to mapping the world, from saving lives to playing online games, from interacting with a business to running one, data is central to modern existence. By substantially reducing the complexity and frustration of storing, using, and protecting data, we empower customers to focus on their core business operations. Through our blog and culture of transparency, we have built a devoted community of millions of readers and brand advocates. Referrals from our community of brand advocates, combined with our highly efficient and primarily self-serve customer acquisition model and an ecosystem of thousands of partners, have allowed us to attract over 480,000 customers. These customers use the Backblaze Storage Cloud platform across more than 175 countries to grow and protect their business data on our approximately 2 exabytes, or 2 trillion megabytes, of data storage under management. As businesses and consumers shift to the cloud, we believe our cloud services will increasingly become a foundational element of their overall technology stack.

At its founding, Backblaze set out to simplify the process of storing, using, and protecting data. Over the following years we focused relentlessly on cutting away the complexity common among diversified cloud vendors' services and legacy on-premises system vendors. Today, our solutions are differentiated by their ease of use and affordability. Focusing on storage use cases and promoting an open ecosystem allows us to integrate well with a broad range of partners. From our straightforward pricing model, to our transparent communication with customers, to the popular and insightful content on our blog—we have established ourselves as an open and trusted provider and partner.

The Backblaze Storage Cloud provides the core platform for our cloud services. This storage cloud organizes, safeguards, and keeps over 500 billion files available on demand and is designed to store trillions more in the future. Through our purpose-built software, we provide a platform that is durable, scalable, performant, and secure. This software manages our global physical infrastructure of nearly 200,000 hard drives and one terabit per second (one million megabits) of network capacity across 5 data centers that are interconnected by private network infrastructure. Our scale, along with our efficiency and expertise developed over years of growing the Backblaze Storage Cloud, provide a robust platform and significant barriers to entry. Our two cloud services that we offer on our Storage Cloud are:

- Backblaze B2 Cloud Storage: Enables customers to store data, developers to build applications, and partners to expand their use cases. The amount of data stored in this cloud service can scale up and

down as needed on a pay-as-you-go basis. This service is offered as a consumption-based Infrastructure-as-a-Service (IaaS) and serves use cases including backups, multi-cloud, application development, and ransomware protection.

- Backblaze Computer Backup: Automatically backs up data from laptops and desktops for businesses and individuals. This cloud backup service offers easily understood flat-rate pricing to continuously back up a virtually unlimited amount of data. This service is offered as a subscription-based Software-as-a-Service (SaaS) and serves use cases including computer backup, ransomware protection, theft and loss protection, and remote access.

Public cloud adoption has been rapid and transformational for a wide range of companies. However, the market is demanding alternatives to the traditional, diversified public cloud vendors for multiple reasons. These public cloud vendors have increasingly focused on the largest enterprises, resulting in significant complexity in their products and pricing that leaves behind mid-market businesses. Due to their walled-garden approach, these public cloud vendors have made it expensive for customers to use their data in multi-cloud and hybrid cloud deployments and with other independent cloud platforms. Additionally, these diversified public cloud vendors increasingly compete with their customers and partners in an ever-widening range of industries.

Backblaze, on the other hand, is designed to fulfill major unmet market needs, particularly among mid-market businesses, by providing straightforward cloud storage offerings with easy-to-understand and affordable pricing from a trusted and independent provider.

Our solutions are designed for individuals and businesses of all sizes and across all industries but have a particularly strong appeal to mid-market organizations (which we define as organizations with 10 to 999 employees) due to their desire for easy-to-use and cost-effective solutions. We serve both the Public Cloud IaaS Storage market and Data-Protection-as-a-Service (DPaaS) market. According to forecasts from International Data Corporation (IDC), the worldwide market for Public Cloud IaaS Storage is $27.6 billion in 2020 and is expected to grow to $91.0 billion by 2025. Additionally, according to IDC, the worldwide market for DPaaS is $7.7 billion in 2020 and expected to grow to $18.4 billion by 2025. Based on our analysis of IDC data, we believe the Backblaze opportunity in the mid-market alone for Public Cloud IaaS is expected to grow to $54.6 billion by 2025, representing a CAGR of 27%, and for DPaaS to $11.0 billion by 2025, representing a CAGR of 19%.

We have a highly efficient go-to-market model that is built on a self-serve selling motion. Prospective customers find us through a variety of channels including our website, partners, and brand advocates. We have fostered deep community engagement with valuable content we share on our blog—in 2020 alone, more than 3 million readers consumed content that we shared there. Our content encourages organic, inbound traffic that we believe serves as our greatest source of advocates and referrals. Our frictionless free trial and self-serve sign-up processes help convert our blog readers and referrals from our brand advocates into customers, with over 80% of our revenue in 2020 coming from self-serve customers. In addition to generating customers, a community of thousands of partners has arisen as a result of our efforts. Our developer, alliance, and managed service provider (MSP) partners expand use cases and attract customers, thereby increasing usage of our Storage Cloud and helping to drive revenue growth. New customers and partners ultimately lead to more insight, content, and community engagement, which creates a positive feedback loop that drives additional customers and partners. In addition to our self-serve selling motion, in recent years we have begun to invest in a sales-assisted selling motion to identify opportunities to increase business with existing customers and to assist larger customers in adopting our services. Our sales-assisted selling motion has experienced substantial growth and helps customers that, in 2020, were approximately 20 times larger in terms of average revenue per customer than our self-serve customers. These efficient and effective go-to-market motions have helped us grow rapidly.

Substantially all of our revenue is recurring in nature. We employ a land-and-expand model that drives additional revenue from existing customers. As customers generate, store, and back up more data, their use of our

platform increases, creating natural opportunities for revenue expansion. We are able to further expand our relationships with our customers when they adopt new features and use cases that lead to increased usage of our platform. Our land-and-expand strategy is evidenced by our overall net revenue retention rate of 113% and 114% as of December 31, 2019 and 2020, respectively.

Our B2 Cloud Storage revenue grew by 66% during the year ended December 31, 2020 and our Computer Backup revenue grew by 23% during the year ended December 31, 2020. We also have recently launched offerings such as Extended Version History, multi-region selection and our new ransomware protection functionality, Object Lock. By expanding our offerings, we are able to further expand our revenue and market opportunity.

Our operations have historically been efficient with limited outside investment. Prior to issuing $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private financing round in August 2021, we had raised less than $3.0 million in outside equity since our founding in 2007. This has helped create a culture based on operational efficiency, creativity, and collaborative problem solving. This culture, combined with the software and infrastructure we have scaled, refined, and enhanced over a decade, our innovation roadmap, our efficient go-to-market, large community of brand advocates, and position as an independent cloud platform, is what enables us—now and in the future—to succeed. This is evident in the significant growth we have achieved in recent periods. In the years ended December 31, 2019 and 2020, our revenue was $40.7 million and $53.8 million, respectively, representing growth of 32%. We incurred net losses of $1.0 million and $6.6 million for the years ended December 31, 2019 and 2020, respectively. As of June 30, 2021, our annual recurring revenue was $64.8 million and we incurred net losses of $6.1 million for the six months ended June 30, 2021. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Annual Recurring Revenue” for more information on annual recurring revenue.

Industry Background

We believe data is an increasingly critical part of the global economy. The fundamental shift in how data is created and consumed is fueling the growth and evolution of storage:

- ***Data storage growth is rapidly expanding to enable our digital universe.*** Organizations ranging from large companies to small enterprises, startups, municipalities, and educational institutions are digitally transforming and must evolve to effectively compete, or risk becoming irrelevant to customers and being left behind by the market. From gaming to social media to streaming video, entire industries are being built around data. Modern advancements across a range of industries drive data creation and consumption from applications such as artificial intelligence and machine learning. Additionally, increasing regulatory and compliance requirements are also driving retention requirements. As a result, it is a business imperative for companies to retain significantly more data and keep it much longer.

- ***Data is migrating to the cloud.*** Historically, data was managed on-premises using legacy storage systems. Organizations are increasingly migrating to the cloud to capitalize on improved flexibility, agility, and scalability, and much of their stored data is moving along with them. IDC estimates that approximately only 4% of global data was stored in public cloud environments in 2010 compared to a projected 53% in 2024.

- ***Companies are choosing multi-cloud solutions and demanding alternatives to the diversified cloud vendors.*** Multi-cloud deployments are becoming more commonplace as companies seek to avoid vendor lock-in, minimize latency, and provide redundancy for their mission critical data.

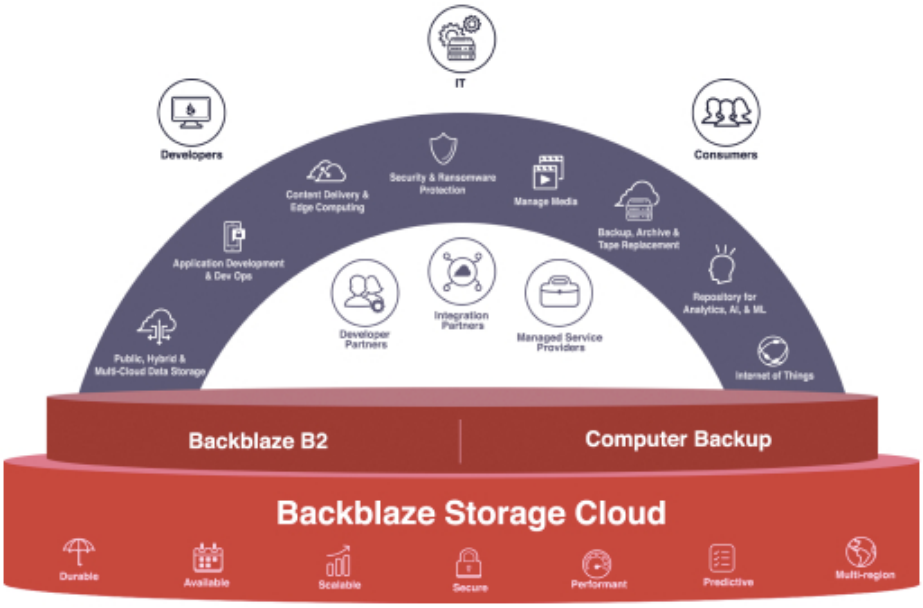
According to Frost & Sullivan's 2020 Global Cloud User Survey, 43% of respondents indicated current adoption of multi-cloud in 2020 and 84% of respondents indicated planned adoption of multi-cloud in 2022.

- ***Non-specialists are making purchasing decisions and driving demand for easy, self-serve solutions.*** Today, IT generalists who are responsible for broad areas of technology, along with other professionals—including cinematographers, DNA scientists, and software developers—and a multitude of roles within an organization that have traditionally not had deep storage expertise can be the purchasing decision makers. These decision makers desire self-serve solutions that work easily and address their needs.

- ***Developers are a driving force for digital transformation and technology selection.*** Developers and the applications they create are at the forefront of digital transformation, often guiding business strategy for organizations. As a result, developers are able to influence what technologies, platforms, and solutions are adopted by the broader organization, often seeking platform features such as self-serve, immediacy, and efficiency. Developer-focused, independent cloud platforms that provide services like payment processing, communications, compute, edge distribution, and more have generated billions in revenue by serving these customers. Vendors looking to capture a critical mass of developer mindshare are increasingly shaping their products and solutions to serve these preferences.

- ***Cybersecurity threats, such as ransomware, are costly and on the rise.*** The frequency and impact of cybersecurity threats continues to grow, and the cost of these attacks is increasing. Cybersecurity Ventures estimates that the global cost of ransomware attacks alone will reach $20 billion in 2021, a significant increase compared to estimated damages of $11.5 billion and $8 billion in 2019 and 2018, respectively. Ransomware targets victims by encrypting their files and demanding payment for access to the decryption key. According to the Threat Landscape Report in 2020 by Bitdefender, the total number of global ransomware reports increased by 715% year over year in the first half of 2020.

Our Platform and Cloud Services



Our Platform: Backblaze Storage Cloud

The Backblaze Storage Cloud provides the core platform for our cloud services. This storage cloud organizes, safeguards, and keeps over 500 billion files available on demand and is designed to store trillions more in the future. By architecting our platform to administer this complexity, we free customers from having to worry about their data. Through our interfaces, customers can upload, manage, safeguard, build upon, and utilize their data while remaining free of the financial and logistical hurdles of maintaining on-premises technology or the complexity of administering diversified cloud solutions. The Backblaze Storage Cloud acts as the foundation for our two primary services, **Backblaze B2 Cloud Storage** and **Backblaze Computer Backup**. Each of these cloud services unlocks a multitude of use cases and additional services for our partners and customers.

Our Cloud Service Offerings

Backblaze B2 Cloud Storage. Backblaze B2 provides customers direct access to our Storage Cloud to store, use, and protect data. Users can access the platform through industry standard and native application programming interfaces (APIs) software development kits (SDKs), our web interface, or hundreds of third-party integrations. The wide range of options for accessing B2 Cloud Storage allows anyone to easily use it, including developers and partners who seamlessly integrate storage capabilities into their technology stack or build their own solutions on top of our platform. Customers also strategically tier backups of their core data systems to Backblaze B2, including on-premises and virtual machine servers and other high-capacity storage devices.

Backblaze B2 Use Cases

As companies adopt cloud infrastructure and undergo digital transformation, we believe Backblaze B2 will increasingly become a foundational element of our customers' overall technology stack. Customers leverage Backblaze B2 for a wide range of use cases, including:

- ***Public, hybrid, and multi-cloud data storage.*** Backblaze B2 supports customers who want the option to deploy different cloud configurations, whether to migrate to or build natively in the cloud, support a mixed on-premises and cloud environment, or who desire a neutral vendor in their multi-cloud strategy. Additionally, we provide customers solutions to enable all of these use cases with a combination of on-premises-to-cloud, synchronization, and cloud-to-cloud migration services.

- ***Application development and DevOps.*** Software developers require key infrastructure building blocks—including storage, compute, databases, content delivery networks (CDNs), and more—to rapidly develop, deploy, and scale their applications. Backblaze B2 provides one of the most critical and frequently used of these building blocks to enable developers to store, use, and deliver data. With our easy-to-use APIs and on-demand platform, we allow developers to build efficiently and support their ability to scale with their success.

- ***Content delivery and edge computing.*** Our Storage Cloud is connected to CDN and edge computing partners to store and deliver digital content to global audiences in a fast and easy manner. We serve as the origin store, making us the reliable place to house data for others to distribute.

- ***Security and ransomware protection.*** We help protect data through a combination of cloud services and features. Backup services provide the primary line of protection against ransomware. Our Object Lock feature enables customers to lock files so that data cannot be illicitly modified or deleted. In addition, our privacy and authorization features ensure only appropriate entities can access their data. Our Lifecycle Rules also enable customers to easily support retention of their data to meet expanding regulatory and compliance requirements.

- ***Media management.*** Backblaze B2 is the trusted provider to many companies that produce, edit, and deliver precious media content. Our solutions optimize media production workflows by allowing for the simultaneous ingestion and archiving of raw footage, providing scalable storage to free up media production storage systems, and enabling real-time delivery of media content directly from Backblaze B2.

- ***Backup, archive, and tape replacement.*** Backblaze B2 provides customers with a scalable and affordable storage destination for their backup and archive needs. Customers automate backups for servers, network-attached storage (NAS), virtual machines, laptops and desktops, and other endpoints. Backups are readily available for quick retrieval and not constrained to a cold archive that puts organizations at risk by delaying access to critical data. Customers use our solution to replace complex legacy tape systems, as well as other legacy on-premises storage solutions and expensive, complex, diversified cloud vendor solutions.

- ***Repository for analytics, artificial intelligence, and machine learning.*** Backblaze B2 serves as a destination for vast amounts of data at scale. Customers have the ability to store, directly access, and use their data in real time. This enables organizations to keep and use the data sets that underpin all analytics, artificial intelligence, and machine learning.

- ***Internet of Things (IoT).*** The network of connected devices has grown considerably, driving the volume of data creation and the need for real-time accessibility. Backblaze B2 provides storage for data created and accessed by these devices. Our storage solutions can be used for a wide range of IoT use cases including storing data for surveillance systems, autonomous vehicles, and smart devices.

Backblaze Computer Backup. Our Computer Backup cloud service backs up laptops, desktops, and external hard drives in a continuous and automated fashion. Whether for home computers or a business' full fleet of machines, customers can back up a virtually unlimited number of files without size or speed constraints. This cloud service includes a lightweight agent that runs locally on each end user's computer, continuously searching for new and changed files in a manner unobtrusive to the user. When a new or changed file is detected, the altered data is backed up and sent to the Backblaze Storage Cloud. Once there, it is accessible to the end user or business administrator responsible for managing the account. In the event of data loss, customers can restore all or portions of their backed-up data.

Computer Backup
Use Cases

- ***Mac and PC backup.*** Backs up all new and changed data on laptops, desktops, and external hard drives.

- ***Ransomware protection.*** Backups provide a critical line of defense against ransomware, providing secure recovery of all data when customers' systems are corrupted.

- ***Theft and loss recovery.*** Data is backed up and available via our website and mobile applications, or data can be shipped worldwide on encrypted hard drives in the event of theft or loss. Customers can use our Locate My Computer functionality to also help retrieve lost or stolen computers.

- ***Data Archiving.*** Computer Backup offers 30-day version history by default, but individual users and administrators can use Extended Version History for a fee to increase the retention period of deleted, changed, or updated files to one year or indefinitely.

- ***Organization and MSP-level management.*** The Backblaze Groups functionality allows administrators to manage the backups of their business fleet through one centralized account, empowering organizations, MSP partners, and individuals with administrative features such as centralized billing, account maintenance, and system alerts.

- ***Remote access.*** Customers can access all backed up files remotely through our website. Additionally, Backblaze provides mobile apps running on iOS and Android that provide customers convenient access from anywhere to their data stored with Backblaze, without requiring the customer to have a laptop or desktop computer with them.

Competitive Strengths

Our competitive strengths include:

- ***Robust technology platform and rapid innovation.*** Our differentiated technology platform provides durable, available, scalable, performant storage at web scale, all while maximizing cost efficiency. We believe that the scale of our platform and the intellectual property we have gained through developing it, including our software management layer, provide a significant competitive moat. We also have a successful track record of launching new features and capabilities for our products, and we expect to continue doing so in the future.

- ***Purpose-built for cloud storage.*** We are a pure-play storage provider and our engineering decisions are optimized for data storage use cases, which enables us to develop targeted solutions for the most critical storage needs of our customers. The result is easy, affordable, and predictable data storage and access.

- ***Attractive ecosystem partner with best-of-breed cloud platforms***. Our position as a storage provider purpose built for web scale, with interoperability and an open ecosystem in mind, creates natural partnership opportunities with other independent cloud platforms. This ecosystem of integrated partnerships provides customers the flexibility to choose the best combination of solutions and create the optimal technology stack for their needs. As the partner ecosystem expands, it provides for compounding revenue growth opportunities: each partner brings additional customers, each of these customers brings additional data, and each customer can adopt additional services.

- ***Customer acquisition propelled by community-driven inbound marketing.*** Our content marketing engine—driven by our blog, which was visited by more than 3 million readers in 2020 alone—propels our highly efficient customer acquisition. We believe such a large, engaged audience and the trust we have developed organically with them over 14 years of sharing valuable, unique content, would be difficult for any competitor to replicate.

- ***Frictionless go-to-market model.*** Customers can quickly test and sign up for our solutions through a self-serve process, which led to over 80% of our revenue in 2020. After signing up for our products, customers increasingly rely on the platform, generating, storing, and backing up more data, creating natural opportunities for revenue expansion.

- ***Developer-friendly, interoperable platform.*** Our API-driven platform was built by developers for developers. We create a strong community among developers through our valuable, relevant blog content. With our free-to-test approach and self-serve sign up process, developers can get started quickly. Our native and S3 compatible API, SDKs, and command line interface (CLI) enable developers to easily integrate Backblaze B2 into their applications. And, our interoperability with other leading developer-focused cloud platforms allow developers to build on a best-of-breed technology stack without having to choose between access and affordability.

- ***Efficiently serve the mid-market.*** Our frictionless go-to-market approach as well as our high-efficiency sales and support models offer a highly compelling solution that positions us to attract, win, and serve mid-market customers at scale.

- ***Highly performant with a low total cost of ownership.*** Due to our purpose-built architecture, we provide solutions that are both highly performant and have a low total cost of ownership. We also partner with other leading cloud platforms to reduce or eliminate data transfer fees between our platforms, thereby providing further cost efficiency for customers.

- ***Strong company culture drives performance and results.*** Our culture is a cornerstone of our company and provides a unique, enduring competitive advantage. As evidenced by our Glassdoor 4.9/5.0 rating, 100% CEO Approval, and 100% Recommend to a Friend ratings as of December 31, 2020, we have a strongly aligned and engaged workforce with little employee turnover and long tenure.

- ***In trusted and neutral hands.*** With approximately 2 exabytes of data storage under management and a 14-year track record, our Storage Cloud has been proven over time and significant use to be a trusted solution for customers. As an independent storage cloud platform, we align with the

interests of our customers and partners. We do not aim to compete with our customers and we do not sell their data. Our long track record and independence, combined with our desire to do business and communicate in an open, transparent manner helps us succeed with our customers and partners.

Our Growth Strategy

Key elements of our growth strategy include:

- ***Accelerate customer acquisition.*** A key component of our growth has been fueled by our content engine, free-to-test approach, and self-serve sign-up process. We are accelerating our customer acquisition through increased investments in content creation, thought leadership, social media engagement, search engine optimization, and public relations campaigns with the goal of growing our community and attracting new visitors. Additionally, in recent years we have begun to invest in a sales-assisted selling motion to identify opportunities to increase business with existing customers and to assist larger customers in adopting our services.

- ***Increase revenue from existing customers.*** We are investing in increasing revenue from customers by developing additional features and use cases, expanding our Customer Success initiatives, and empowering natural customer data growth. As a result of our efforts to-date, as of June 30, 2021, our revenue per customer has grown 45% since the first quarter of 2019. This revenue expansion potential and the inherent stickiness of our platform is also evidenced by our overall net revenue retention rate of 114% for the year ended December 31, 2020.

- ***Develop new solutions and use cases.*** We are focused on developing new solutions and features to deliver additional capabilities to our customers. For example, in 2020, we introduced the S3 Compatible API, and we also launched Object Lock, which offers added protection against some of the most sophisticated ransomware attacks being carried out today. We believe investments such as these will enable new growth opportunities by meaningfully increasing our market penetration as well as growing revenue.

- ***Expand and deepen partner ecosystem.*** We will continue to grow the number of our partners and deepen relationships with them on solutions and go-to-market activities to help us jointly succeed. Our developer partners include Cloudflare, Fastly, and Equinix, while alliance partners include Veeam, Synology and QNAP. With the development of the S3 Compatible API, we have significantly expanded our platform’s support for integrations.

- ***Extend global footprint.*** We believe continued international expansion represents a meaningful opportunity to generate further demand for our solutions in international geographies. While our sales and marketing efforts have primarily focused on the United States, our existing customer base spans more than 175 countries, with 28% of our revenue originating outside of the United States for the year ended December 31, 2020.

Risk Factors Summary

An investment in our Class A common stock involves a high degree of risk. Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky. Importantly, this summary does not address all of the risks that we face. Our ability to execute our business strategy is subject to

numerous risks, as more fully described in the section titled “Risk Factors” immediately following this summary. These risks include, among others:

- We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future.
- The markets in which we participate are intensely competitive, and if we do not compete effectively, our operating results would be harmed.
- Any significant disruption in our service or loss, or delay in availability, of our customers’ data, could damage our reputation and harm our business and operating results.
- If we are unable to maintain our brand and reputation, our business, results of operations, and financial condition may be adversely affected.
- If our information technology systems, including the data of our customers stored in our systems, are breached or subject to cybersecurity attacks, our reputation and business may be harmed.
- If we are unable to attract and retain customers on a cost-effective basis, our revenue and operating results would be adversely affected.
- If we are unable to provide successful enhancements, new features, and modifications to our cloud services, our business could be adversely affected.
- Material defects or errors in our software could harm our reputation, result in significant costs to us, and negatively impact our ability to sell our cloud services.
- We rely on third-party vendors and suppliers, including data center and hard drive providers, which may have limited sources of supply, and this reliance exposes us to potential supply and service disruptions that could harm our business.
- Our business depends, in part, on the success of our strategic relationships with third parties.
- We have identified material weaknesses in our internal controls over financial reporting, and the failure to achieve and maintain effective internal controls over financial reporting could harm our business and negatively impact the value of our Class A common stock.
- The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our executive officers, employees, and directors and their affiliates, which will limit your ability to influence the outcome of important transactions, including a change in control.

Corporate Information

We were incorporated in Delaware in April 2007. Our principal executive offices are located at 500 Ben Franklin Ct, San Mateo, CA 94401. Our telephone number is (650) 352-3738. Our website address is https://www.backblaze.com. We have included our website address in this prospectus solely as an inactive textual reference. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on, or accessible through, our website into this prospectus.

Trademarks

Backblaze, the Backblaze logo, and our other registered or common law trademarks appearing in this prospectus are the property of Backblaze, Inc. This prospectus contains references to our trademarks and service marks as well as to those belonging to other entities. Solely for convenience, trademarks and trade names referred to in this prospectus, including logos, artwork, and other visual displays, may appear without the ® or TM symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks and trade names. We do not intend our use or display of other entities' trade names, trademarks, or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other entity.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. We will remain an emerging growth company until the earliest to occur of: (i) the last day of the fiscal year in which we have more than $1.07 billion in annual gross revenue; (ii) the date we qualify as a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act, with at least $700 million of equity securities held by non-affiliates; (iii) the issuance, in any three-year period, by us of more than $1.0 billion in non-convertible debt securities; or (iv) the last day of the fiscal year ending after the fifth anniversary of our initial public offering. As a result of this status, we have taken advantage of certain exemptions from various reporting requirements in this prospectus that are applicable to other publicly-traded entities that are not emerging growth companies and may elect to take advantage of other exemptions from reporting requirements in our future filings with the Securities Exchange Commission (SEC). In particular, in this prospectus, these exemptions include:

- the option to present only two years of audited financial statements and only two years of Management's Discussion and Analysis of Financial Condition and Results of Operations;
- not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes Oxley Act);
- not being required to submit certain executive compensation matters to stockholder advisory votes, such as "say-on-pay," "say-on-frequency," and "say-on-golden parachutes;" and
- not being required to disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer's compensation to median employee compensation.

As a result, some investors may find our Class A common stock less attractive. The result may be a less active trading market for our common stock, and the price of our Class A common stock may become more volatile.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards, delaying the adoption of these accounting standards until they would apply to private companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. Even after we no longer qualify as an emerging growth company, we may qualify as a "smaller reporting company," which would allow us to take advantage of many of the same exemptions from disclosure requirements including reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements, if either (i) the market value of our stock held by non-affiliates is less than $250 million or (ii) our annual revenue is less than $100 million during the most recently completed fiscal year and the market value of our stock held by non-affiliates is less than $700 million.

THE OFFERING

Issuer	Backblaze, Inc.
Shares of Class A common stock we are offering	shares.
Underwriters' option to purchase additional shares	We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of our Class A common stock.
Shares of Class A common stock to be outstanding immediately after this offering	shares (or shares if the underwriters exercise their option to purchase additional shares in full).
Shares of Class B common stock to be outstanding immediately after this offering	shares.
Total shares of Class A common stock and Class B common stock to be outstanding immediately after this offering	shares.
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise their option to purchase additional shares in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus. The principal purposes of this offering are to increase our financial flexibility and create a public market for our Class A common stock, obtain additional working capital, and facilitate our future access to the public equity markets to allow us to implement our business plan. We currently intend to use the net proceeds received by us from this offering for general corporate purposes, including working capital, operating expenses, and sales and marketing expenses to fund the growth of our business, research and development, and capital expenditures. In addition, we may use a portion of the net proceeds to acquire complementary businesses, products, services, or technologies. However, we have no current understandings, agreements, or commitments for any specific acquisitions at this time. For a more complete description of our intended use of the proceeds from this offering, see the section of this prospectus titled "Use of Proceeds."
Voting rights	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Each share of our Class B common stock entitles its holder to 10 votes on all matters to be voted on by stockholders generally.

	Holders of our Class A common stock and Class B common stock will generally vote together as a single class, unless otherwise required by law or our Amended and Restated Certificate of Incorporation. The holders of our outstanding Class B common stock will hold approximately % of the voting power of our outstanding capital stock following this offering and will initially have the ability to control the outcome of matters submitted to our stockholders for approval, including the election of our directors and the approval of any change in control transaction. For additional information, see the sections of this prospectus titled "Description of Capital Stock." All shares of Class B common stock will automatically convert, on a one-for-one basis, into shares of Class A common stock on the earliest of (i) the seven-year anniversary of the closing date of this offering, (ii) the date on which the number of outstanding shares of Class B common stock represents less than 10% of the aggregate combined number of outstanding shares of Class A common stock and Class B common stock, or (iii) the date specified by a vote of the holders of a majority of the then outstanding shares of Class B common stock.
Concentration of ownership	Following this offering, the holders of our outstanding Class B common stock will beneficially own % of our outstanding capital stock and % of the voting power of our outstanding shares and our directors, executive officers, greater than 5% stockholders and their respective affiliates will hold in the aggregate approximately % of the voting power of our outstanding capital stock following this offering.
Proposed NASDAQ Global Market trading symbol	"BLZE"
Directed share program	At our request, the underwriters have reserved up to shares of Class A common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to certain of our business partners and qualifying customers who are located in the United States. will administer our directed share program. The number of shares of our Class A common stock available for sale to the general public in this offering will be reduced to the extent that such partners and qualifying customers purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock offered by this prospectus. Participants in the directed share program will not be subject to lockup or market standoff restrictions with the underwriters or with us with respect to any shares purchased through the directed share program. For additional information, see the section titled "Underwriting."

The number of shares of our Class A common stock and Class B common stock that will be outstanding after this offering is based on 6,193,304 shares of our Class B common stock outstanding as of June 30, 2021 (including our convertible preferred stock on an as-converted basis), and excludes:

- 3,675,259 shares of our Class B common stock issuable upon the exercise of options outstanding as of June 30, 2021 under our 2011 Stock Plan (2011 Plan), with a weighted-average exercise price of approximately $10.87 per share;
- 181,900 shares of our Class B common stock issuable upon the exercise of options granted under our 2011 Plan after June 30, 2021 with an exercise price of $36.21 per share;
- shares of our Class A common stock issuable upon the conversion of our convertible notes issued (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private placement to investors in August 2021 (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus);
- 145,097 shares of our Class B common stock reserved for issuance under our 2011 Plan as of June 30, 2021, which will become available for issuance under our 2021 Equity Incentive Plan (2021 Plan) on the date of this prospectus;
- shares of our Class A common stock reserved for future issuance under our 2021 Plan, which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and
- shares of our Class A common stock reserved for issuance under our 2021 Employee Stock Purchase Plan (2021 ESPP), which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

On the date of this prospectus we will cease granting awards under our 2011 Plan. Our 2021 Plan and 2021 ESPP also provide for automatic annual increases in the number of shares reserved thereunder (evergreen provisions), as more fully described in “Executive Compensation—2021 Equity Incentive Plan” and “Executive Compensation—2021 Employee Stock Purchase Plan.”

Except as otherwise indicated, all information in this prospectus assumes or gives effect to the following:

- the filing of our Amended and Restated Certificate of Incorporation in Delaware and the adoption of our Amended and Restated Bylaws, each of which will occur immediately prior to the completion of this offering;
- the reclassification of all outstanding shares of our common stock into an equivalent number of shares of our Class B common stock, as if such reclassification had occurred prior to the completion of this offering;
- the automatic conversion of all outstanding shares of our convertible preferred stock into an aggregate of shares of our Class B common stock, the conversion of which will occur immediately prior to the completion of this offering;

- the automatic conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) into shares of Class A common stock (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus);
- the effectiveness of a -for-1 stock split of our common stock effected on October , 2021; and
- no exercise by the underwriters of their option to purchase up to an additional shares of our Class A common stock.

SUMMARY FINANCIAL DATA

The following tables set forth a summary of our historical financial data as of, and for the years ended on, the dates indicated. The statements of operations data for the fiscal years ended December 31, 2019 and 2020 are derived from our audited financial statements and related notes included elsewhere in this prospectus. The statements of operations data for the six months ended June 30, 2020 and 2021 and balance sheet data as of June 30, 2021 are derived from our unaudited financial statements and related notes included elsewhere in this prospectus. The unaudited financial data set forth below have been prepared on the same basis as our audited financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair statement of such data. You should read this data together with our financial statements and related notes appearing elsewhere in this prospectus and the information in the sections titled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of the results to be expected in the future.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
	(in thousands, except share and per share data)			
Revenue	$ 40,748	$ 53,784	$ 25,379	$ 31,462
Cost of revenue(1)	20,127	25,801	11,678	15,756
Gross profit	20,621	27,983	13,701	15,706
Operating expenses:				
Research and development(1)	8,436	13,069	5,832	8,976
Sales and marketing(1)	8,166	11,924	5,423	8,124
General and administrative(1)	3,070	6,722	2,638	5,157
Total operating expenses	19,672	31,715	13,893	22,257
Income (loss) from operations	949	(3,732)	(192)	(6,551)
Interest expense	(1,929)	(2,886)	(1,153)	(1,718)
Gain on extinguishment of debt	—	—	—	2,299
Loss before provision for income taxes	(980)	(6,618)	(1,345)	(5,970)
Income tax provision	(16)	(5)	—	(136)
Net loss	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)
Net loss per share, basic and diluted	$ (0.19)	$ (1.28)	$ (0.26)	$ (1.18)
Weighted average shares used in computing net loss per share, basic and diluted	5,165,770	5,169,284	5,167,756	5,192,205
Pro forma net loss per share, basic and diluted (unaudited)(2)		$ (1.09)		$ (1.00)
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted (unaudited)(2)		6,102,394		6,125,315

(1) Includes stock-based compensation expense as follows:

	For the Year Ended December 31, 2019	For the Year Ended December 31, 2020	For the Six Months Ended June 30, 2020 (unaudited)	For the Six Months Ended June 30, 2021 (unaudited)
	(in thousands)			
Cost of revenue	$ 130	$ 100	$ 23	$ 194
Research and development	549	750	341	911
Sales and marketing	546	670	249	568
General and administrative	162	359	130	490
Total stock-based compensation expense	$ 1,387	$ 1,879	$743	$2,163

(2) Unaudited pro forma basic and diluted net loss per share were computed to give effect to the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock in connection with a qualified initial public offering, using the as-converted method as though the conversion had occurred as of the beginning of the period presented or the date of issuance, if later.

	As of June 30, 2021		
	Actual	Pro Forma(1) (unaudited)	Pro Forma As Adjusted(2)(3)
		(in thousands)	
Balance Sheet Data			
Cash and cash equivalents	$ 1,306	$ 1,306	
Total assets	51,952	51,952	
Capital lease liability and lease financing obligation, non-current	16,482	16,482	
Convertible preferred stock	2,784	—	
Accumulated deficit	(20,745)	(20,745)	
Total stockholders' (deficit) equity	(10,521)	(7,737)	

(1) The pro forma balance sheet data gives effect to the conversion of all outstanding shares of our convertible preferred stock at June 30, 2021 into an aggregate of 933,110 shares of Class B common stock, which will occur immediately prior to the completion of this offering and the filing and effectiveness of our Amended and Restated Certificate of Incorporation.

(2) Reflects the pro forma adjustments described in footnote (1) above and to the issuance and sale of shares of common stock in this offering at the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and giving effect to the issuance of convertible notes in August 2021 in the amount of $10.0 million and the automatic conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) into shares of Class A common stock (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus).

(3) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted amount of each of cash and cash equivalents, total assets, and total stockholders' (deficit) equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. Similarly, each increase (decrease) of shares in the number of shares offered by us at the assumed initial public offering price after deducting estimated underwriting discounts and commissions would increase (decrease) each of cash and cash equivalents, total assets, and total stockholders' (deficit) equity by approximately $ million. The pro forma information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing.

RISK FACTORS

Investing in our Class A common stock is speculative and involves a high degree of risk. Before investing in our Class A common stock, you should consider carefully the risks described below, together with the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus. If any of the following risks occur, our business, financial condition, results of operations, and future growth prospects could be materially and adversely affected. In these circumstances, the market price of our Class A common stock could decline, and you may lose all or part of your investment. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below. See "Information Regarding Forward-Looking Statements."

Risks Related to Our Business and Our Industry

We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future.

We incurred net losses of $1.0 million and $6.6 million for the years ended December 31, 2019 and 2020. Over our 14 years of operations, we had an accumulated deficit of $20.7 million as of June 30, 2021. We cannot guarantee that we will continue operating our business similar to past performance. We intend to continue scaling our business to increase our customer base and to meet the increasingly complex needs of our customers. We have invested, and expect to continue to invest, in our sales and marketing organization to sell our cloud services around the world and in our development organization to deliver additional features and capabilities of our cloud services to address our customers' evolving needs. We also expect to continue to make significant investments in our data center infrastructure and technical operations organization as we further scale our business. As a result of our continuing investments to scale our business in each of these areas, we do not expect to be profitable for the foreseeable future. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will sustain profitability.

The markets in which we participate are intensely competitive, and if we do not compete effectively, our operating results would be harmed.

The markets in which we operate are highly competitive, with relatively low barriers to entry for certain applications and services. Some of our competitors include cloud-based services such as those offered by Amazon.com, Inc. through Amazon Web Services, Alphabet Inc. through Google Cloud Platform, and Microsoft Corporation through Azure, and on-premises offerings such as those offered by EMC/Dell and NetApp. Many of our competitors and potential competitors are larger and have greater name and brand recognition; much longer operating histories; larger marketing budgets for the development, promotion and sale of their products or services; broader service offerings and capabilities; and significantly greater resources than we do. In addition, many of our competitors have established marketing and distribution relationships with channel partners, consultants, system integrators, and resellers. Our competitors may also be able to respond more quickly and effectively to new or changing opportunities, technologies, standards, or customer requirements. Competition may intensify in the future and may also include new market entrants. Our competitors could offer their products or services at a lower price or in some combination with other services or applications that we do not offer, which could result in pricing pressures on our business. Increased competition generally could result in reduced sales, lower margins, losses, or the failure of our cloud services to achieve or maintain widespread market acceptance, any of which could harm our business.

Any significant disruption in our service or loss, or delay in availability of our customers' data, could damage our reputation and harm our business and operating results.

Our brand, reputation, and ability to manage our systems; attract, retain, and serve our customers; and interface with our partners, are dependent upon the reliable performance of our platform, including our underlying technical infrastructure, as well as the systems and infrastructure of various third parties, including third-party hosted data centers that we use and internet access and infrastructure used by us and our customers

and partners. Our customers rely on our platform to store and access their data, including financial records, business information, personal information, documents, media, and other important content. There are various reasons that our platform, or the systems that are used to access or support our platform, could experience a disruption in service, some of which are entirely outside of our control. For example, our facilities as well as the data centers that we use are vulnerable to damage or interruption from human error, intentional bad acts, earthquakes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could disrupt our service, destroy user content, or prevent us from being able to continuously back up or record changes in our users' content. If any of these events occur, customer data could be lost and it may take a significant period of time to achieve full resumption of our cloud services. Our disaster recovery planning cannot account for all eventualities and even if we anticipate an incident, our disaster recovery plans may not be sufficient to timely and effectively address the issue. Moreover, our platform and technical infrastructure may not be adequately designed with sufficient reliability and redundancy to avoid delays or outages that could be harmful to our business. If our platform is unavailable when users attempt to access it, or if it does not load as quickly as they expect, or if data is lost, users may not use our platform as often in the future, or at all.

If we are unable to maintain our brand and reputation, our business, results of operations, and financial condition may be adversely affected.

The successful promotion of our brand and our ability to maintain our reputation will depend on a number of factors, including our performance and the reliability of our cloud services; our advertising and marketing efforts, including our blog and social media presence, which have been important to building and maintaining our brand and reputation; our ability to continue to develop high-quality features and cloud services; and our ability to successfully differentiate our cloud services from competitive products and services. Our brand promotion activities may not be successful or yield increased revenue.

The promotion of our brand may require us to make substantial expenditures, particularly as our markets become more competitive and we expand into new markets or offer additional features. Expenditures intended to maintain and enhance our brand may not be cost-effective or effective at all. If we do not successfully maintain and enhance our brand, we may have reduced pricing power relative to our competitors, we could lose customers, we could fail to attract potential new customers or retain our existing customers, or our blog and thought leadership in our industry may decline in popularity, all of which could materially and adversely affect our business.

If our information technology systems, including the data of our customers stored in our systems, are breached or subject to cybersecurity attacks, our reputation and business may be harmed.

Our customers rely on our solutions to store their files, which may include confidential or personally identifiable information, critical business information, photos, and other meaningful content. To manage and maintain such data, we are highly dependent on internal and external information technology systems and infrastructure, including the internet, to securely process, transmit, and store critical information. Although we take measures to protect sensitive information from unauthorized access or disclosure, third parties may be able to circumvent our security by deploying viruses, worms, and other malicious software programs that are designed to attack or attempt to infiltrate our systems and networks, including distributed denial of service (DDoS) attacks that can undermine the availability and performance of our systems and cloud services, or phishing attacks that can be used to fraudulently steal data. Moreover, cybersecurity attacks evolve rapidly and may utilize new methods not recognized. We may be unable to successfully identify, stop, or resolve such attacks, or implement adequate preventative measures. In addition, employee or consultant error, malfeasance, or other errors in the storage, use, or transmission of customer data could result in a breach. For example, in late March 2021, it was discovered that a Backblaze marketing campaign leveraging the Facebook ad network, which had been launched two weeks earlier, had been incorrectly configured to run on all Backblaze platform pages instead of only the Backblaze marketing pages as intended. Once we became aware of the issue, it was promptly resolved. Although we believe that less than 2% of Backblaze customers may have been affected, and no actual customer files, file contents, or user account information were shared at any time, certain file metadata may have been inadvertently

shared with Facebook. Even if a breach is detected, the full extent of the breach may not be determined immediately, or at all. While we maintain insurance coverage to mitigate the potential financial impact of these risks, our insurance may not cover all such events or may be insufficient to compensate us for potentially significant losses, including the potential damage to the future growth of our business, that may result from any such breach. In addition, our business utilizes information technology systems of our partners and vendors, who are also subject to similar cybersecurity risks that could adversely impact the security of our systems and business. We may have little or no control over how cybersecurity attacks on our partners or vendors are addressed. An actual or perceived breach of our network security and systems or other cybersecurity-related events that cause the loss, theft or unauthorized disclosure of our customers' information, including any delay in determining the full extent of a potential breach, could have a material adverse impact on our business, results of operations, and financial condition, including harm to our reputation and brand, reduced demand for our solutions, time-consuming and expensive litigation, fines, penalties, and other damages.

If we are unable to attract and retain customers on a cost-effective basis, our revenue and operating results would be adversely affected.

We generate substantially all of our revenue from the sale of our cloud services either on a consumption or subscription model. To grow, we must continue to attract a large number of customers on a cost-effective basis. We have historically used, and plan to increase our use of, a variety of advertising and marketing programs to promote our cloud services. These programs, including any expansion of existing programs and new programs to promote our cloud services, may not be successful or provide a reasonable return on investment within a desired timeframe. Significant increases in the pricing of one or more of our advertising channels would increase our advertising and marketing costs or cause us to choose less expensive and perhaps less effective channels. We may also need to expand into channels with significantly higher costs, which could adversely affect our operating results. We may also incur advertising and marketing expenses significantly in advance of the time we anticipate recognizing any revenue generated by such expenses, and we may only at a later date, or never, experience an increase in revenue or brand awareness as a result of such expenditures. If we are unable to maintain effective advertising and marketing programs, our ability to attract new customers could be adversely affected, our advertising and marketing expenses could increase substantially, and our operating results may suffer.

A portion of our potential customers locate our website through search engines, such as Google, Bing, and Yahoo!. Our ability to maintain the number of visitors directed to our website is not entirely within our control. If search engine companies modify their search algorithms in a manner that reduces the prominence of our listing, or if our competitors' search engine optimization efforts are more successful than ours, fewer potential customers may click through to our website. In addition, the cost of purchased listings has increased in the past and may increase in the future. A decrease in website traffic or an increase in promoted search result costs could adversely affect our customer acquisition efforts and our operating results. In addition, we also rely on our blog and word of mouth to drive additional customers. To the extent our blog does not continue to attract readers or if our reputation is harmed, these additional means of attracting customers may no longer provide significant numbers of customers in the future.

In addition, because we offer our Computer Backup cloud service at a fixed price, the amount of data our customers back up affects our costs and gross margins. To the extent current or future customers back up unusually large amounts of data, or growth in the amount of data backed up per customer outpaces decreases in storage costs, our costs and gross margins could be adversely affected.

If we are unable to provide successful enhancements, new features, and modifications to our cloud services, our business could be adversely affected.

Our industry is marked by rapid technological developments and new and enhanced applications and cloud services. If we are unable to provide enhancements and new features for our existing services or new services that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. In addition, because our cloud services are designed to operate on a variety of

systems, we will need to continuously modify and enhance our cloud services to keep pace with changes in internet-related hardware, operating systems, and other software, communication, browser, and database technologies, including the systems of our partners, vendors, and competitors. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. For example, we may not be successful in launching our cloud replication feature in the timeframe we anticipate. Any failure of our cloud services to operate effectively and on a timely basis with network platforms and technologies could reduce the demand for our cloud services, result in customer dissatisfaction and adversely affect our business. Furthermore, future enhancements may increase our research and development expenses and infrastructure costs, which could adversely impact our pricing advantage, undermine our ease of use, make it more difficult to attract and retain customers, and harm our results of operations.

Material defects or errors in our software could harm our reputation, result in significant costs to us, and negatively impact our ability to sell our cloud services.

The software underlying our cloud services is inherently complex and may contain material defects or errors, particularly when first introduced or when new versions or enhancements are released. We have from time to time found defects or errors in our cloud services, and new defects or errors in our existing solutions may be detected in the future by us, our customers or partners, or other third parties. The costs incurred in correcting such defects or errors may be substantial and could harm our operating results. Backblaze employees could also introduce defects or errors through incompetence, malfeasance, or a mistake that would lead to data loss. For example, to the extent that the encryption keys for encrypted customer data stored by Backblaze were to be deleted or corrupted, the data could become unrecoverable. In addition, we rely on hardware purchased or leased and software licensed from third parties to offer our cloud services. Any defects in, or unavailability of, our software that cause interruptions to the availability of our cloud services could, among other things:

- require us to issue refunds to our customers or expose us to claims for damages,
- cause us to lose existing customers and make it more difficult to attract new customers,
- divert our development resources or require us to make extensive changes to our cloud services or software, and
- harm our reputation and brand.

If we fail to effectively manage our growth, our business would be harmed.

We have recently experienced, and continue to experience, a period of rapid growth. For example, our headcount grew from 82 employees as of December 31, 2018, to 126 employees as of December 31, 2019, to 188 employees as of December 31, 2020 and to 228 employees as of June 30, 2021. Also, in just the last two years the amount of storage deployed by us has more than doubled. The number of customers and customer requests on our network has also increased rapidly in recent years. While we expect to continue to expand our operations and to increase our headcount, network, and product offerings significantly in the future, our growth may not be sustainable. Our growth has placed, and future growth will continue to place, a significant strain on our management, corporate culture, quality of our cloud services, and administrative, operational, security, and financial infrastructure. Our success will depend in part on our ability to manage this growth effectively, which will require that we, among other things, continue to improve our administrative, operational, financial, and management systems and controls.

Our business depends on our ability to retain and increase revenue from customers, and if we are unable to do so, our revenue and operating results would be adversely affected.

It is important for our business that our customers continue to use, and even increase their use of, our cloud services. Many of our customers can terminate their use of our cloud services at will with little-to-no advance notice. Even though some of our customers enter into longer-term agreements of up to two years, they generally have no obligation to renew their subscriptions or increase usage. Due to our varied customer base and

lack of long-term customer and usage commitments, it can be difficult to accurately predict our customer retention rate on a quarterly basis or long-term basis. Our customer retention and the amount of data that they store with us may decline or fluctuate as a result of a number of factors, including potential customer dissatisfaction with our cloud services and offerings; pricing plans; our customers' own business conditions; customer decisions to delete unneeded or redundant data; the perception, whether or not accurate, that competitive products provide better options; changes in our brand or reputation; and overall general economic conditions. Our future financial performance also depends in part on our ability to continue to increase revenue from our customers through additional paid products, such as Extended Version History and multi-region selection. Our customers' decision whether to opt for additional paid products is driven by a number of factors. If our customers do not perceive the value in such additional paid offerings, we may not realize the anticipated benefits of our investments in such additional features, and our financial results could be harmed. If we cannot successfully retain our existing customers and add new customers consistent with historical rates, including maintaining or growing the amount of data that our customers store with us, our revenue and ability to grow may be adversely affected.

To the extent we target different types of customers, we may face increased demands and challenges that adversely impact our business and operations.

Historically, most of our customers consisted of small-to-medium sized businesses and individuals. To the extent we target other types of customers or customers with different needs, we may face greater demand for certain service enhancements or features that we do not currently offer, or additional performance, availability, durability, and security requirements. Certain types of customers may also have longer sales cycles, less predictability or higher volatility in the amount of data they store with us, increased pricing or negotiation leverage, and increased customer education and overall customer engagement needs. In addition, some customers may demand more customization, integration, and support services. Any of these factors could require us to devote greater sales, engineering, operations, and support services as well as make significant infrastructure changes, which could increase our costs, divert key resources from other current and prospective customers, and otherwise adversely affect our business and operating results. These increased demands and challenges may also be for the benefit of a limited number of customers. Moreover, we cannot assure you that any such efforts will be successful or justify the additional investments in a timely manner, or at all.

The material stored using our cloud services may subject us to negative publicity, legal liability, and harm our business.

We are not aware of the contents of the data that customers store using our cloud services. While we do have a detailed process to address any third-party complaint regarding illegal or other inappropriate use of our cloud services by a customer that would violate our terms of service, we do not actively monitor the content of data that is being stored with us. To the extent that sensitive, personally identifiable, illegal, or controversial data is stored in our servers and that becomes known publicly, particularly given the highly volatile nature of the political landscape throughout the world and immediate access by individuals to social media platforms with a broad outreach, it may create negative publicity and adversely impact our reputation and harm our business.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations may vary significantly in the future. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the trading price of our Class A common stock. Factors that may cause fluctuations in our quarterly results of operations include, without limitation:

- our ability to attract new customers;

- the amount of customer churn;
- fluctuations in the amount of data customers store with us;
- the amount and timing of operating expenses and equipment purchases related to the maintenance and expansion of our business;
- interruptions or loss of service of our offerings;
- the timing and success of new product feature and service introductions by us or our competitors;
- our ability to retain and increase revenue from customers;
- the timing of expenses and recognition of revenue;
- the impact of COVID-19 or other pandemics on our business or that of our customers and partners;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- security breaches of our systems;
- our involvement in litigation, or the threat thereof;
- the length of the sales cycle;
- seasonal fluctuations;
- the timing of expenses and receipt of perceived benefits related to any acquisitions;
- changes in laws and regulations that impact our business; and
- general economic and market conditions.

Further, as we continue to grow and scale our business to meet the needs of our customers, we may overestimate or underestimate our infrastructure capacity requirements, which could adversely affect our results of operations. The costs associated with leasing and maintaining our custom-built infrastructure in co-location facilities and third-party data centers already constitute a significant portion of our capital and operating expenses. We continuously evaluate our short and long-term infrastructure capacity requirements and seek to ensure adequate capacity for new and existing users while minimizing unnecessary excess capacity costs. However, we may not be able to sufficiently predict future demand, or the availability of hardware or infrastructure necessary to support increased demand on a timely basis. If we overestimate the demand for our platform and therefore secure excess infrastructure capacity or equipment, our gross margins could be reduced. If we underestimate our infrastructure capacity requirements or availability of necessary hardware or infrastructure, we may not be able to service the needs of new and existing customers; durability, reliability, and performance could suffer; our costs could rise; and our business could be harmed.

We rely on the performance of key personnel, including our management and other key employees, and the loss of one or more of such personnel, or of a significant number of our team members, could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of senior management, including our founders and other key personnel. All of our employees, including our senior

management, are employed on an at-will basis. Furthermore, our founders and other key personnel hold shares or equity awards that are largely vested, and as result, they may not be incentivized to remain with our company once there is a trading market for our Class A common stock. We cannot ensure that we will be able to retain the services of any member of our senior management or other key employees or that we would be able to timely replace members of our senior management or other key employees should any of them depart. The loss of one or more members of our senior management or other key employees could harm our business.

The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executive officers, software developers, sales personnel, operational personnel, and other key employees in our industry is intense. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing, and managing cloud-based software, as well as for skilled sales and operations professionals. In addition, we believe that the success of our business and corporate culture depends on employing a diverse workforce, and the competition for such personnel is significant. The market for such talented personnel is particularly competitive in the San Francisco Bay Area, where our headquarters is located. Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business would be harmed.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We have a culture that encourages employees to be open, collaborate, strive to do the right thing, and develop and launch new and innovative solutions, which we believe is essential to attracting customers and partners and serving the best, long-term interests of our company. As our business grows and becomes more complex, and as we become a public company, it may become more difficult to maintain this cultural emphasis. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our strategies. If we fail to maintain our company culture, our business and competitive position may be harmed.

As we expand our operations outside the United States, we may be subject to increased business, regulatory and economic risks that could impact our results of operations.

In 2020, we derived approximately 28% of our revenue from customers outside of the United States. We may also expand our international operations, which may include hiring employees, building out technical infrastructure, and opening offices in foreign jurisdictions. Any new markets or countries into which we attempt to market and sell our cloud services may not be receptive. For example, we may be unable to expand further in some markets if we are unable to satisfy various government- and region-specific requirements. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges and complexities of deploying infrastructure internationally and supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. International expansion has required, and will continue to require, investment of significant funds and other resources. Growth in our international operations will subject us to new risks and may increase risks that we currently face, including risks associated with:

- higher costs of doing business internationally, including increased infrastructure, accounting, travel, and legal compliance costs;
- providing our platform, building out the necessary infrastructure and operating our business across a significant distance, in different languages and among different cultures, including the potential

need to modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;

- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, consumer protection, and unsolicited email, and the risk of penalties to our users and individual members of management or employees if our practices are deemed to be out of compliance;
- recruiting and retaining talented and capable employees outside the United States, and maintaining our company culture across all of our offices;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States;
- compliance by us and our business partners with anti-corruption laws, anti-bribery, anti-money laundering, and similar laws; import and export control laws; tariffs and trade barriers; economic sanctions; and other regulatory limitations on our ability to provide our cloud services in international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories;
- restrictions that might prevent us from repatriating cash earned outside the United States;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- political and economic instability in various jurisdictions.

Expanding our international operations and complying with applicable foreign laws and regulations may substantially increase our cost of doing business in international jurisdictions. We may also be unable to keep current with changes in laws and regulations as they develop, and we or our employees, contractors, partners, and agents may fail to maintain compliance with applicable laws and regulations. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions, or reputational harm. If we are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, our business, results of operations, and financial condition could be adversely affected.

We store personal information and other customer data, which subjects us to various data privacy laws, governmental regulations, and other related legal obligations, and any actual or perceived failure to comply with such requirements could harm our business.

We store personal information and other customer data, as well as use certain cookies on our website, that are subject to numerous federal, state, local, and foreign laws regarding privacy and the storing and protection of personal information and other customer data, and disclosure requirements regarding the use and certain breaches of such laws. For example, we are subject to the General Data Protection Regulation (GDPR) and the California Consumer Privacy Act (CCPA), among other laws and regulations around the world. Other comprehensive data privacy or data protection laws or regulations requiring local data residency and/or restricting the international transfer of data have been passed or are under consideration in other jurisdictions. In

addition, some industries have industry-specific requirements relating to compliance with certain security and regulatory standards, such as those required by the Health Insurance Portability and Accountability Act (HIPAA). For example, HIPAA imposes privacy, security, and breach reporting obligations with respect to individually identifiable health information upon “covered entities” (e.g., health plans, health care clearinghouses, and certain health care providers), and their respective business associates, individuals, or entities that create, receive, maintain or transmit protected health information in connection with providing a service for or on behalf of a covered entity. Such laws give rise to an increasingly complex set of compliance obligations on us regarding our ability to gather, use, and store customer data and customer account data.

These laws are subject to rapid change, differing interpretations, and can be inconsistent among regulatory frameworks or conflict with other rules or our business practices. We strive to comply with all applicable laws, policies, legal obligations, and industry codes of conduct relating to privacy and data protection to the extent possible. Our efforts to comply with the complex matrix of data privacy laws around the world subjects us to increasing costs to review and comply with such laws, including updating our policies, procedures, and business practices to address such evolving privacy laws. We also make public statements and commitments regarding our use and disclosure of personal information through our privacy policy, information provided on our website, and data processing agreements with customers and other third parties. Because the interpretation and application of data protection laws, regulations, standards, and other obligations are often uncertain and in flux, and sometimes contradictory, it is possible that the scope and requirements of these laws and other obligations may be interpreted and applied in a manner that is inconsistent with our practices, and our efforts to comply with rapidly evolving data protection laws and obligations may be unsuccessful. For example, we previously relied on the EU-US Privacy Shield framework, which was invalidated by a European court in July 2020. As a result of such a decision, we have had to take additional steps to comply with applicable EU data protection requirements, including implementation of standard contractual clauses.

Any failure, or perceived failure, by us to comply with applicable privacy and security laws, policies, or related contractual obligations, or any compromise of security that results in unauthorized access, or the use or transmission of personal information or other customer data, could result in a variety of claims against us, including governmental enforcement actions and investigations, audits, inquiries, whistleblower complaints, class action privacy litigation in certain jurisdictions, and proceedings by data protection authorities. For example, under the GDPR we may be subject to fines of up to €20 million or up to 4% of the total worldwide annual group turnover of the preceding financial year, as well as potentially face claims from individuals. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. Any non-compliance with data privacy requirements could subject us to significant fines and penalties, adverse media coverage, reputational damage, the loss of current and potential customers, loss of export privileges, or criminal or other civil sanctions, any of which could materially adversely affect our business and financial condition.

The ongoing COVID-19 pandemic, and resulting global economic downturn, has impacted how we, our customers, and our partners are operating, and could result in a material adverse effect on our business.

The ongoing COVID-19 pandemic, and measures taken to control its spread such as travel restrictions, shelter-in-place orders, and business shutdowns, have affected all of the regions in which we conduct business and in which our customers, partners, and suppliers are located; have adversely impacted global economic activity; and have contributed to volatility in financial markets. As the situation around the spread of the COVID-19 pandemic evolves, we have continued to operate in a modified manner—employing precautionary measures designed to protect the health of our employees while enabling us to support our customers and partners. Among other modifications, we generally required our employees to work remotely; instituted business-related travel restrictions; and virtualized, postponed, or cancelled various sales and marketing, employee, and industry events. The remote work measures that we implemented have generally allowed us to provide uninterrupted service to our customers and partners, but have also introduced additional challenges and

operational risks, including increased supply chain risks and cybersecurity risks, and have affected the way we conduct various other activities. For example, starting in April 2020, we began to acquire additional hard drives and related infrastructure through capital lease agreements in order to minimize the impact of potential supply chain disruptions. The additional leased hard drives resulted in a higher balance of capital equipment and related lease liability, an increase in cash used in financing activities from principal payments, as well as a higher ongoing interest and depreciation expense related to these lease agreements. The supply chain for other infrastructure and related equipment essential to our business may also become constrained or unavailable on favorable terms or at all.

The COVID-19 pandemic has been challenging and a hardship on many of our employees, and required us to operate under substantially novel constraints. The pandemic has resulted in various inefficiencies, delays, and additional costs across our company, which may continue or worsen as the pandemic continues. In addition, work from home and related business practice modifications present significant challenges to maintaining our corporate culture, including employee engagement and productivity, both during the immediate pandemic crisis and as we make additional adjustments in the eventual transition from it.

The duration and severity of the COVID-19 pandemic, including variants of COVID-19 that may be more transmissible, more likely to result in severe illness or death, or less susceptible to treatments or protection from existing vaccines, and the degree of its impact on our business remains uncertain and difficult to predict. Our customers or partners could experience downturns or uncertainty in their own business operations or revenue due to COVID-19, which may result in decreased revenue for our business, especially as it may disproportionally adversely affect mid-market businesses on which we are especially dependent. As a result, we may experience customer losses due to customer bankruptcy or cessation of operations, or otherwise.

If the COVID-19 pandemic worsens or is prolonged, especially in regions where we have material operations or sales, our business operations in affected areas, including sales-related and customer support activities, could be adversely affected by continued or additional business closures, travel restrictions impacting employees and partners, and other precautionary measures. While we have developed and continue to develop plans to help mitigate the negative impact of the pandemic on our business, these efforts may not be effective and a protracted economic downturn may limit the effectiveness of our mitigation efforts. The COVID-19 pandemic may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

Our business is substantially dependent on mid-market organizations, which may be more vulnerable to market fluctuations and other economic factors, and their vulnerability to such factors could negatively impact our business.

If we are unable to successfully market and sell our cloud services to mid-market organizations, our ability to grow our revenue and achieve profitability will be harmed. We expect it will be more difficult and expensive to attract and retain mid-market organization customers than other customers because mid-market organizations are more frequently forced to curtail or cease operations due to the sale or failure of their business; can be more difficult to identify and may require more expensive, targeted sales campaigns; and generally have lesser amounts of data to store than larger organizations, thus requiring us to successfully sell to and support more mid-market organizations for meaningful revenue impact. In addition, mid-market organizations frequently have limited budgets and are more likely to be significantly affected by economic downturns than larger, more established companies. As a result, mid-market organizations may choose to spend funds on items other than our cloud services, particularly during difficult economic times. If we do not achieve continued success among mid-market organizations, our business, operating results, and future growth would be adversely affected.

We are dependent on a small number of service offerings, and any reduced market adoption of these offerings would result in lower revenue and harm our business.

As a pure-play cloud vendor, we are dependent on a small number of offerings focused on cloud storage and computer backup, and a limited number of corresponding use cases. Our B2 Cloud Storage and Computer

Backup offerings have accounted for substantially all of our total revenue to date and we anticipate that they will continue to do so for the foreseeable future. As a result, our revenue could be reduced as a result of any general or industry decline in demand for cloud-based storage solutions, particularly given that we would not have meaningful revenue from other market segments to offset any temporary or longer-term downturn in demand for cloud-based storage solutions.

Adverse economic conditions may adversely impact our revenue and profitability.

Our operations and financial performance depend in part on worldwide economic conditions and the impact these conditions have on levels of spending on cloud storage solutions. Our business depends on the overall demand for these products and on the economic health and general willingness of our current and prospective customers to purchase our cloud services. Some of our paying customers may view use of cloud storage services as a discretionary purchase and may reduce their discretionary spending on our cloud services during an economic downturn. Weak economic conditions, whether due to COVID-19 or other factors, could cause a reduction in spending on products and solutions storage, which could reduce sales, lengthen sales cycles, increase customer churn, and lower demand for our cloud services, any of which could adversely affect our business, results of operations, and financial condition.

Our ability to maintain customer adoption and satisfaction depends in part on the ease of use of our cloud services, and any such failure could have an adverse effect on our business.

Our success in retaining existing customers and obtaining new customers is dependent in part on the ease of use of our cloud services. If our platform and cloud services, including new service offerings and features as they become available, become more complicated and less easy-to-use, customers could experience increased difficulties or disruption with storing or accessing their data, and we may lose existing customers or experience increased challenges obtaining new customers or existing customers may not choose to use additional features of our cloud services. In addition, our customers sometimes depend on our technical support services to resolve issues relating to our platform. If we do not succeed in helping our customers quickly resolve issues or provide effective ongoing education related to our platform, our reputation and business may be harmed.

Future acquisitions and investments could disrupt our business and harm our financial condition and operating results.

Our success will depend, in part, on our ability to grow our business in response to changing technologies, customer demands, and competitive pressures. In some circumstances, we may choose to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and we may be unable to successfully complete proposed acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development, operational, and sales and marketing functions;
- retention of key employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company’s accounting, management information, human resources, and other administrative systems;

- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- liability for activities of the acquired company prior to our acquisition of them, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities;
- unanticipated write-offs or charges; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties.

Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, incremental operating expenses, or the write-off of goodwill, any of which could harm our financial condition or operating results.

We may require additional capital to support our operations or the growth of our business, and we cannot be certain that this capital will be available on reasonable terms when required, or at all.

We may need additional financing to operate or grow our business. Our ability to obtain additional financing, if and when required, will depend on investor and lender demand, our operating performance, the condition of the capital markets, and other factors. For example, we often use capital leases to finance the equipment we use to provide our cloud-based services. Without additional access to this kind of capital on commercially reasonable terms, or at all, we may not be able to respond to increased demand for our cloud services on a timely or cost-effective basis. We cannot guarantee that additional financing will be available to us on favorable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of our Class A common stock, and our existing stockholders may experience dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support the operation or growth of our business could be significantly impaired and our operating results may be harmed.

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our Class A common stock less attractive to investors.

We are an emerging growth company, and for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to “emerging growth companies,” including: not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the Sarbanes Oxley Act), reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this accommodation allowing for delayed adoption of new or revised accounting standards, and therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies. We could be an emerging growth company for up to five years following the completion of this offering or until we reach certain thresholds. Investors may find our Class A common stock less attractive due to our election to rely on these exemptions and there may be a less active trading market for our Class A common stock and the market price of our Class A common stock may be more volatile.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our results of operations.

All of our sales contracts are currently denominated in U.S. dollars and therefore, our revenue is not directly subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our cloud services to our customers outside of the United States, which could reduce demand for our cloud services and adversely affect our financial condition and results of operations. In addition, as we expand our international operations, we may become more exposed to foreign currency risk and may have some of our sales denominated in one or more currencies other than the U.S. dollar. If we become more exposed to currency fluctuations and are unable to successfully hedge against the risks associated with currency fluctuations, our results of operations could be materially and adversely affected.

Certain of our market opportunity estimates, growth forecasts, and other metrics included in this prospectus could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.

Certain estimates and information contained in this prospectus, including general expectations concerning our industry and the market in which we operate, market opportunity, and market size, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Moreover, much of this information is based on information provided by third-party providers. Although we believe the information from such third-party sources is reliable, we have not independently verified the accuracy or completeness of the data contained in such third-party sources or the methodologies for collecting such data, and such information may also not prove to be accurate. If there are any limitations or errors with respect to such data or methodologies, our business opportunities may be limited, which could negatively affect our shares of Class A common stock. Even if the markets in which we compete meet the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all.

Any future litigation against us could be costly and time-consuming to defend.

We may become subject to legal proceedings, investigations, and claims that arise in the ordinary course of business. For example, we may be subject to claims brought by customers in connection with commercial disputes or employment claims made by our current or former employees. Litigation can often be expensive, even when there is a successful outcome, and can divert management's attention and resources, which could harm our business and financial condition. Any adverse outcome could also result in significant monetary damages or other types of unfavorable relief, which could harm our business as well as our reputation. Although we may have various insurance policies, insurance might not cover such claims or provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us, including premium increases or the imposition of large deductible or co-insurance requirements. In addition, we may also be subject to subpoena requests from third parties as well as governmental agencies from time to time that require us to provide certain information relating to matters targeted against other third parties, which can be time consuming.

Risks Related to Reliance on Infrastructure and Third Parties

We rely on third-party vendors and suppliers, including data center and hard drive providers, which may have limited sources of supply, and this reliance exposes us to potential supply and service disruptions that could harm our business.

We depend on a limited number of third-party data centers and other providers to safely house our equipment and provide sufficient power, bandwidth, and other infrastructure needs to support our operations and cloud services. We also rely on key components for our platform, including hard drives and semiconductors, which come from limited sources of supply. For example, the 2011 Thailand floods decreased hard drive supply

globally due to related manufacturing stoppages. A similar decrease in hard drive availability could negatively impact our operations. The COVID-19 pandemic as well as fluctuating demands in the cryptocurrency mining markets also have impacted, and could continue to impact, our ability to source components in a timely and cost-effective manner from third-party suppliers. For example, starting in April 2020, we began to acquire additional hard drives and related infrastructure through capital lease agreements in order to minimize the impact of potential supply chain disruptions due to the COVID-19 pandemic. The additional leased hard drives resulted in a higher balance of capital equipment and related lease liability, an increase in cash used in financing activities from principal payments, as well as a higher ongoing interest and depreciation expense related to these lease agreements. The semiconductor industry is also experiencing a global chip shortage due to the COVID-19 pandemic and various other factors. Any shortage of key components, including hard drives, could materially and adversely affect our ability to provide our cloud services, as well as negatively impact our financial results by increasing our costs, lease liabilities, interest and depreciation expenses, and inventory levels. Shortages or pricing fluctuations could be material in the future. In the event of a shortage, supply interruption, or material pricing change from our suppliers, we may be unable to develop alternate sources in a timely manner or at all. Developing alternate sources of supply for these infrastructure needs may be time-consuming, difficult, and costly and we may be unable to source them on terms that are acceptable to us, or at all, which may undermine our ability to scale our platform and harm our business.

Our business depends, in part, on the success of our strategic relationships with third parties.

To maintain and grow our business, we anticipate that we will continue to depend on relationships with third parties, such as channel partners and integrators. Identifying partners and negotiating and building relationships with them requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their services over us. In addition, any industry consolidation of such partners or integrators by our competitors or others could result in a decrease in the number of our current and potential customers, as these partners or integrators may no longer facilitate the adoption of our applications by potential customers. Interoperability between our platform and other third-party platforms is also important to our business. Further, some of our partners or integrators are or may become competitive with certain aspects of our cloud services and may elect to no longer integrate with, or support, our platform and cloud services. If we are unsuccessful in establishing or maintaining our relationships with such third parties and maintaining interoperability, our ability to compete in the marketplace or to grow our revenue could be impaired, and our business may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our cloud services or increased revenue.

Our business is exposed to risks associated with online payment processing methods.

Many of our customers pay for our cloud services and products using credit cards. We rely on internal systems as well as those of third parties to process payments. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payment processing, loss of payment partners, and/or disruptions or failures in our payment processing systems or payment products, including products we use to update payment information, our revenue, operating expenses, and results of operation could be adversely impacted.

We rely on third-party software for certain essential financial and operational services, and a failure or disruption in these services could materially and adversely affect our ability to manage our business effectively.

We rely on third-party software to provide many essential financial and operational services to support our business, including HubSpot, NetSuite, PagerDuty, Stripe, and ZenDesk. Some of these vendors are less established and have shorter operating histories than traditional software vendors. Moreover, many of these

vendors provide their services to us via a cloud-based model instead of software that is installed on our premises. As a result, we depend upon these vendors to provide us with services that are always available and are free of errors or defects that could cause disruptions in our business processes. Any failure by these vendors to do so, or any disruption in our ability to access the internet, would materially and adversely affect our ability to manage our operations, disrupt the delivery of our cloud services to customers, and affect other areas such as our ability to timely provide required financial reporting.

Risks Related to Accounting and Tax Matters

We have identified material weaknesses in our internal controls over financial reporting, and the failure to achieve and maintain effective internal controls over financial reporting could harm our business and negatively impact the value of our Class A common stock.

We have identified material weaknesses in our internal controls over financial reporting, and if we are not able to effectively remediate our material weaknesses or are otherwise unable to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or timely file our periodic reports. As a result, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our Class A common stock may be materially impacted.

Our management determined that as of December 31, 2019 we did not maintain effective internal controls over financial reporting, and identified four material weaknesses, specifically related to control activities, as follows:

- our controls were not operating effectively to allow sufficient and timely review of significant accounting transactions and reconciliations. These deficiencies resulted in errors in certain financial statement areas, such as cash and cash equivalents, prepaid expenses and other current assets, property and equipment, capitalized internal-use software, capital lease liability and sale leaseback transactions;

- our controls were not adequately designed to consider certain revenue recognition criteria, specifically related to the timing of revenue recognition, appropriate presentation and satisfaction of criteria for revenue recognition, which could have resulted in a material misstatement;

- our controls over certain equity transactions were not operating effectively to allow management to timely identify errors related to the recording of those transactions. Specifically, we did not have sufficient technical resources to appropriately identify errors in the accounting for equity awards and preferred stock transactions, resulting in misstatements relating to completeness and accuracy of stock-based compensation and classification of equity instruments; and

- our controls were not adequately designed to consider the accurate recording of value added taxes and sales and use taxes, resulting in misstatements.

Our management also determined that the above material weaknesses had not been remediated as of December 31, 2020 and as a result, we did not maintain effective internal control over financial reporting as of December 31, 2020.

We are working to remediate these material weaknesses through the development and implementation of processes and controls, as well as hiring additional personnel in our finance and accounting group. Specifically, we have:

- strengthened our internal controls over financial reporting and the design of our internal-control framework through enhanced accounting policies, control activities, and monitoring;

- implemented a new enterprise resource planning (ERP) system and other systems and processes related to revenue recognition and equity administration to increase capabilities over our financial statement recording and reporting processes;

- hired additional full-time accounting personnel with appropriate levels of experience to increase our accounting and technical expertise, including a new Chief Financial Officer, a Corporate Controller and an Internal Controls Manager; and

- reallocated responsibilities across our accounting organization so that the appropriate level of knowledge and experience is applied based on complexity of transactions.

While we have made progress to enhance our internal controls over financial reporting, we are still in the process of implementing, documenting, and testing these processes, procedures, and controls. Additional time is required to complete implementation and to assess and evaluate the sufficiency of these procedures and related actions. We will continue to devote significant time and attention to these remediation efforts. However, these material weaknesses cannot be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

We cannot assure you that the measures we have taken to date will be sufficient to remediate the material weaknesses we identified or prevent additional material weaknesses in the future. Although we plan to complete this remediation, if the steps we take do not remediate the material weakness in a timely or sufficient manner, there could continue to be a reasonable possibility that these control deficiencies or others could result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis.

Our independent registered public accounting firm is not required to formally attest to the effectiveness of our internal controls over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal controls over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal controls over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our Class A common stock.

If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, we may be unable to produce timely and accurate financial statements or comply with applicable regulations, which could negatively impact the price of our Class A common stock.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Sarbanes-Oxley Act, and the rules and regulations of the NASDAQ Global Market. We expect that the requirements of these rules and regulations will continue to increase our legal, accounting, and financial compliance costs, make some activities more difficult, time-consuming, and costly, and place significant strain on our personnel, systems, and resources.

The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures and internal controls over financial reporting and expect that we will need to continue to expend significant resources, including accounting-related costs, and significant management oversight, to meet such requirements. However, our current controls and any new controls that we develop may not be adequate, and weaknesses in our disclosure controls may be discovered in the future. Additionally, we have identified material weaknesses in our internal controls over financial reporting, and additional such weaknesses may be discovered in the future. See “—We have identified material weaknesses in our internal controls over financial reporting, and the failure to achieve and maintain effective internal controls over financial

reporting could harm our business and negatively impact the value of our Class A common stock." Any failure to develop or maintain effective controls or any difficulties encountered in their implementation or improvement could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal controls over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal controls over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal controls over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the trading price of our Class A common stock.

Because we recognize revenue from our subscription services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.

We generally recognize revenue from customers of our subscription agreements related to data backup services ratably over the terms of their subscription agreements, a majority of which are one or two-year agreements. Accordingly, the corresponding revenue we report in each quarter from such arrangements is the result of subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may only be partially reflected in our revenue results for that quarter. However, any such decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our cloud services, and potential changes in our retention rate may not be fully reflected in our operating results until future periods. This subscription model also makes it difficult for us to rapidly increase our revenue through additional subscription sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

Our operating results may be harmed if we are required to collect sales or other related taxes for our cloud services in jurisdictions where we have not historically done so.

We collect sales and value-added tax in connection with our cloud services in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us, including for past sales by us or our resellers and other partners. Online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our cloud services could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage users from purchasing our platform, or otherwise harm our business, results of operations, and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2020 we had net operating loss carryforwards for U.S. federal income tax purposes of $45.1 million available to offset future U.S. federal taxable income. Also, as of December 31, 2020, we had net operating loss carryforwards for state income tax purposes of $8.5 million available to offset future state taxable income. If not utilized, both the federal and state tax credit carryforwards will begin to expire in 2034.

Utilization of our net operating loss carryforwards and other tax attributes, such as research and development tax credits, may be subject to annual limitations, or could be subject to other limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the Code), and other similar provisions. Under Sections 382 and 383 of the Code, if a corporation undergoes an "ownership change," our ability to use pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset post-change income may be limited. Similar rules may apply under state tax laws. At this time, we have not completed a study to assess whether such an ownership change has occurred, or whether there have been multiple ownership changes since

our formation. We may experience ownership changes in the future as a result of subsequent changes in our stock ownership, some of which may be outside our control. Accordingly, our ability to utilize the aforementioned carryforwards may be limited.

Further, legislation enacted in 2017, informally titled the Tax Cuts and Jobs Act (Tax Act), as modified by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) changed the federal rules governing net operating loss carryforwards. For net operating loss carryforwards arising in tax years beginning after December 31, 2017, the Tax Act limits a taxpayer's ability to utilize such carryforwards to 80% of taxable income. In addition, net operating loss carryforwards arising in tax years ending after December 31, 2017 can be carried forward indefinitely, but carryback is generally prohibited. Net operating loss carryforwards generated before January 1, 2018 (which represent the substantial majority of our net operating losses) will not be subject to the Tax Act's taxable income limitation and will continue to have a twenty-year carryforward period. Nevertheless, our net operating loss carryforwards and other tax assets could expire before utilization and could be subject to limitations, which could harm our business, revenue, and financial results.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes appearing elsewhere in this prospectus. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates." The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve those related to costs to be capitalized as internal-use software and their useful life; the useful lives of other long-lived assets; impairment considerations for long-lived assets; expected lease term for capital leases; calculation of the sales reserve; valuation of our common stock and stock options and accounting for taxes; including estimates for sales tax and value-added tax liability; deferred tax assets; valuation allowance; and uncertain tax positions among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions.

Risks Related to Intellectual Property

Assertions by a third party that our cloud services infringe, misappropriate, or otherwise violate their intellectual property could subject us to costly and time-consuming litigation and adversely impact our business.

There is frequent litigation in the software and technology industries based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Some software and technology companies, including some of our competitors, as well as non-practicing entities, own patents and other intellectual property rights that they may use to assert claims against us. In our case, third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights. For example, we have faced infringement claims from other non-practicing entities in the past. There may be intellectual property rights held by others, including issued or pending patents, that cover significant aspects of our technologies or solutions, and we cannot assure you that we are not infringing, misappropriating, or violating, and have not infringed, misappropriated, or violated, any third-party intellectual property rights or that we will not be held to have done so or be accused of doing so in the future. In addition, as we face increasing competition and become increasingly visible as a publicly-traded company, or if we become more successful, the possibility of new third-party claims may increase.

Any claim that we have violated intellectual property or other proprietary rights of third parties, with or without merit, could be time-consuming and costly to address and resolve, could divert the time and attention of management and technical personnel from our business, could place limitations on our ability to use our current websites and technologies, and could result in an inability to market or provide all or a portion of our cloud services. Furthermore, we could be required to pay substantial monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a party's intellectual property rights. We may also be required to enter into a royalty or licensing agreement that could include significant upfront and future licensing fees or expend significant resources to redesign our technologies or solutions, which efforts may not be timely or prove successful at all and require us to indemnify customers or other third parties. Royalty or licensing agreements may be unavailable on terms acceptable to us, or at all. If we cannot develop or license technology for any allegedly infringing aspect of our business, we could be forced to limit our cloud services and may be unable to compete effectively. Any of these events could have a material adverse effect on our business.

If we are unable to adequately establish, maintain, protect, and enforce our intellectual property and proprietary rights, our reputation may be harmed, we may be subject to litigation, and our business may be adversely affected.

Our future success and competitive position depend in large part on our ability to establish, maintain, protect, and enforce our intellectual property and proprietary rights. We do not own any issued patents and rely on a combination of trademark, copyright, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection and may not now or in the future provide us with a competitive advantage. The steps we have taken and will take may not prevent unauthorized use, reverse engineering, or misappropriation of our technologies and we may be unable to detect any of the foregoing. Furthermore, effective trademark, copyright, and trade secret protection may not be available in every country in which our cloud services are available. Our lack of patent protection may restrict our ability to protect our technologies and processes from competition. Defending and enforcing our intellectual property rights may result in litigation, which can be costly and divert management attention and resources. If our efforts to protect our technologies and intellectual property are inadequate, the value of our brand and other intangible assets may be diminished and competitors may be able to mimic our cloud services. Any of these events could have a material adverse effect on our business.

With respect to our technology platform, we consider trade secrets and know-how to be one of our primary sources of intellectual property. However, trade secrets and know-how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, outside contractors, consultants, advisors, and other third parties. We also enter into confidentiality and invention assignment agreements with our employees and consultants. The confidentiality agreements are designed to protect our proprietary information and, in the case of agreements or clauses containing invention assignment, to grant us ownership of technologies that are developed through a relationship with employees or third parties. We cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary information, including our technology and processes. Despite these efforts, no assurance can be given that the confidentiality agreements we enter into will be effective in controlling access to such proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, may not be adequate to protect our confidential information, trade secrets, and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these agreements do not prevent our competitors or others from independently developing the same or similar technologies and processes, which may allow them to provide a service similar or superior to ours, which could harm our competitive position.

Our use of "open-source" software could negatively affect our ability to sell our cloud services and subject us to possible litigation.

A portion of the technologies used by us incorporates "open-source" software, and we may incorporate open-source software in the future. Such open-source software is generally licensed by its authors or other third parties under open-source licenses. Companies that incorporate open-source software into their solutions have, from time to time, faced claims challenging the use of open-source software and compliance with open-source license terms. These licenses may subject us to certain unfavorable conditions, including requirements that we offer all or parts of our technology or services that incorporate the open-source software at no cost, that we make publicly available source code for modifications or derivative works we create based upon, incorporating, or using the open-source software, and/or that we license such modifications or derivative works under the terms of the particular open-source licensor other license granting third parties certain rights of further use. Although we monitor our use of open-source software, we cannot assure you that all open-source software is reviewed prior to use in our cloud services, that our developers have not incorporated open-source software into our technology platform or services, or that they will not do so in the future. In the event that we become subject to such claims, we could be subject to significant damages, enjoined from the sale of our solutions that contained the open-source software, and required to comply with onerous conditions. In addition, the terms of open-source software licenses may require us to provide software that we develop using such open-source software to others on unfavorable license terms. As a result of our current or future use of open-source software, we may face claims or litigation, be required to release our proprietary source code, pay damages for breach of contract, re-engineer our solutions, discontinue making our solutions available in the event re-engineering cannot be accomplished on a timely basis or take other remedial action. Any such re-engineering or other remediation efforts could require significant additional research and development resources, and we may not be able to successfully complete any such re-engineering or other remediation efforts on a timely basis, or at all. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could disrupt the distribution and sale of our solutions and have a material adverse effect on our business and operating results.

Risks Related to Ownership of Our Class A Common Stock and This Offering

We may invest or spend the proceeds of this offering in ways with which investors may not agree or in ways which may not yield a return.

Our management will have considerable discretion in the application of the net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Our net proceeds from the sale of shares of our Class A common stock in this offering will be used for general corporate purposes, including working capital, operating expenses, and capital expenditures and to fund new growth initiatives. In addition, although we do not have any agreements or commitments for any specific material acquisitions at this time, we may use a portion of the net proceeds to acquire businesses, products, services, or technologies. Also, prior to a private financing round consisting of $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in August 2021, we had raised less than $3.0 million of outside equity investment since our founding in 2007. As a result, we do not have an established track record for the use of significant proceeds from the sale of shares of our stock. We may spend the proceeds in ways that may not yield a significant return or provide the anticipated benefits in a timely manner, or at all. In addition, until the net proceeds are used, they may be placed in investments that do not produce significant income or that may lose value.

The dual class structure of our common stock has the effect of concentrating voting control with those stockholders who held our capital stock prior to the completion of this offering, including our executive officers, employees, and directors and their affiliates, which will limit your ability to influence the outcome of important transactions, including a change in control.

Our Class B common stock has 10 votes per share, and our Class A common stock, which is the stock we are offering in this offering, has one vote per share. Upon the completion of this offering, stockholders who

hold shares of our Class B common stock, including our executive officers, employees, and directors and their affiliates, will collectively hold approximately % of the voting power of our outstanding capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, after the completion of this offering, the holders of our Class B common stock will collectively continue to control a majority of the combined voting power of our capital stock and therefore be able to control all matters submitted to our stockholders for approval so long as the shares of our Class B common stock represent at least 10% of all outstanding shares of our Class A common stock and Class B common stock. These holders of our Class B common stock may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentrated control may have the effect of delaying, preventing, or deterring a change in control of our company, could deprive our stockholders of an opportunity to receive a premium for their capital stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock.

Future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for estate planning or charitable purposes. The conversion of shares of our Class B common stock into shares of our Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term. If, for example, any of our founders or other large existing stockholders that hold significant shares of Class B common stock retain a significant portion of their holdings of our Class B common stock for an extended period of time, they could control a significant portion of the voting power of our capital stock for the foreseeable future. For a description of the dual class structure, see the section titled “Description of Capital Stock.”

We cannot predict the impact our dual class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual class structure, combined with the concentrated control of our stockholders who held our capital stock prior to the completion of our offering, including our executive officers, employees, and directors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indices. In July 2017, FTSE Russell and Standard & Poor’s announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Anti-takeover provisions contained in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law contain or will contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our Board of Directors. Among other things, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws will include provisions:

- creating a classified Board of Directors whose members serve staggered three-year terms;
- authorizing “blank check” preferred stock, which could be issued by our Board of Directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our common stock;

- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our Board of Directors;
- controlling the procedures for the conduct and scheduling of Board of Directors and stockholder meetings; and
- authorizing two classes of common stock, as discussed above.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation law, which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such stockholder. Any provision of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

An active trading market for our Class A common stock may never develop or be sustained.

Even if we successfully complete our initial public offering, we cannot assure you that an active trading market for our Class A common stock will develop, or if developed, that any market will be sustained. Accordingly, we cannot assure you of the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares of our Class A common stock.

The market price of our Class A common stock may be volatile, and you could lose all or part of your investment.

Prior to the completion of this offering, there has been no public market for shares of our Class A common stock. The initial public offering price of our Class A common stock will be determined through negotiation between us and the underwriters. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell shares of our Class A common stock following this offering. In addition, the market price of our Class A common stock following this offering is likely to be highly volatile, may be higher or lower than the initial public offering price of our Class A common stock, and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance.

Fluctuations in the price of our Class A common stock could cause you to lose all or part of your investment because you may be unable to sell your shares at or above the price you paid in this offering. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks;
- the impact of the COVID-19 pandemic;

- changes in operating performance and stock market valuations of other technology companies generally or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;
- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public's reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors' businesses, or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- any significant change in our management; and
- general economic conditions and slow or negative growth of our markets.

In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

The large number of shares of our capital stock eligible for public sale or subject to rights requiring us to register them for public sale could depress the market price of our Class A common stock.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market after this offering, and the perception that these sales could occur may also depress the market price of our Class A common stock. Based on shares of our capital stock outstanding as of June 30, 2021, we will have shares of our capital stock outstanding after this offering. Our executive officers, directors and the holders of substantially all of our capital stock and securities convertible into or exchangeable for our capital stock have entered into market standoff agreements with us or will enter into

lock-up agreements with the underwriters under which they have agreed or will agree, subject to specific exceptions, not to sell any of our capital stock for 180 days following the date of this prospectus without first obtaining the written consent of Oppenheimer & Co. Inc., subject to certain exceptions as set forth in "Underwriting". As a result of these agreements, the provisions of our investors' rights agreement described further in the section titled "Description of Capital Stock—Registration Rights" and the provisions of Rule 144 or Rule 701 under the Securities Act of 1933, as amended (the Securities Act), shares of our capital stock will be available for sale in the public market as follows:

- beginning on the date of this prospectus, all shares of our Class A common stock sold in this offering will be immediately available for sale in the public market; and

- beginning 180 days after the date of this prospectus, if not earlier released, the remainder of the shares of our capital stock will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144 and our insider trading policy.

Following the expiration of the lock-up agreements referred to above, stockholders owning an aggregate of up to 933,110 shares of our Class B common stock can require us to register shares of our capital stock owned by them for public sale in the United States. In addition, we intend to file a registration statement to register approximately shares of our capital stock reserved for future issuance under our equity compensation plans. Upon effectiveness of that registration statement, subject to the satisfaction of applicable exercise periods and expiration of the market standoff agreements and lock-up agreements referred to above, the shares of our capital stock issued upon exercise of outstanding options to purchase shares of our Class B common stock will be available for immediate resale in the United States in the open market.

Sales of our Class A common stock as restrictions end or pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the market price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, is substantially higher than the pro forma net tangible book value per share of our outstanding capital stock upon the completion of this offering. Therefore, if you purchase shares of our Class A common stock in this offering, you will incur immediate dilution of $ in the net tangible book value per share from the price you paid. In addition, investors purchasing shares of our Class A common stock from us in this offering will have contributed % of the total consideration paid to us by all stockholders who purchased shares of our common stock, in exchange for acquiring approximately % of the outstanding shares of our common stock as of , after giving effect to this offering. The exercise of outstanding options to purchase shares of our Class B common stock will result in further dilution.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market, or our competitors, or if they adversely change their recommendations regarding our Class A common stock, the market price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If any of the analysts who may cover us adversely change their recommendations regarding our Class A common stock or provide more favorable recommendations about our competitors, the market price of our Class A common stock would likely decline. If any of the analysts who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of our Class A common stock or trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our Class A common stock in the foreseeable future. Consequently, investors may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of our Class A common stock.

Our Amended and Restated Certificate of Incorporation will provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our Amended and Restated Certificate of Incorporation will provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Specifically, our Amended and Restated Certificate of Incorporation will provide that the Court of Chancery of the State of Delaware is the exclusive forum provision for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty; (iii) any action arising pursuant to any provision of the DGCL, our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws (as either may be amended from time to time); (iv) any action to interpret, apply, enforce, or determine the validity of our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; (v) any action asserting a claim against us that is governed by the internal affairs doctrine; or (vi) any action asserting an "internal corporate claim" as defined in the DGCL.

These exclusive forum provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act.

Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our Amended and Restated Certificate of Incorporation will further provide that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our Amended and Restated Certificate of Incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. If a court were to find any of the exclusive forum provisions of our Amended and Restated Certificate of Incorporation to be inapplicable to or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

Operating as a public company will require us to incur substantial costs and will require substantial management attention.

As a public company, we will incur substantial legal, accounting, and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer

Protection Act, the rules and regulations of the SEC, and the listing standards of the NASDAQ Global Market. For example, the Exchange Act requires, among other things, we file annual, quarterly, and current reports with respect to our business, financial condition, and results of operations. Compliance with these rules and regulations will increase our legal and financial compliance costs, and increase demand on our systems, particularly after we are no longer an emerging growth company. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management, and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors.

Some members of our management team also have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and results of operations.

A Letter from the Founders

To Our Customers and Future Stockholders,

Backblaze was incorporated in 2007 by five founders who are all still with the company today, but its origins go back much farther than that. Our journey started when the same five individuals—Gleb, Brian, and Casey, joined shortly thereafter by Tim and Billy—launched our first startup in 1999, where we developed a philosophy around building easy-to-use products.

Our collaboration continued through our second startup as we further refined our principles to be customer focused, fair, and transparent. Then, as a result of a phone call from a friend who had lost some data (one in a long line of similarly frantic calls) with no backup because “no one has the time for that,” Brian gathered the same five people together a third time in 2007 to form Backblaze—with the intention of making storing, using, and protecting data so astonishingly easy that Brian wouldn’t have to field frantic phone calls like that ever again.

After building two successful businesses together, we embarked on this next part of our journey as a seasoned team with clear vision and purpose for this startup: We wanted to focus on customers. We wanted to create a great product. We wanted to offer that product at a fair price. We wanted customers to not only be glad to do business with us, but also trust us enough to enthusiastically recommend our products and cloud services to others.

Bootstrapped and Focused on Customers

To achieve this, we decided to create Backblaze differently, and with essentially no venture capital funding. As a result, the business has grown with an almost entirely bootstrapped approach—prior to 2021, we had raised less than $3 million in outside equity since our founding in 2007. This has helped us to focus exclusively on building an efficient culture and serving our customers.

The real source of Backblaze’s financial success and growth has been, and will continue to be, our customers. Building storage cloud products for our customers and keeping their most valuable data safe is what drives our entire culture.

Trust and Transparency

In 2007 Brian crafted a “Backblaze Statement of Core Values,” which outlined several of our founding principles. Here is the first:

Core Value #1—Be Fair and Customer Oriented

At Backblaze, we want to provide a quality product for a fair price. We want to be honest and up front with our customers as to what we can and cannot do and we want to be paid only the money honestly owed to us, and never engage in sleazy or misleading business practices where customers are misled in any way or pay for a service they do not receive. We are the “good guys”, and we act like it.

and our founding principles continue...

Backblaze strives to be open and transparent to customers, and open and transparent to all partners, employees, and investors. Any information you are ashamed to share with any one of the groups on this list is a warning sign that you might be doing something wrong.

These values sit at the very core of our culture. Transparency is more than a value for us, it’s our default approach. We release quarterly hard drive reports detailing the performance of each serial number and brand of

the nearly 200,000 drives in our datacenter. We shared exactly how we store customer data redundantly, and how we do it inexpensively. We shared the source code algorithms used to encode and replicate our customer data to keep it safe. When we face problems, like we did during a 2010 power outage at a datacenter, we openly share what went wrong and how we will do better in the future. When there are problems with our software, we share what went wrong and the steps being taken to fix it, like in 2016 when a bug in a different company's software caused problems with the Backblaze client if both pieces of software ran on the same customer laptop.

This openness has been met with customer appreciation and loyalty, which encourages us to stay true to these core Backblaze values.

Our Team, Our Culture

Early on, we grew our team by hiring co-workers from previous companies who we trusted with what we consider to be our lives and livelihood—our customers' data. The first two after the five original founders deserve special mention as demi-founders: Damon Uyeda and Nilay Patel. Most of us went entirely without salary for more than a year in order to spend all of Backblaze's resources building products our customers would love. In the spirit of that original bond, we formed a salary tontine where, until the public offering is finalized, a core group of the original founders and some other very early employees agreed to make the same salary. This solidarity helped us build and sustain our culture through the first 14 years of our evolution.

Our founding team is a diverse group of open-minded people born in four different countries, practicing at least five different religions, bound together by mutual respect and the common belief in making excellent products. We embrace what each individual brings to the business; diversity is one of our strengths. Leveraging this strength means discussing our differences in an open dialog—Backblaze is not afraid of diverging opinions. The free exchange of ideas is a strength, not a weakness.

Of the first 100 employees, more than half worked with us at previous companies, which speaks to our reputation, as do our Glassdoor ratings—4.9/5.0 stars, 100% CEO Approval, and 100% Recommend to a Friend as of December 31, 2020.

Backblaze welcomed its 228th employee as of June 30, 2021. One of the things we are the most proud of as founders is the team of exceptionally talented people who have chosen to work at Backblaze. They are highly sought-after individuals with extraordinary reputations who could have chosen to work at any tech company. To attract and retain such a team, we provide a warm, friendly office environment where families and well-behaved dogs are welcome.

Becoming a Public Company

Becoming publicly traded is a natural step for any company that wishes to stay independent, rather than being absorbed by a firm that may not share our core values. For us, the only question was when to take that step.

There were several factors that led us to make the transition now. First and foremost, we feel that there is a market opportunity to grow our customer base, and we are raising capital to pursue that opportunity. We do not plan to change our customer focus, nor our dedication to staying efficient. These additional funds are intended to expand on that focus, not to spend irresponsibly.

Second, Backblaze is employee owned. We grant stock options to every employee so that all employees share in our success. After 14 years of operation, it is time to give our most loyal, long-term team members some liquidity. We owe them that, and more.

Third, we want to invite our customers, community, and advocates as well as investors to become part owners in the next stage of our adventure. We feel that they have always been a part of our family, and we welcome them to take part in our continued success and growth.

Finally, an IPO is a branding event—a coming of age party. It marks the end of the startup period and the beginning of an era where we are a trusted, mature company without the “startup” qualifier.

As Backblaze becomes a public company, we plan to maintain our core values, our focus on sustainable growth, and our commitment to our customers. We are building on that foundation by welcoming an independent board and raising IPO funds to continue investing in and accelerating Backblaze’s growth.

Thank you and Next Steps

It has indeed been an incredible journey building Backblaze into what it is today. We are grateful to our customers for their business and trust, and we plan to continue earning that trust every day. We are thankful to our team members for their dedication to Backblaze and our values. And we are thankful for our friends, family members, and everybody else who helped and encouraged us along the way. We could not possibly have made it this far without you.

Data has become the digital world’s most precious resource. We have spent the last 14 years making it astonishingly easy to store, use, and protect that data. And we’re just getting started. As data continues to grow in volume and importance, we believe Backblaze will be a foundational element of the overall technology stack.

We invite you to join us in this next step in our evolution, the next part of our adventure—building Backblaze as a public company.

Gleb Budman, CEO & Chairperson

Brian Wilson, CTO & Director

Timothy Nufire, CCO & Director

Charles (Casey) Jones, VP Design

Kwok Hang (Billy) Ng, Web Architect

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, as well as plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that are in some cases beyond our control and may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

The words “may,” “will,” “should,” “would,” “expect,” “plan,” “anticipate,” “could,” “intend,” “target,” “project,” “contemplate,” “believe,” “estimate,” “predict,” “potential,” or “continue,” or the negative of these terms or other similar expressions are intended to identify forward-looking statements. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- the sufficiency of our cash and cash equivalents to meet our projected operating requirements;
- our ability to maintain the security of our platform;
- our ability to sell our platform to new customers;
- our ability to retain, and expand use of our platform by our existing customers;
- our ability to successfully expand in our existing markets and into new markets;
- our ability to effectively manage our growth and future expenses;
- our ability to expand our partner ecosystem;
- our ability to establish, maintain, protect and enforce our intellectual property and proprietary rights;
- our estimated total addressable market;
- the attraction and retention of qualified employees and key personnel;
- our anticipated investments in sales and marketing, research and development, general and administrative, and cost of revenue;
- our ability to successfully defend litigation brought against us;
- the impact of the COVID-19 pandemic and other disruptive events on our business or that of our customers and partners;
- our ability to successfully remediate and prevent material weaknesses in internal controls over financing reporting;
- the increased expenses associated with being a public company; and
- our use of the net proceeds from this offering.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described in the section titled “Risk Factors” elsewhere in this prospectus. 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, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, advancements, discoveries, levels of activity, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations.

You should read this prospectus and the documents that we reference in this prospectus and have filed with the Securities and Exchange Commission as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance, and events and circumstances may be materially different from what we expect.

MARKET, INDUSTRY, AND OTHER DATA

This prospectus contains estimates, projections, and other information concerning our industry, our business, and our target markets. We obtained the industry, market, and similar data set forth in this prospectus from our internal estimates and research. Information based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market, and other data from reports, research surveys, studies, and similar data prepared by third parties, industry, general publications, and similar sources.

Certain information in this prospectus is contained in independent industry publications. The source of these independent industry publications is provided below:

- International Data Corporation, Inc., Worldwide Global DataSphere (XLS), April 2020;
- International Data Corporation, Inc., Data Age 2025: the Digitization of the World From Edge to Core, November 2018;
- International Data Corporation, Inc., Worldwide Data Protection as a Service Forecast, 2020-2024, November 2020;
- International Data Corporation, Inc., Worldwide Data Protection as a Service Forecast, August 2021;
- International Data Corporation, Inc., Worldwide Data Protection as a Service Forecast, August 2021;
- International Data Corporation, Inc., Worldwide Public Cloud Infrastructure as a Service Forecast, 2020-2024, July 2020;
- International Data Corporation, Inc., Worldwide Public Cloud Infrastructure as a Service Forecast, July 2021;
- International Data Corporation, Inc., Worldwide Public Cloud Infrastructure as a Service Forecast, 2020-2024 (XLS);
- International Data Corporation, Inc., Worldwide Public Cloud Infrastructure as a Service Forecast, July 2021;
- International Data Corporation, Inc., Worldwide Semiannual Public Cloud Services Spending Guide Taxonomy, 2019;
- International Data Corporation, Inc., Worldwide Global DataSphere Forecast, 2020–2024: The COVID-19 Data Bump and the Future of Data Growth, April 2020;
- Frost & Sullivan, Data & Storage: Results from 2020 Frost & Sullivan Surveys, December 2020;
- Bitdefender, The ‘New Normal’ State of Cybersecurity: 2020 Business Threat Landscape Report, November 2020; and
- Flexera, 2020 State of the Cloud Report, April 2020.

USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately $ million, or $ million if the underwriters exercise their option to purchase additional shares in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, assuming an initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions. An increase (decrease) of shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase (decrease) our net proceeds from this offering by $ million, assuming no change in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

The principal purposes of this offering are to increase our capitalization and financial flexibility and create a public market for our Class A common stock, obtain additional working capital, and facilitate our future access to the public equity markets to allow us to implement our business plan. We currently intend to use the net proceeds received by us from this offering for general corporate purposes, including working capital, operating expenses, sales and marketing expenses to fund the growth of our business, research and development, and capital expenditures. In addition, we may use a portion of the net proceeds to acquire complementary businesses, products, services, or technologies. However, we have no current understandings, agreements, or commitments for any specific material acquisitions at this time. We cannot specify with certainty the particular uses of the net proceeds that we received from this offering. Accordingly, we will have broad discretion in using these proceeds.

Pending our use of the net proceeds from this offering, we plan to invest the net proceeds in a variety of capital preservation investments, including short-term interest-bearing investment-grade securities, certificates of deposit, or government securities.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock and we do not currently intend to pay any cash dividends on our capital stock for the foreseeable future. We currently intend to retain all available funds and any future earnings to support operations and to finance the growth and development of our business. Any future determination to pay dividends will be made at the discretion of our Board of Directors subject to applicable laws and will depend upon, among other factors, our results of operations, financial condition, contractual restrictions, and capital requirements. Our future ability to pay cash dividends on our capital stock may also be limited by the terms of any future debt or preferred securities or future credit facility. Our revolving credit agreement with HomeStreet Bank, as amended, contains certain restrictive covenants that prevent us from paying cash dividends on our capital stock.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and total capitalization as of June 30, 2021, as follows on:

- an actual basis;
- a pro forma basis to give effect to: (i) the automatic conversion of all outstanding shares of our convertible preferred stock into shares of Class B common stock, (ii) the reclassification of all outstanding shares of our common stock into an equivalent number of shares of our Class B common stock, (iii) the automatic conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) into shares of Class A common stock (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus) and (iv) the filing and effectiveness of our Amended and Restated Certificate of Incorporation in Delaware; and
- a pro forma as adjusted basis to give effect to: (i) the pro forma adjustments set forth above; and (ii) our sale and issuance in this offering of shares of Class A common stock at the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this information in conjunction with our financial statements and the related notes appearing elsewhere in this prospectus, as well as the sections of this prospectus titled "Selected Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of June 30, 2021		
	Actual	Pro Forma	Pro Forma As Adjusted(1)
		(unaudited) (in thousands, except share and per share data)	
Cash and cash equivalents	$	$	$
Convertible preferred stock, $0.001 par value; shares authorized, shares issued and outstanding, actual; no shares authorized, issued and outstanding, pro forma and pro forma as adjusted			
Stockholders' (deficit) equity:			
Preferred stock, $0.001 par value; no shares authorized, issued and outstanding, actual; shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Common stock, $0.0001 par value; shares authorized, shares issued and outstanding, actual; no shares authorized, no shares issued and outstanding, pro forma and pro forma as adjusted	—	—	—
Class A common stock, $0.0001 par value; no shares authorized, issued or outstanding, actual; shares authorized, shares issued and outstanding, pro forma and pro forma as adjusted	—		
Class B common stock, $0.0001 par value; no shares authorized, issued or outstanding, actual; shares authorized, shares issued and outstanding, pro forma and pro forma as adjusted	—		
Additional paid-in capital			
Accumulated deficit			
Total stockholders' (deficit) equity			
Total capitalization	$	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. Each increase (decrease) of shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per share, which is the midpoint of the estimated offering price range set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

The number of shares of our Class A common stock and Class B common stock issued and outstanding, pro forma and pro forma adjusted, in the table above is based on no shares of our Class A common stock and 6,193,304 shares of our Class B common stock (including our convertible preferred stock on an as-converted basis) outstanding as of June 30, 2021, and excludes:

- 3,675,259 shares of our Class B common stock issuable upon the exercise of options outstanding as of June 30, 2021 under our 2011 Plan, with a weighted-average exercise price of approximately $10.87 per share;
- the automatic conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) into shares of Class A common stock (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus);
- shares of our common stock reserved for issuance under our equity compensation plans, consisting of:
  - 181,900 shares of our Class B common stock issuable upon the exercise of options granted under our 2011 Plan after June 30, 2021 with an exercise price of $36.21 per share;
  - 145,097 shares of our Class B common stock reserved for issuance under our 2011 Plan as of June 30, 2021, which will become available for issuance under our 2021 Plan on the date of this prospectus;
  - shares of our Class A common stock reserved for future issuance under our 2021 Plan, which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and
  - shares of our Class A common stock reserved for issuance under our 2021 ESPP, which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

DILUTION

If you invest in our Class A common stock in this offering, your ownership interest will be immediately diluted to the extent of the difference between the assumed initial public offering price per share of our Class A common stock and the pro forma as adjusted net tangible book value per share of our Class A common stock immediately after this offering.

Historical net tangible book value (deficit) per share represents our total tangible assets less our liabilities and preferred stock that is not included in equity divided by the total number of shares of Class A common stock outstanding. As of June 30, 2021, our historical net tangible book value (deficit) was approximately $ million, or $ per share. Our pro forma net tangible book value as of June 30, 2021, was approximately $ million, or $ per share, after giving effect to (i) the automatic conversion of all outstanding shares of our preferred stock into an aggregate of shares of Class B common stock and (ii) the automatic conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) into shares of Class A common stock (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus) immediately prior to the completion of this offering.

After giving effect to (i) the pro forma adjustments set forth above and (ii) our sale in this offering of shares of Class A common stock at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus and after deducting estimated underwriting discounts and commissions, our pro forma as adjusted net tangible book value as of June 30, 2021 would have been approximately $ million, or $ per share of our Class A common stock. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to investors purchasing Class A common stock in this offering.

The following table illustrates this dilution to new investors on a per share basis:

Assumed initial public offering price per share		$
Pro forma net tangible book value (deficit) per share as of June 30, 2021	$	
Increase in pro forma net tangible book value per share attributable to new investors in this offering		
Pro forma as adjusted net tangible book value per share immediately after this offering		
Dilution per share to new investors purchasing shares in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the pro forma as adjusted net tangible book value, by $ per share and the dilution per share to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions. We may also increase (decrease) the number of shares we are offering.

If the underwriters' option to purchase additional shares in this offering is exercised in full, the pro forma as adjusted net tangible book value would be $ per share, the increase in the pro forma net tangible book value per share for existing stockholders would be $ per share and the dilution to new investors participating in this offering would be $ per share.

We may also increase or decrease the number of shares we are offering. An increase (decrease) of shares in the number of shares we are offering would increase (decrease) our pro forma as adjusted net tangible book value by approximately $ million, or $ per share, and the pro forma dilution per share to investors in this offering by $ per share, assuming that the assumed initial public offering price remains the same, and after deducting estimated underwriting discounts and commissions. The pro forma information discussed above is illustrative only and will change based on the actual initial public offering price, number of shares and other terms of this offering determined at pricing.

As of June 30, 2021, after giving effect to the pro forma adjustments set forth above, the number of shares of our Class A common stock, the total consideration, and the average price per share (i) paid to us by our existing stockholders and (ii) to be paid by new investors participating in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting estimated underwriting discounts and commissions.

	Shares Purchased		Total Consideration		Weighted-Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders		%	$	%	$
New investors					
Total		100%	$	100%	

In addition, if the underwriters' option to purchase additional shares is exercised in full, the number of shares held by existing stockholders will be reduced to % of the total number of shares of Class A common stock to be outstanding upon completion of this offering, and the number of shares of Class A common stock held by new investors participating in this offering will be further increased to % of the total number of shares of Class A common stock to be outstanding upon completion of the offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) total consideration paid by new investors by $ and increase (decrease) the percent of total consideration paid by new investors by %, assuming the number of shares we are offering, as set forth on the cover page of this prospectus, remains the same, after deducting estimated underwriting discounts and commissions. We may also increase or decrease the number of shares we are offering. An increase (decrease) of in the number of shares offered by us would increase (decrease) total consideration paid by new investors by $, assuming that the assumed initial price to the public remains the same, and after deducting the estimated underwriting discounts and commissions.

The number of shares of our Class A common stock and Class B common stock issued and outstanding, pro forma and pro forma adjusted, in the table above is based on no shares of our Class A common stock and 6,193,304 shares of our Class B common stock (including our convertible preferred stock on an as-converted basis) outstanding as of June 30, 2021, after giving effect to the reclassification of all outstanding shares of our common stock into an equivalent number of our Class B common stock and the filing and effectiveness of our Amended and Restated Certificate of Incorporation in Delaware, and excludes:

- 3,675,259 shares of our Class B common stock issuable upon the exercise of options outstanding as of June 30, 2021 under our 2011 Plan, with a weighted-average exercise price of approximately $10.87 per share;
- shares of our Class A common stock issuable upon the conversion of our convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) issued in a private placement to investors in August 2021 (based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover page of this prospectus);
- shares of our common stock reserved for issuance under our equity compensation plans, consisting of:
  - 181,900 shares of our Class B common stock issuable upon the exercise of options granted under our 2011 Plan after June 30, 2021 with an exercise price of $36.21 per share;

- 145,097 shares of our Class B common stock reserved for issuance under our 2011 Plan as of June 30, 2021, which will become available for issuance under our 2021 Plan on the date of this prospectus;

- shares of our Class A common stock reserved for future issuance under our 2021 Plan, which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan; and

- shares of our Class A common stock reserved for issuance under our 2021 ESPP, which will become effective upon the effectiveness of the registration statement of which this prospectus forms a part, as well as any automatic increases in the number of shares of common stock reserved for future issuance under this plan.

To the extent that any outstanding options are exercised or new awards are granted under our equity compensation plans, new investors will experience further dilution.

SELECTED FINANCIAL DATA

The statements of operations data for the years ended December 31, 2019 and 2020 and the balance sheet data as of December 31, 2019 and 2020, are derived from our audited financial statements and related notes included elsewhere in this prospectus. The statements of operations data for the six months ended June 30, 2020 and 2021 and the balance sheet data as of June 30, 2021, are derived from our unaudited financial statements and related notes included elsewhere in this prospectus. The unaudited financial data set forth below have been prepared on the same basis as our audited financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair statement of such data. Our historical results are not necessarily indicative of the results to be expected in the future. The selected financial data in this section are not intended to replace our financial statements and the related notes, and are qualified in their entirety by the financial statements and related notes included elsewhere in this prospectus.

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
	(in thousands, except share and per share data)			
Statement of Operations Data				
Revenue	$ 40,748	$ 53,784	$ 25,379	$ 31,462
Cost of revenue(1)	20,127	25,801	11,678	15,756
Gross profit	20,621	27,983	13,701	15,706
Operating expenses:				
Research and development(1)	8,436	13,069	5,832	8,976
Sales and marketing(1)	8,166	11,924	5,423	8,124
General and administrative(1)	3,070	6,722	2,638	5,157
Total operating expenses	19,672	31,715	13,893	22,257
Income (loss) from operations	949	(3,732)	(192)	(6,551)
Interest expense	(1,929)	(2,886)	(1,153)	(1,718)
Gain on extinguishment of debt	—	—	—	2,299
Loss before provision for income taxes	(980)	(6,618)	(1,345)	(5,970)
Income tax provision	(16)	(5)	—	(136)
Net loss	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)
Net loss per share, basic and diluted	$ (0.19)	$ (1.28)	$ (0.26)	$ (1.18)
Weighted average shares used in computing net loss per share, basic and diluted	5,165,770	5,169,284	5,167,756	5,192,205
Pro forma net loss per share, basic and diluted (unaudited) (2)		$ (1.09)		$ (1.00)
Weighted-average shares outstanding used in computing pro forma net loss per share, basic and diluted (unaudited)(2)		6,102,394		6,125,315

(1) Includes stock-based compensation expense as follows:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
	(in thousands)		(unaudited)	
Cost of revenue	$ 130	$ 100	$ 23	$ 194
Research and development	549	750	341	911
Sales and marketing	546	670	249	568
General and administrative	162	359	130	490
Total stock-based compensation expense	$1,387	$ 1,879	$ 743	$ 2,163

(2) Unaudited pro forma basic and diluted net loss per share were computed to give effect to the automatic conversion of all outstanding shares of convertible preferred stock into shares of common stock in connection with a qualified initial public offering, using the as-converted method as though the conversion had occurred as of the beginning of the period presented or the date of issuance, if later.

	As of December 31, 2020		As of June 30, 2021
	2019	2020	
	(in thousands)		(unaudited)
Balance Sheet Data			
Cash and cash equivalents	$ 6,978	$ 6,076	$ 1,306
Total assets	38,626	54,469	51,952
Capital lease liability and lease financing obligation, non-current	8,529	17,886	16,482
Debt, non-current	—	1,644	—
Convertible preferred stock	2,784	2,784	2,784
Accumulated deficit	(8,283)	(14,639)	(20,745)
Total stockholders' deficit	(2,594)	(6,840)	(10,521)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

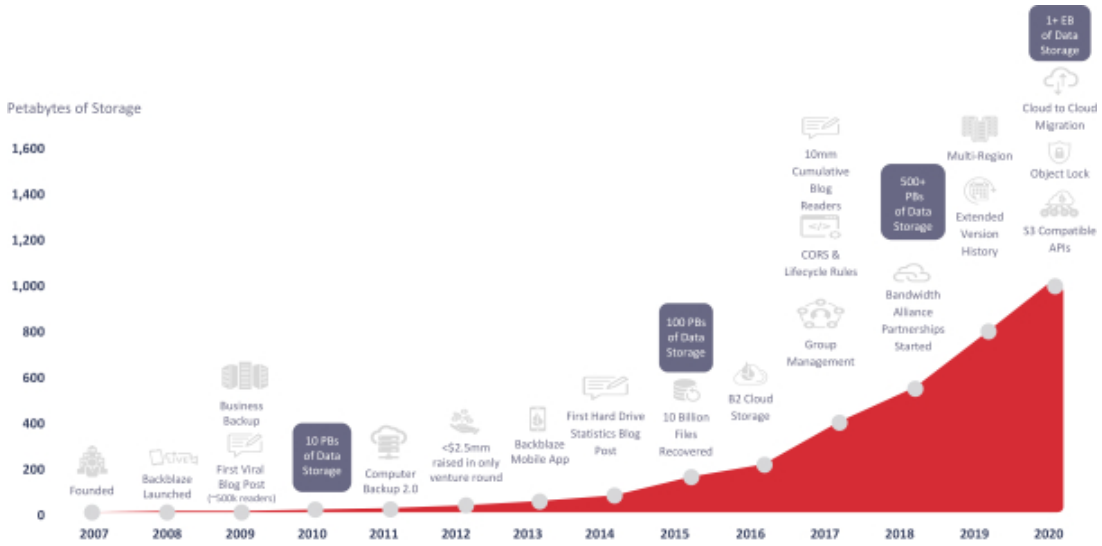
The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes to those statements included elsewhere in this prospectus. In addition to historical financial information, the following discussion and analysis contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results and timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those discussed under the section titled "Risk Factors" and elsewhere in this prospectus. See the section titled "Special Note Regarding Forward-Looking Statements" elsewhere in this prospectus.

Overview

We are a leading storage cloud platform, providing businesses and consumers cloud services to store, use, and protect their data in an easy and affordable manner. We provide these cloud services through a purpose-built, web-scale software infrastructure built on commodity hardware. From genome sequencing to mapping the world, from saving lives to playing online games, from interacting with a business to running one, data is central to modern existence. By substantially reducing the complexity and frustration of storing, using, and protecting data, we empower customers to focus on their core business operations. Through our blog and culture of transparency, we have built a devoted community of millions of readers and brand advocates. Referrals from our community of brand advocates, combined with our highly efficient and primarily self-serve customer acquisition model and an ecosystem of thousands of partners, have allowed us to attract over 480,000 customers as of June 30, 2021. These customers use our Storage Cloud platform across more than 175 countries to grow and protect their business data on our approximately 2 exabytes, or 2 trillion megabytes, of data storage under management. As businesses and consumers shift to the cloud, we believe our cloud services will increasingly become a foundational element of their overall technology stack.

Through our purpose-built software, our Backblaze Storage Cloud provides a platform that is durable, scalable, performant, and secure. This platform is the foundation for our Backblaze B2 Cloud Storage Infrastructure-as-a-Service (IaaS) consumption-based offering and our Backblaze Computer Backup Software-as-a-Service (SaaS) subscription-based offering. Backblaze B2 enables customers to store data, developers to build applications, and partners to expand their use cases. The amount of data stored in this cloud service can scale up and down as needed on a pay-as-you-go basis. Backblaze Computer Backup automatically backs up data from laptops and desktops for businesses and individuals. This cloud backup service offers easily understood flat-rate pricing to continuously back up a virtually unlimited amount of data.

Our operations have historically been efficient with limited outside investment. Prior to issuing $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private financing round in August 2021, we had raised less than $3.0 million in outside equity since our founding in 2007. This has helped create a culture based on operational efficiency, creativity, and collaborative problem solving. Focusing on storage use cases and promoting an open ecosystem allows us to integrate well with a broad range of partners. From our straightforward pricing model, to our transparent communication with customers, to the popular and insightful content on our blog—we have established ourselves as an open and trusted provider and partner. We have consistently invested in our technology platform and highly efficient content-driven and primarily self-serve go-to-market strategy, allowing us to achieve the following customer, community, and product milestones:



Our Business Model

Our solutions are designed for individuals and businesses of all sizes and across all industries but have a particularly strong appeal to mid-market organizations (which we define as organizations with 10 to 999 employees) due to their desire for easy-to-use solutions. We generate revenue primarily from our two cloud services:

- Backblaze B2 Cloud Storage, which enables customers to store data for any use case, and for developers to embed our platform into their applications. In both cases, our customers use this offering in a consumption-based model, and

- Backblaze Computer Backup, which provides virtually unlimited backup to businesses and consumers in a SaaS subscription model.

Our pricing is simple and straightforward, with fees and terms that are shared transparently on our website. The chart below is a summary of the primary solutions and pricing options we offer.

B2 Cloud Storage

Backblaze	Cloud Storage ($/GB/Month)
First 10 GB	Free
Price	$0.005

Computer Backup

Backblaze	Data Backup (Subscription per Computer)
First 15 Days	Free
Monthly	$7
Annually	$70
Bi-Annually	$130

We have maintained our per-gigabyte B2 Cloud Storage pricing for five years, and we announced price increases to our unlimited subscription Computer Backup pricing in February 2019 and July 2021 with no material impact on customer retention.

We provide simple pricing for usage of our cloud services and increase revenue per customer through our customers' natural data growth or employee growth. Additionally, we provide customers with additional value through cross-sell, upsell, and use case expansion that result in additional revenue per customer. These options for cross-selling and upselling include the following:

- **Cross-Sell:** After adopting any of our products, customers may expand to other products as their use cases grow, including Computer Backup customers who adopt B2 Cloud Storage to facilitate broader use cases. Adopting additional products expands usage of our platform.
- **Upsell:** Customers can choose to use various features and services for additional fees, such as Extended Version History, Snapshots, cloud replication (anticipated to be available in the first half of 2022), and enhanced support tiers. For example, our Computer Backup cloud service includes 30-day file version history with all subscriptions; with Extended Version History customers can keep versions as long as they wish for $2/month plus $0.005/GB/month for files saved beyond one year. B2 Cloud Storage offers Snapshots that allow customers to create moment-in-time versions of their data, and we also allow customers to keep their data in multiple geographic regions, both of which provide more customer value and are charged at the current $0.005/GB/month pricing. Additionally, customers receive email and chat support for free, but can also opt for enhanced support tiers up to $700/month which provide dedicated customer support contacts and 24/7 response.
- **Use Case Expansion:** B2 Cloud Storage customers may adopt the service for one business need, but can expand their use cases as their business evolves. One such example would be a business using B2 Cloud Storage for media asset management storage, which decides to also use the service as an origin store for content distribution; another would be a business that adopts B2 Cloud Storage for backup and archive purposes, which decides to also enable Object Lock for ransomware protection. Use case expansion enables the opportunity to deepen our relationship with our customers and increase revenue.

For prospective customers interested in B2 Cloud Storage, we offer a free tier and a simple, intuitive sign-up process, allowing them to quickly on-board and start using our solutions. Once prospective customers grow beyond the free storage limit, they have the flexibility to only pay for what they need and pay as they go, without any lock-in or long-term commitments. This is delivered via a consumption-based model, and we charge a fixed price per month per gigabyte of data stored on our platform.

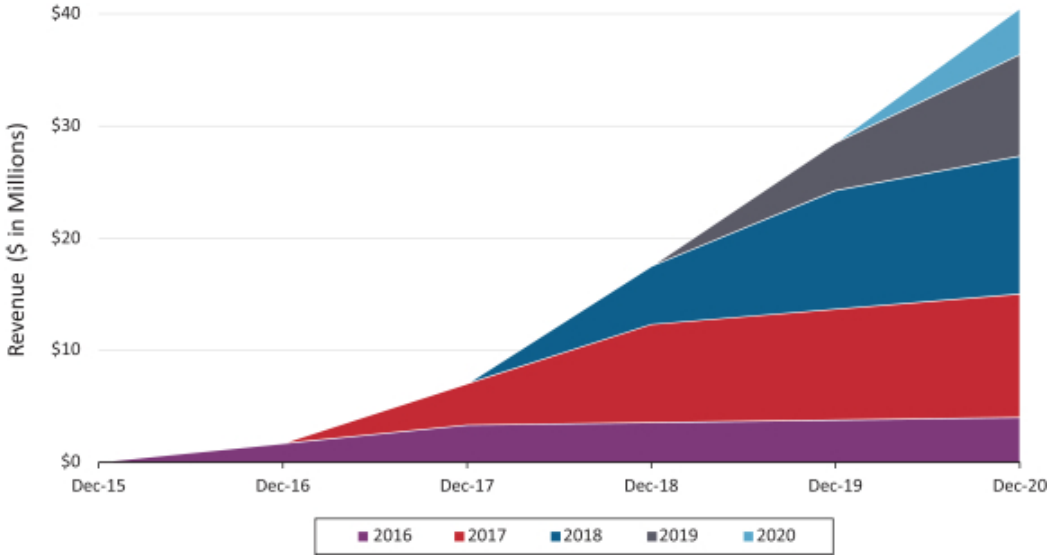
For prospective customers interested in Computer Backup, we offer a free 15-day trial and automatically start to back up all their files securely to our Storage Cloud. Prospective customers can then choose to sign up on a per computer basis. The service is delivered via a SaaS model where revenue is recognized ratably over the subscription term. Subscriptions are offered to customers on a monthly, annual, or bi-annual basis, providing customers flexibility to choose their commitment lengths. We charge a flat rate for this solution and provide virtually unlimited backup capabilities to customers. There are no storage limits or tiers. Customers also have the option to subscribe to Extended Version History, which enables them to extend retention of old file versions and deleted files, which are typically saved for 30 days, to a year or perpetually.

We have a highly efficient go-to-market model that is built on a self-serve selling motion. Prospective customers find us through a variety of channels including our website, partners, and brand advocates. We have fostered deep community engagement with valuable content we share on our blog—in 2020 alone, more than 3 million readers consumed content that we shared there. Our content encourages organic, inbound traffic that we believe serves as our greatest source of advocates and referrals. Our frictionless free trial and self-serve sign-up processes help convert our blog readers and referrals from our brand advocates into customers, with over 80% of our revenue in 2020 coming from self-serve customers. In addition to generating customers, a community of thousands of partners has arisen as a result of our efforts. Our developer, alliance, and managed service provider (MSP) partners expand use cases and attract customers, thereby increasing usage of our Storage Cloud and helping to drive revenue growth. New customers and partners ultimately lead to more insight, content, and community engagement, which creates a positive feedback loop that drives additional customers and partners. In addition to our self-serve selling motion, in recent years we have begun to invest in a sales-assisted selling motion to identify opportunities to increase business with existing customers and to assist larger customers in adopting our services. Our sales-assisted selling motion has experienced substantial growth and helps customers that, in 2020, were approximately 20 times larger in terms of average revenue per customer than our self-serve customers. These efficient and effective go-to-market motions have helped us grow rapidly.

Substantially all of our revenue is recurring in nature. We employ a land-and-expand model that drives additional revenue from existing customers. As customers generate, store, and back up more data, their use of our platform increases, creating natural opportunities for revenue expansion. We are able to further expand our relationships with our customers when they adopt new features and use cases that lead to increased usage of our platform. Our land-and-expand strategy is evidenced by our overall net revenue retention rate of 113% and 114% as of December 31, 2019 and 2020, respectively.

The propensity of our customer relationships to expand over time is indicated by the chart below. Each cohort represents customers that were brought onto our platform in that given year.

Revenue by Customer Cohort



Factors Affecting Our Performance

We believe that the future growth and performance of our business will depend on several factors, including the following:

Scale Self Service Customer Acquisition

Our business depends, in part, on our ability to add new customers. We believe there is a significant opportunity to further grow our customer base by continuing to make investments in sales and marketing. We will continue investing in our customer acquisition and inbound demand generation activities, which is driven predominantly by our blog content, our case studies, social sharing, earned media, and our self-serve sign up model. We intend to leverage this model as an efficient approach to attract new customers, turning them into brand advocates, partners, and more referrals. Furthermore, we plan to continue to build and scale our paid lead generation and outbound sales motion to increasingly grow in the mid-market.

We also plan to continue to build our ecosystem of partners. We believe that delivering our Storage Cloud solutions through our alliance, developer, and MSP partnerships is an area of opportunity for us. By adding more partners and deepening our relationships with them, we expand our use cases and drive new customer acquisition.

Scale Sales-Assisted Efforts

We believe an increasingly important complement to our self-serve customer acquisition model is our targeted inside Sales team that is focused on a low-touch “sales-assisted” model that supports our larger customers if the need arises. This team focuses on inbound inquiries, outbound prospecting targeting specific use cases, and volume expansion of our self-serve customers.

Expansion Within Existing Customers

Our future success will depend in part on our ability to increase usage and adoption of our solutions with existing customers. We intend to increase revenue from existing customer relationships through the development of additional features and use cases, expanding our Customer Success initiatives, and natural customer data growth. We have developed add-on services, such as Extended Version History and multi-region selection, which customers pay for on top of existing offerings. Examples of expanding use cases include utilizing Backblaze for additional purposes such as media storage, hybrid cloud support, analytics repositories, and others. We also plan to grow our Customer Success initiatives to ensure customers avail themselves of the full benefits of our platform, thus resulting in increased adoption. As these customers continue to generate, store, and back up data, their use of our platform increases, creating natural opportunities for revenue expansion.

Continued Platform Investment and New Product Launches

We are committed to delivering market-leading products that continue to make cloud storage and backup easy. We believe we must maintain our product quality and strength of our brand in order to retain the current customer base as well as drive further revenue growth in our business. We intend to continue investing in our research and development activities to build upon our strong position in the technology community. We have a history of introducing successful new features and capabilities for our products, and we intend to continue investing heavily to grow our business to take advantage of our expansive market opportunity. We also expect to launch new products that are adjacent to our current offerings, which will provide us with the ability to further cross-sell and upsell.

Investments for Continued Scaling

We are focused on our long-term revenue potential and building out our infrastructure to sustain that growth. On a routine basis, we will focus resources on optimizing the efficiency of our data storage. In some scenarios, we will choose to pass on potential cost savings to the customer, but in other scenarios we will choose to reinvest cost savings back into infrastructure and design.

International Expansion

While our sales and marketing efforts have primarily focused on the United States, our existing customer base spans more than 175 countries, with 28% of our revenue originating outside of the United States for the year ended December 31, 2020. We believe international expansion represents a meaningful opportunity to generate further demand for our solutions in international geographies. We plan to invest in our operations internationally to reach new customers by expanding in targeted key geographies where we believe there are opportunities for significant return on investment.

Key Business Metrics

We monitor the key business metrics set forth below to help us evaluate our business and growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. The calculation of the key metrics discussed below may differ from other similarly titled metrics used by other companies, securities analysts, or investors.

	As of December 31,		As of June 30,	
	2019	2020	2020	2021
Number of customers	427,169	466,298	447,513	484,630
Net revenue retention rate	113%	114%	116%	110%
Gross customer retention rate	90%	90%	90%	91%
Annual recurring revenue (in millions)	$ 46.0	$ 59.2	$ 52.3	$ 64.8

	As of									
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
Number of customers (in thousands)	394	406	417	427	436	448	458	466	476	485
Annual average revenue per user	$ 92	$ 98	$ 103	$ 108	$ 112	$ 116	$ 120	$ 124	$ 128	$ 133

We also monitor the key business metrics set forth below with respect to our B2 Cloud Storage and Computer Backup solutions.

	For the Year ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
	(in millions)		(unaudited)	
B2 Cloud Storage revenue	$ 8.6	$ 14.2	$ 6.3	$ 10.1
Computer Backup revenue	$ 31.7	$ 38.9	$ 18.8	$ 21.1

	As of June 30, 2021 (unaudited)	
	B2 Cloud Storage	Computer Backup
Number of customers (in thousands)(1)	67.5	430.6
Net revenue retention rate	130%	104%
Annual recurring revenue (in millions)	$ 21.8	$ 43.0
Annual average revenue per user	$ 326	$ 99

(1) The number of customers for each of B2 Cloud Storage and Computer Backup solutions include approximately 13,500 customers that use both our B2 Cloud Storage and Computer Backup solutions.

Number of Customers

We believe our ability to grow the number of customers, and revenue generated per customer, on our platform provides a key indicator of the growth of our business and our future business opportunities. We also believe that the number of our customers is an important indicator of the market acceptance of our cloud services, engagement with our platform, and future revenue trends. We define a customer at the end of any period as a distinct account, as identified by a unique account identifier, that has paid for our cloud services, which makes up substantially all of our user base.

Net Revenue Retention Rate

We believe the growth in use of our platform by our existing customers is an important measure of the health of our business and our future growth prospects. We measure this growth by monitoring our overall net

revenue retention rate, which measures our ability to retain and expand revenue from existing customers. We believe that we can drive this metric by continuing to focus on our customers and by adding additional products and functionality to our platform.

Our overall net revenue retention rate is a trailing four-quarter average of the recurring revenue from a cohort of customers in a quarter as compared to the same quarter in the prior year. We calculate our overall net revenue retention rate for a quarter by dividing (i) recurring revenue in the current quarter from any accounts that were active at the end of the same quarter of the prior year by (ii) recurring revenue in the current corresponding quarter from those same accounts. Our overall net revenue retention rate includes any expansion of revenue from existing customers and is net of revenue contraction and customer attrition, and excludes revenue from new customers in the current period. Our net revenue retention rate for 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.

Gross Customer Retention Rate

We use gross customer retention rate to measure our ability to retain our customers. Our gross customer retention rate reflects only customer losses and does not reflect the expansion or contraction of revenue we earn from our existing customers. We believe our high gross customer retention rates demonstrate that we serve a vital service to our customers, as the vast majority of our customers tend to continue to use our platform from one period to the next. To calculate our gross customer retention rate, we take 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.

Annual Recurring Revenue

We define annual recurring revenue (ARR) as the annualized value of all Backblaze B2 and Computer Backup arrangements as of the end of a period. Given the renewable nature of our business, we view ARR as an important indicator of our financial performance and operating results, and we believe it is a useful metric for internal planning and analysis. ARR is calculated based on multiplying the monthly revenue from all Backblaze B2 and Computer Backup arrangements, which represent greater than 98% of our revenue for the periods presented, (and excludes Physical Media revenue) for the last month of a period and multiplying it by 12. Our annual recurring revenue for 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. See Notes to our financial statements included elsewhere in this prospectus for more information on revenue from B2 Cloud Storage and Computer Backup arrangements.

ARR does not have a standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and is not intended to be combined with or to replace that item. ARR is not a forecast and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.

While ARR is not a guarantee of future revenue, we consider over 98% of our revenue recurring for the periods presented. As noted above, our gross customer retention rate has been consistent over the periods presented at approximately 90%. Although B2 Cloud Storage is paid for by customers in arrears, we recognize revenue in the month these storage services are delivered, and consider this revenue recurring as customers are charged as long as their data is stored with us. Further, during the periods presented, customers who store data with us generally increase the amount of their data stored over time, as evidenced by our B2 Cloud Storage net

revenue retention rate of 130% as of June 30, 2021. Fees from B2 Cloud Storage (consumption-based arrangements) are recognized as services are delivered. Computer Backup (subscription-based arrangements) revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service commences, provided that all other revenue recognition criteria have been met. See Notes to the financial statements for details on our revenue recognition policy. Additional limitations of ARR include the fact that consumption-based revenue is not guaranteed for future periods, although we believe that our high historic gross customer retention rate is indicative of ARR, and the fact that our subscription terms can be on a monthly basis, although the significant majority of our customers have subscription terms of one year or longer during the periods presented above.

Annual Average Revenue Per User

We define annual average revenue per user (Annual ARPU) as the annualized value for the average revenue per customer. We believe Annual ARPU provides a useful indicator of our financial performance and revenue contributions per customer, and is an important metric for internal planning and analysis. Annual ARPU is calculated by dividing our revenue for the last month of a period by the total number of customers as of the last day of the same period, and then multiplying the resulting quotient by 12. Our annual average revenue per user for Computer Backup and B2 Cloud Storage is calculated in the same manner based on the revenue and number of customers from our Computer Backup and B2 Cloud Storage solutions, respectively.

Non-GAAP Financial Measures

To supplement our financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States, or GAAP, we provide investors with non-GAAP financial measures including adjusted gross margin and adjusted EBITDA, each as defined below. These measures are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of these measures as tools for comparison. Because of these limitations, when evaluating our performance, you should consider each of these non-GAAP financial measures alongside other financial performance measures, including the most directly comparable financial measure calculated in accordance with GAAP and our other GAAP results. A reconciliation of each of our non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP is set forth below.

Adjusted Gross Margin

We believe adjusted gross margin, when taken together with our GAAP financial results, provides a meaningful assessment of our performance, and is useful to us for evaluating our ongoing operations and for internal planning and forecasting purposes.

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.

The following table presents a reconciliation of gross profit, the most directly comparable financial measure stated in accordance with GAAP, to adjusted gross profit, for each of the periods presented:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
	(in thousands)		(unaudited)	
Gross profit	$20,621	$27,983	$13,701	$15,706
Adjustments:				
Stock-based compensation	130	100	23	194
Depreciation and amortization	9,083	12,402	5,534	7,683
Adjusted gross profit	$29,834	$40,485	$19,258	$23,583
Gross margin	51%	52%	54%	50%
Adjusted gross margin	73%	75%	76%	75%

Adjusted EBITDA

Our management uses adjusted EBITDA to assess our operating performance. We define adjusted EBITDA as net loss adjusted to exclude depreciation and amortization, stock-based compensation, interest expense, income tax provision, 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.

Our calculation of adjusted EBITDA may differ from the calculations of adjusted EBITDA by other companies and therefore comparability may be limited. Because of these limitations, when evaluating our performance, you should consider adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results. The following table presents a reconciliation of net loss, the most directly comparable financial measure stated in accordance with GAAP, to adjusted EBITDA for each of the periods presented:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
	(in thousands)		(unaudited)	
Net loss	$ (996)	$ (6,623)	$(1,345)	$(6,106)
Adjustments:				
Depreciation and amortization	9,318	12,951	5,749	7,982
Stock-based compensation	1,387	1,879	743	2,163
Interest expense	1,929	2,886	1,153	1,718
Income tax provision	16	5	—	136
Gain on extinguishment of debt	—	—	—	(2,299)
Adjusted EBITDA	$11,654	$11,098	$ 6,300	$ 3,594

Impact of COVID-19

The worldwide spread of COVID-19 has created significant uncertainty in the global economy. There have been no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and, as a result, the ultimate impact of COVID-19 and the extent to which COVID-19 continues to impact our business will depend on future developments, which are highly uncertain and difficult to predict.

While the full impact of the pandemic to our business remains unknown and we believe that our results of operations and financial condition have not been materially adversely impacted to date, we also believe that the pandemic has had some impact on our business. Our potential customers, customers, or partners may have experienced, or in the future could experience, downturns or uncertainty in their own business operations due to COVID-19, which may have affected or could affect purchasing and operating decisions. For example, although we believe our ability to retain customers has not been materially impacted by the pandemic, we also believe that the pandemic may have caused some customers to reduce their use of cloud storage with us or to delay increasing their use of our cloud storage offerings. In addition, the pandemic may have caused potential customers to delay their purchasing decisions or to store less data with us. We may also experience customer losses due to customer bankruptcy or cessation of operations, or otherwise.

In addition to the impact on customers, the pandemic has had some impact to our supply chain. For example, starting in April 2020, we began to acquire additional hard drives and related infrastructure through capital lease agreements in order to minimize the impact of potential supply chain disruptions due to the pandemic. The additional leased hard drives resulted in a higher balance of capital equipment and related lease liability, an increase in cash used in financing activities from principal payments, as well as a higher ongoing interest and depreciation expense related to these lease agreements. Accordingly, our supply chain in the future may be disrupted, or we may be unable to obtain infrastructure and related equipment essential to our business on favorable terms or at all. However, based on the impact from the pandemic to date, we believe we have sufficient reserves to minimize any material impact to our business operations should such a disruption occur.

In response to the COVID-19 pandemic, in the first quarter of 2020, we temporarily closed our office, enabled our non-essential workforce to work remotely, and implemented travel restrictions for non-essential business. These changes remain in effect in the second quarter of 2021 and could extend into future quarters. The changes we have implemented to date have not affected and are not expected to materially affect our ability to maintain operations, including financial reporting systems, internal controls over financial reporting, and disclosure controls and procedures. Furthermore, after the outbreak of COVID-19, we have seen slower growth in certain operating expenses due to reduced business travel and the virtualization or cancellation of customer and employee events.

In April 2020, we applied for a payroll forgiveness loan and received $2.3 million from the Small Business Administration’s Paycheck Protection Program (PPP). We submitted our PPP forgiveness application in July 2020, and in June 2021 we received notification from the SBA that our forgiveness application of the PPP loan and accrued interest, totaling $2.3 million, was approved in full, and we had no further obligations related to the PPP loan. Accordingly, we recorded a gain on the forgiveness of the PPP loan as gain on extinguishment of debt on our statement of operations as of June 30, 2021. While we believe our loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. We have not been informed that a review will occur and we have not accrued any liability associated with the risk of an adverse SBA review.

The full extent to which the COVID-19 pandemic will directly or indirectly impact our business, results of operations, cash flows, and financial condition will depend on future developments that are highly uncertain and cannot be accurately predicted. The global impact of COVID-19 continues to rapidly evolve, and we will continue to monitor the situation and the effects on our business and operations.

Key Components of Results of Operations

Revenue

We generate revenue primarily from our Backblaze B2 Cloud Storage and Backblaze Computer Backup cloud services offered on our platform. Our platform is offered to our customers through either a consumption or a subscription-based arrangement through Backblaze B2 and Backblaze Computer Backup, respectively. Our subscription arrangements range in duration from one month to 24 months, for which we bill our customers up front for the entire period. Our consumption-based arrangements do not have a contractual term and are billed monthly in arrears.

For our subscription arrangements, we provide our cloud services evenly over the contractual period, for which revenue is recognized on a straight-line basis over the contract term beginning on the date that the service is made available to the customer. Consumption-based revenue is variable and is related to fees charged for our customers' use of our platform and is recognized as revenue in the period in which the consumption occurs.

In support of our platform, we also derive revenue from products offered to our customers for the ability to securely restore data using a USB drive (USB Restore) and for migrating large data sets to our platform using our proprietary Fireball device. Revenue from USB Restore is recognized as our products are delivered to our customers. Revenue recognized from customer rentals of our Fireball device is time-based.

We adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606) as of January 1, 2020.

Cost of Revenue and Gross Margin

Cost of revenue consists of expenses for providing our platform and cloud services to our customers. These expenses include operating in co-location facilities, network and bandwidth costs, and depreciation of our equipment and capital lease equipment in co-location facilities. Personnel-related costs associated with customer support and maintaining service availability, including salaries, benefits, bonuses, and stock-based compensation are also included. Cost of revenue also includes credit card processing fees, amortization of capitalized internal-use software development costs, and allocated overhead costs.

We intend to continue to invest additional resources in our infrastructure and related personnel, and our customer support organization, to support the growth of our business. Some of these investments, including costs of infrastructure equipment (including related depreciation) and expansion, are incurred in advance of generating revenue, and either the failure to generate anticipated revenue or fluctuations in the timing of revenue could affect our gross margin from period to period.

Operating Expenses

The most significant components of our operating expenses are personnel costs, which consist of salaries, benefits, bonuses, and stock-based compensation. We also incur other non-personnel costs related to our general overhead expenses. We expect that our operating expenses will increase in absolute dollars as we grow our business.

Research and Development

Research and development expenses consist primarily of personnel costs, consultant fees, costs related to technical operations, subscription services for use by our research and development organization and an allocation of our general overhead expenses. We capitalize the portion of our software development costs that meets the criteria for capitalization.

We expect our research and development expenses to increase in absolute dollars for the foreseeable future as we continue to focus our research and development efforts on adding new features to our platform, improving our cloud service offerings, and increasing the functionality of our existing features. Our research and development expenses may fluctuate as a percentage of revenue from period to period due to the timing and extent of these expenses.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel costs. Sales and marketing expenses also include expenditures related to advertising, marketing, our brand awareness activities, commissions paid to marketing partners, and an allocation of our general overhead expenses.

We plan to continue investing in sales and marketing by increasing our sales and marketing headcount, supplementing our self-serve model with a direct sales approach, expanding our partner ecosystem, driving our go-to-market strategies, building our lead generation and brand awareness, and sponsoring additional marketing events. As a result, we expect our sales and marketing expenses to increase in absolute dollars for the foreseeable future. Sales and marketing expenses may fluctuate as a percentage of revenue from period to period because of the timing and extent of these expenses.

General and Administrative

General and administrative expenses consist primarily of personnel costs for our accounting, finance, legal, IT, security, human resources, and administrative support personnel and executives. General and administrative expenses also include costs related to legal and other professional services fees, sales, and other taxes; depreciation and amortization; and an allocation of our general overhead expenses. We expect our general and administrative expenses to increase in absolute dollars as our business grows. Following the completion of this offering, we will incur additional general and administrative expenses as a result of operating as a public company, including increased expenses for insurance, costs to comply with the rules and regulations applicable to companies listed on a national securities exchange, costs related to compliance and reporting obligations pursuant to the rules and regulations of the SEC, investor relations, and professional services expenses.

Interest Expense

Interest expense consists primarily of interest related to our capital lease agreements.

Income Tax Provision

Provision for income taxes consists primarily of income taxes in certain foreign and state jurisdictions in which we conduct business. We maintain a full valuation allowance against our U.S. deferred tax assets because we have concluded that it is more likely than not that our deferred tax assets will not be realized.

Results of Operations

The following table sets forth our statements of operations data for the periods indicated:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(Unaudited)	
	(in thousands)			
Revenue	$40,748	$53,784	$ 25,379	$ 31,462
Cost of revenue(1)	20,127	25,801	11,678	15,756
Gross profit	20,621	27,983	13,701	15,706
Operating expenses:				
Research and development(1)	8,436	13,069	5,832	8,976
Sales and marketing(1)	8,166	11,924	5,423	8,124
General and administrative(1)	3,070	6,722	2,638	5,157
Total operating expenses	19,672	31,715	13,893	22,257
Income (loss) from operations	949	(3,732)	(192)	(6,551)
Interest expense	(1,929)	(2,886)	(1,153)	(1,718)
Gain on extinguishment of debt	—	—	—	2,299
Loss before provision for income taxes	(980)	(6,618)	(1,345)	(5,970)
Income tax provision	(16)	(5)	—	(136)
Net loss	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)

(1) Includes stock-based compensation expense as follows:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
	(in thousands)			
Cost of revenue	$ 130	$ 100	$ 23	$ 194
Research and development	549	750	341	911
Sales and marketing	546	670	249	568
General and administrative	162	359	130	490
Total stock-based compensation expense	$1,387	$ 1,879	$ 743	$ 2,163

The following table sets forth our statements of operations data expressed as a percentage of revenue for the periods indicated:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Revenue	100%	100%	100%	100%
Cost of revenue	49	48	46	50
Gross profit	51	52	54	50
Operating expenses:				
Research and development	21	24	23	29
Sales and marketing	20	22	21	26
General and administrative	8	12	10	16
Total operating expenses	48	59	55	71
Income (loss) from operations	2	(7)	(1)	(21)
Interest expense	(5)	(5)	(5)	(5)
Gain on extinguishment of debt	—	—	—	7
Loss before provision for income taxes	(2)	(12)	(5)	(19)
Income tax provision	0	0	—	—
Net loss	(2)%	(12)%	(5)%	(19)%

Comparison of the Six Months Ended June 30, 2020 and 2021

Revenue

	For the Six Months Ended June 30,			
	2020	2021	Change	% Change
	(in thousands)			
B2 Cloud Storage revenue	$ 6,261	$10,050	$3,789	61%
Computer Backup revenue	18,803	21,055	2,252	12%
Physical Media revenue	315	357	42	13%
Revenue	$25,379	$31,462	$6,083	24%

Total revenue increased by $6.1 million, or 24%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. $3.8 million of the increase was from consumption-based revenue (B2 Cloud Storage), which increased by approximately $1.8 million from new customers and approximately $2.0 million from increased usage of our cloud services by existing customers. The remaining increase of $2.3 million was due to subscription-based revenue (Computer Backup), which increased by approximately $1.5 million from new customers and approximately $0.8 million primarily from expansion of existing customers. Additionally, COVID-19 was ongoing during the full six months ended June 30, 2021, and may have impacted our customers and potential customers, while the same period in 2020 had only a partial impact of the pandemic.

Cost of Revenue and Gross Margin

	For the Six Months Ended June 30,			
	2020	2021	Change	% Change
	(in thousands, except percentages)			
Cost of revenue	$11,678	$15,756	$4,078	35%
Gross margin	54%	50%		

Total cost of revenue increased by $4.1 million, or 35%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was primarily attributable to an increase of $1.9 million for depreciation of our infrastructure equipment, which was mainly a result of purchasing additional hard drives and related infrastructure in order to minimize the impact of potential supply chain disruptions caused by COVID-19, and an increase of $1.7 million related to managing and operating our co-location facilities.

Gross margin decreased to 50% for the six months ended June 30, 2021 compared to 54% for the six months ended June 30, 2020. The decrease in gross margin was primarily due to cost of revenue increasing at a higher rate as compared to our revenue due primarily to investment in our infrastructure, as described above.

Operating Expenses

	For the Six Months Ended June 30,			
	2020	2021	Change	% Change
	(in thousands)			
Research and development	$5,832	$8,976	$3,144	54%
Sales and marketing	5,423	8,124	2,701	50%
General and administrative	2,638	5,157	2,519	95%

Research and Development

Research and development expense increased by $3.1 million, or 54%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was primarily attributable to an increase of $2.1 million in personnel-related expenses as a result of increased headcount, an increase of $0.2 million related to facilities and IT overhead allocation, and an increase of $0.6 million related to stock-based compensation expense.

Sales and Marketing

Sales and marketing expense increased by $2.7 million, or 50%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase in sales and marketing expense was primarily attributable to an increase of $1.6 million in personnel-related expenses as a result of increased headcount, an increase of $0.3 million related to stock-based compensation and an increase of $0.6 million due to increased advertising expenses.

General and Administrative

General and administrative expense increased by $2.5 million, or 95%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was primarily attributable to an increase of $1.3 million in personnel-related expenses as a result of increased headcount, an increase of $0.5 million in professional fees for accounting and tax services, and an increase of $0.4 million related to stock-based compensation expense.

Interest Expense

	For the Six Months Ended June 30,			
	2020	2021	Change	% Change
	(in thousands)			
Interest expense	$(1,153)	$(1,718)	$ (565)	49%

Interest expense increased by $0.6 million, or 49%, for the six months ended June 30, 2021 compared to the six months ended June 30, 2020. The increase was primarily due to interest expense from capital lease

agreements we entered into during the second half of 2020, which increased our capital lease liability significantly to $27.6 million as of June 30, 2021. The capital lease agreements were for additional hard drives and related infrastructure that we purchased in response to the COVID-19 pandemic, in order to minimize the impact of potential supply chain disruptions.

Income Tax Provision

For the Six Months Ended June 30,			
2020	2021	Change	% Change
(in thousands)			
$ —	$ (136)	$ (136)	— %

Our provision for income taxes increased by $0.1 million for the six months ended June 30, 2021 compared to the six months ended June 30, 2020 due to a charge related to the limitation on post-2017 federal net operating losses which are limited to 80% beginning in years after December 31, 2020.

Comparison of the Years Ended December 31, 2019 and 2020

Revenue

	For the Year Ended December 31,			
	2019	2020	Change	% Change
	(in thousands)			
B2 Cloud Storage revenue	$ 8,569	$14,240	$ 5,671	66%
Computer Backup revenue	31,726	38,926	7,200	23%
Physical Media revenue	453	618	165	36%
Revenue:	$40,748	$53,784	$13,036	32%

Total revenue increased by $13.0 million, or 32%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. $5.7 million of the increase was from consumption-based revenue (B2 Cloud Storage), which increased by approximately $2.6 million from new customers and approximately $3.1 million from increased usage of our cloud services by existing customers. $7.2 million of the increase was due to subscription-based revenue (Computer Backup), which increased by approximately $4.7 million as a result of new customers and approximately $2.5 million primarily from expansion of existing customers. The year ended December 31, 2020 included the full impact of our 2019 price increase.

Cost of Revenue and Gross Margin

	For the Year Ended December 31,			
	2019	2020	Change	% Change
	(in thousands, except percentages)			
Cost of revenue	$20,127	$25,801	$5,674	28%
Gross margin	51%	52%		

Total cost of revenue increased by $5.7 million, or 28%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to an increase of $3.0 million for depreciation of our infrastructure equipment and an increase of $2.2 million related to managing and operating our co-location facilities.

Gross margin increased to 52% for the year ended December 31, 2020 compared to 51% for the year ended December 31, 2019.

The increase in gross margin was primarily due to revenue increasing at a higher rate as compared to our cost of revenue as described above.

Operating Expenses

	For the Year Ended December 31, 2019	2020	Change	% Change
	(in thousands)			
Research and development	$8,436	$13,069	$4,633	55%
Sales and marketing	8,166	11,924	3,758	46%
General and administrative	3,070	6,722	3,652	119%

Research and Development

Research and development expense increased by $4.6 million, or 55%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to an increase of $4.2 million in personnel-related expenses as a result of increased headcount, an increase of $0.2 million related to facilities and IT overhead allocation, and an increase of $0.2 million related to stock-based compensation expense.

Sales and Marketing

Sales and marketing expense increased by $3.8 million, or 46%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase in sales and marketing expense was primarily attributable to an increase of $3.3 million in personnel-related expenses as a result of increased headcount and an increase of $0.5 million related to facilities and IT overhead allocation, partially offset by a decrease of $0.2 million in reduced spending for tradeshows as a result of the COVID-19 pandemic.

General and Administrative

General and administrative expense increased by $3.7 million, or 119%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily attributable to an increase of $3.4 million in personnel-related expenses as a result of increased headcount, increase of $0.5 million in professional fees for accounting and other consulting services, and an increase of $0.2 million related to stock-based compensation expense, partially offset by a decrease of $0.3 million in reduced spending for in-office employee expenses and travel as a result of the COVID-19 pandemic.

Interest Expense

	For the Year Ended December 31, 2019	2020	Change	% Change
	(in thousands)			
Interest expense	$(1,929)	$(2,886)	$ (957)	50%

Interest expense increased by $1.0 million, or 50%, for the year ended December 31, 2020 compared to the year ended December 31, 2019. The increase was primarily due to interest expense from $23.1 million in capital lease agreements we entered into during 2020, which increased our capital lease liability from $16.8 million as of December 31, 2019 to $29.2 million as of December 31, 2020. The capital lease agreements were for additional hard drives and related infrastructure that we purchased in response to the COVID-19 pandemic, in order to minimize the impact of potential supply chain disruptions.

Income Tax Provision

	For the Year Ended December 31, 2019	2020	Change	% Change
	(in thousands)			
Income tax provision	$ (16)	$ (5)	$ 11	(69)%

Our provision for income taxes did not change significantly, decreasing by less than $0.1 million, or 69%, for the year ended December 31, 2020 compared to the year ended December 31, 2019.

Quarterly Results of Operations

The following tables set forth selected unaudited quarterly statements of operations data for each of the six fiscal quarters ended June 30, 2021, as well as the percentage of revenue that each line item represents for each quarter. The information for each of these quarters has been prepared on the same basis as the audited annual financial statements included elsewhere in this prospectus and, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods. This data should be read in conjunction with our financial statements and related notes included elsewhere in this prospectus. These quarterly results are not necessarily indicative of our results of operations to be expected for any future period.

Statements of Operations Data

	Three Months Ended					
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
	(in thousands, unaudited)					
Revenue	$ 12,358	$13,021	$ 13,817	$ 14,588	$ 15,312	$16,150
Cost of revenue(1)	5,448	6,230	7,097	7,026	7,830	7,926
Gross profit	6,910	6,791	6,720	7,562	7,482	8,224
Operating expenses:						
Research and development(1)	2,660	3,172	3,300	3,937	4,269	4,707
Sales and marketing(1)	2,570	2,853	2,956	3,545	3,777	4,347
General and administrative(1)	1,129	1,509	1,519	2,565	2,253	2,904
Total operating expenses	6,359	7,534	7,775	10,047	10,299	11,958
Income (loss) from operations	551	(743)	(1,055)	(2,485)	(2,817)	(3,734)
Interest expense	(538)	(615)	(793)	(940)	(871)	(847)
Gain on extinguishment of debt	—	—	—	—	—	2,299
Income (loss) before provision for income taxes	13	(1,358)	(1,848)	(3,425)	(3,688)	(2,282)
Income tax (provision) benefit	—	—	(12)	7	—	(136)
Net income (loss)	$ 13	$ (1,358)	$ (1,860)	$ (3,418)	$ (3,688)	$ (2,418)

(1) Includes stock-based compensation expense as follows:

	Three Months Ended					
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
	(in thousands, unaudited)					
Cost of revenue	—	$ 23	$ 34	$ 43	$ 85	$ 109
Research and development	149	192	195	214	399	512
Sales and marketing	107	142	137	284	189	379
General and administrative	44	86	105	124	235	255
Total stock-based compensation expense	$ 300	$ 443	$ 471	$ 665	$ 908	$1,255

Percentage of Revenue Data

	Three Months Ended					
	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021	June 30, 2021
	(unaudited)					
Revenue	100%	100%	100%	100%	100%	100%
Cost of revenue	44	48	51	48	51	49
Gross profit	56	52	49	52	49	51
Operating expenses:						
Research and development	22	24	24	27	28	29
Sales and marketing	21	22	21	24	25	27
General and administrative	9	12	11	18	15	18
Total operating expenses	51	58	56	69	67	74
Income (loss) from operations	4	(6)	(8)	(17)	(18)	(23)
Interest expense	(4)	(5)	(6)	(6)	(6)	(5)
Gain on extinguishment of debt	—	—	—	—	—	14
Income (loss) before provision for income taxes	—	(10)	(13)	(23)	(24)	(14)
Income tax (provision) benefit	—	—	0	—	—	1
Net income (loss)	—	(10)%	(13)%	(23)%	(24)%	(15)%

Quarterly Changes in Revenue

Revenue increased sequentially in each of the quarters presented primarily due to the addition of new customers and increased usage of our cloud services. Additionally, the COVID-19 pandemic began during the first quarter of 2020, and was ongoing during the remaining quarterly periods presented, and may have impacted our customers and potential customers due to the economic impact of the pandemic. Increases or decreases in new sales or renewals in any one period may not be immediately reflected in our revenue for that period and may instead affect future periods. For our subscription arrangements, a portion of the revenue that we report in each period may be attributable to the recognition of deferred revenue recorded in prior periods.

Quarterly Changes in Cost of Revenue and Gross Margin

Cost of revenue generally increased in each of the quarters presented primarily as a result of increased infrastructure expenses, driven by the initial cost of new deployments for supporting the increased use of our platform by new and existing customers, as well as increased personnel-related expenses resulting from increased headcount. As we continue to scale our business, we are increasing the efficiency of our infrastructure, which should drive our cost of revenue as a percentage of revenue lower over the long term and increase our gross margin.

As a result of COVID-19, starting in April 2020, we began to lease additional hard drives to minimize the potential impact of any supply chain disruptions. The additional expenditures adversely impacted our gross margin and maintaining an increased supply of leased equipment may continue to adversely impact our gross margins in the future.

Quarterly Changes in Operating Expenses

Operating expenses have generally increased in each of the quarters presented primarily due to increased headcount and other related costs to support our growth. However, after the outbreak of COVID-19, we have seen slower growth in certain operating expenses due to reduced business travel, deferred hiring for some

positions and the virtualization or cancellation of customer and employee events. Our research and development expenses have generally increased as we continued to add headcount for the development of enhancements and features to our platform. We intend to continue to make significant investments in research and development. We also intend to invest in our sales and marketing organization and programs to drive future revenue growth. General and administrative expenses increase as our business grows, consisting primarily of personnel costs for our accounting, finance, legal, human resources and administrative support personnel and executives. We expect to incur additional general and administrative expenses as a result of operating as a public company.

Liquidity and Capital Resources

Since inception, we have financed operations primarily through payments received from our customers. As of December 31, 2020 and June 30, 2021, our principal sources of liquidity were cash and cash equivalents of $6.1 million and $1.3 million, respectively.

We believe that our existing cash and cash equivalents, together with cash provided by operations and our revolving credit facility, will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the price at which we are able to purchase or lease infrastructure equipment, the introduction of platform enhancements, and the continuing market adoption of our platform. In the future, we may enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may be required or choose to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, results of operations, and financial condition.

In October 2017, we entered into a $15.0 million revolving credit agreement with HomeStreet Bank. Under this agreement, amounts available to be borrowed are based on the lesser of $15.0 million or our trailing four months' monthly recurring revenue multiplied by a retention rate as defined in the agreement. Borrowings are secured by substantially all of our assets, with limited exceptions. During April 2021, we amended our revolving credit agreement. Under this amendment, among other things, (i) amounts available to be borrowed are based on the lesser of $10.0 million or our trailing four months monthly recurring revenue multiplied by a retention rate set forth in the amendment and (ii) advances on the line of credit bear interest payable monthly at the Wall Street Journal prime rate plus 1.00%. As amended, the revolving credit agreement matures in June 2022. As of June 30, 2021, the total amount available to us to be borrowed was $6.5 million.

We also have access to additional equipment lease financing capacity through certain lessors. In addition, during March 2021, we entered into an agreement with a lessor for up to $10.0 million of additional equipment lease financing under similar terms as outstanding leases with the lessor.

In April 2020, we applied for a payroll forgiveness loan and received $2.3 million from the Small Business Administration's Paycheck Protection Program (PPP). We submitted our PPP forgiveness application in July 2020, and in June 2021 we received notification from the SBA that our forgiveness application of the PPP loan and accrued interest, totaling $2.3 million, was approved in full, and we had no further obligations related to the PPP loan. Accordingly, we recorded a gain on the forgiveness of the PPP loan as gain on extinguishment of debt on statement of operations as of June 30, 2021. While we believe our loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. We have not been informed that a review will occur and we have not accrued any liability associated with the risk of an adverse SBA review.

In August 2021, we issued $10.0 million of convertible notes in a private financing round to continue investing in our growth initiatives and for general corporate purposes. We also refer to these convertible notes

security as a Simple Agreement for Future Equity agreement (SAFE). The convertible notes are automatically convertible into shares of our Class A common stock upon the completion of this offering (or other liquidity event if sooner) at a discounted price to the value of our common stock at the time of such event. The discount shall initially be equal to 10% and shall increase by an additional 10% annually following the effective date of the agreement, subject to a maximum discount of 50%. The discount shall be adjusted pro-rata on a monthly basis, increasing on the monthly anniversary of the effective date of the agreement. Interest shall accrue at the simple rate of 5% per annum of the outstanding amount commencing upon the effective date of the agreement and continuing until the outstanding principal amount has been paid in full or converted. The accrued interest shall be added to the purchased amount upon conversion into equity.

The following table shows a summary of our cash flows for the periods presented:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
	(in thousands)		(unaudited) (in thousands)	
Net cash provided by operating activities	$ 13,203	$12,819	$ 6,994	$ 2,583
Net cash (used in) investing activities	(3,232)	(4,973)	(2,449)	(6,406)
Net cash (used in) financing activities	(7,733)	(8,748)	(2,175)	(947)

Operating Activities

Our largest source of operating cash is payments received from our customers. Our primary uses of cash from operating activities are for personnel-related expenses, sales and marketing expenses, infrastructure expenses, and overhead expenses.

Cash provided by operating activities mainly consists of our net loss adjusted for certain non-cash items, including stock-based compensation, depreciation, and amortization of property and equipment, amortization of capitalized internal-use software, net, and changes in operating assets and liabilities during each period.

For the six months ended June 30, 2021, cash provided by operating activities was $2.6 million, which resulted from a net loss of $6.1 million, adjusted for non-cash charges of $8.2 million and net cash inflow of $0.5 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $8.0 million for depreciation and amortization expense, $2.3 million for the gain on extinguishment of the PPP loan and $2.2 million for stock-based compensation expense. The net cash inflow from changes in operating assets and liabilities was primarily the result of a $0.9 million increase in deferred revenue, which increased due to our growing customer base and timing of collections from our customers. Cash provided by operations decreased during the six months ended June 30, 2021, as compared to the same period in 2020 primarily due to increased spending in support of our business growth.

For the six months ended June 30, 2020, cash provided by operating activities was $7.0 million, which resulted from a net loss of $1.3 million, adjusted for non-cash charges of $6.8 million and net cash inflow of $1.5 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $5.7 million for depreciation and amortization expense and $0.7 million for stock-based compensation expense. The net cash inflow from changes in operating assets and liabilities was primarily the result of a $1.5 million increase in deferred revenue, which increased due to our growing customer base and timing of collections from our customers.

For the year ended December 31, 2020, cash provided by operating activities was $12.8 million, which resulted from a net loss of $6.6 million, adjusted for non-cash charges of $15.5 million and a net cash inflow of $3.9 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $13.0 million for depreciation and amortization expense and $1.9 million for stock-based compensation expense. The

net cash inflow from changes in operating assets and liabilities was primarily the result of a $2.0 million increase in deferred revenue, which increased due to our growing customer base and timing of collections from our customers, in addition to a $2.3 million increase in accrued expenses and other current liabilities, which increased due to timing of payment of our expenses.

For the year ended December 31, 2019, cash provided by operating activities was $13.2 million which resulted from a net loss of $1.0 million, adjusted for non-cash charges of $10.5 million and net cash inflow of $3.7 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of $9.3 million for depreciation and amortization expense and $1.4 million for stock-based compensation expense. The net cash inflow from changes in operating assets and liabilities was primarily the result of a $3.6 million increase in deferred revenue, which increased due to our growing customer base and timing of collections from our customers.

Investing Activities

Cash used in investing activities during the six months ended June 30, 2021 was $6.4 million, resulting primarily from capital expenditures of $4.5 million in support of infrastructure deployments to support our growing business, and $1.9 million related to the development of internal-use software for adding new features and enhanced functionality to our platform.

Cash used in investing activities during the six months ended June 30, 2020 was $2.4 million, resulting primarily from capital expenditures of $1.2 million in support of our infrastructure deployments to support our growing business, and $1.3 million related to the development of internal-use software for adding new features and enhanced functionality to our platform.

Cash used in investing activities during the year ended December 31, 2020 was $5.0 million, resulting primarily from capital expenditures of $2.1 million in support of infrastructure deployments to support our growing business, and $2.9 million related to the development of internal-use software for adding new features and enhanced functionality to our platform.

Cash used in investing activities during the year ended December 31, 2019 was $3.2 million, resulting primarily from capital expenditures of $1.6 million in support of our infrastructure deployments to support our growing business, and $2.0 million related to the development of internal-use software for adding new features and enhanced functionality to our platform.

Financing Activities

Cash used in financing activities for the six months ended June 30, 2021 was $0.9 million. Cash used in financing activities was from principal payments on our capital lease agreements of $5.7 million related to hard drives and other infrastructure equipment used in our co-location facilities and $1.8 million related to payments made for offering costs that are deferred, offset by $3.5 million in proceeds received from our credit facility and $2.9 million in proceeds received from lease financing transactions.

Cash used in financing activities for the six months ended June 30, 2020 was $2.2 million. Cash used in financing activities was from principal payments on our capital lease agreements of $4.5 million related to hard drives and other infrastructure equipment used in our co-location facilities, offset by $2.3 million in proceeds received from the PPP loan.

Cash used in financing activities for the year ended December 31, 2020 was $8.7 million. Cash used in financing activities was from principal payments on our capital lease agreements of $10.9 million related to hard drives and other infrastructure equipment used in our co-location facilities, offset by $2.3 million in proceeds received from the PPP loan.

Cash used in financing activities for the year ended December 31, 2019 was $7.7 million. Cash used in financing activities was from principal payments on our capital lease agreements related to hard drives and other infrastructure equipment used in our co-location facilities.

Contractual Obligations and Commitments

Our commitments are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. Operating lease commitments relate primarily to our rental of office space and co-location facilities. Our capital lease commitments relate primarily to our infrastructure equipment. Purchase commitments relate mainly to infrastructure agreements and subscription arrangements used to facilitate our operations.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet financing arrangements or any relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Quantitative and Qualitative Disclosure About Market Risk

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to our capital lease arrangements for obtaining hard drives and related equipment for our data center operations, which may be impacted by interest rate changes. We also earn interest income generated by cash and cash equivalents held at HomeStreet Bank, which is relatively insensitive to interest rate changes. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. We do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial condition.

Our credit facility with HomeStreet Bank is at a variable interest rate.

Foreign Currency Exchange Rate Risk

Our sales are currently denominated in the U.S. dollar and we have minimal foreign currency risk related to our revenue. In addition, most of our operating expenses are denominated in the U.S. dollar, resulting in minimal foreign currency risks. The volatility of exchange rates depends on many factors that we cannot accurately forecast. In the future, if our international sales increase or more of our expenses are denominated in currencies other than the U.S. dollar, our operating results may be adversely affected by fluctuations in the exchange rates of the currencies in which we do business. At this time we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities could have on our results of operations.

Critical Accounting Policies and Estimates

Our financial statements and the related notes thereto included elsewhere in this prospectus are prepared in accordance with U.S. GAAP. The preparation of financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

We believe that the accounting policies described below involve a substantial degree of judgment and complexity. Accordingly, these are the policies we believe are the most critical to aid in fully understanding and evaluating our financial condition and results of operations. For further information, see *Note 2* to our financial statements included elsewhere in this prospectus.

Revenue Recognition

The Backblaze Storage Cloud provides the core platform for our Backblaze B2 consumption-based offering and our Backblaze Computer Backup subscription-based offering. We derive our revenue primarily from fees earned from customers accessing these offerings through our platform, paid monthly in arrears for consumption-based arrangements for Backblaze B2, or charged upfront for subscription-based arrangements for Backblaze Computer Backup. We provide services to our customers under subscription-based arrangements of one month, one year and two years, which automatically renew at the end of the respective term.

We also recognize revenue from products offered to our customers for the ability to securely restore data using a USB drive (USB Restore) and for migrating large data sets to our platform using our proprietary Fireball device. We refer to these products as our Physical Media revenue. Physical Media revenue was approximately 1% of our revenue for the years ended December 31, 2020 and 2019, and for the six months ended June 30, 2020 and 2021.

Our monthly subscription arrangements do not provide customers with refund rights. One- and two-year subscription arrangements are eligible for a full refund for up to 30 days after subscribing. For Physical Media revenue, we offer a full refund to our customers restoring data using USB drives, if the drives are returned to us within 30 days of receipt. We recognize revenue net of our estimate of expected customer cancellations and returns. These estimates involve inherent uncertainties and use of management’s judgment.

As we provide our offerings as a hosted service, we do not provide customers the contractual right to take possession of the software at any time, do not incur set up costs, nor charge an installation fee to new customers.

Revenue recognition under ASC 605

We recognize revenue from these transactions when all of the following criteria are satisfied:

- there is persuasive evidence of an arrangement;
- the service has been or is being provided to the customer;
- the amount of the fees to be paid by the customer is fixed or determinable; and
- collectability of the fees is reasonably assured.

Subscription arrangements revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service is made available to the customer, provided that all other revenue recognition criteria have been met. Revenue from consumption-based arrangements is recognized as services are delivered, which is also when it is earned.

Revenue recognition under ASC 606

On January 1, 2020, we adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASC 606).

We determine revenue recognition in accordance with ASC 606 through the following five steps:

1. *Identify the contract with a customer.* We consider the terms and conditions of the contracts and our customary business practices in identifying our contracts under ASC 606. We determine we have a contract with a customer when the contract has been approved by both parties, we can identify each party's rights regarding the services to be transferred and the payment terms for the services, we have determined the customer to have the ability and intent to pay, and the contract has commercial substance. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's payment history; however, as approximately 99% and 98% of our revenue was generated from customers paying via credit card during the year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), respectively, the risk of non-payment is reduced.

2. *Identify the performance obligations in the contract*. Performance obligations promised in a contract are identified based on the services and products that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract. Our contracts typically contain a single distinct performance obligation representing our Backblaze Storage Cloud platform offerings, which includes Computer Backup and B2 Cloud Storage services and customer support.

3. *Determine the transaction price*. The transaction price is determined based on the consideration we expect to receive in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. Our variable consideration includes consumption-based revenue and revenue arrangements that offer the right of return. We offer a 30 day right of return for 1 and 2-year subscription based arrangements and record a refund liability based on historical return data. Certain fees that are considered consideration payable to a customer are accounted for as a reduction of the transaction price. None of our contracts contain a significant financing component.

4. *Allocate the transaction price to performance obligations in the contract*. Contracts that contain multiple distinct performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP). We determine the relative standalone selling price for performance obligations based on the price we sell a good or service for separately.

5. *Recognize revenue when or as we satisfy a performance obligation*. Revenue is recognized when control of the services is transferred to the customers, in an amount that reflects the consideration that we expect to receive in exchange for those services. Performance obligations are satisfied over time as the customer simultaneously receives and consumes the benefits as the entity performs. Revenue is generally recognized over the common measure of progress (i.e., time-based or consumption-based) for the entire performance obligation. Revenue from subscription-based arrangements is recognized on a straight-line basis over the contractual term beginning on the date that the service commences, as customers are entitled to the same benefits throughout the contractual term. Fees from consumption-based arrangements are recognized as services are delivered based on the amount of daily storage consumed. Revenue for USB Restore is recognized as USB devices are delivered to customers, and recognition through our Fireball device rental is time-based.

For revenue generated from arrangements that involve third-parties, we evaluate whether we are the principal or the agent based on maintaining control over the services being provided and maintaining the relationship with the end-customer. Substantially all of our revenue is reported on a gross basis, as we are the principal.

Stock-Based Compensation

All stock-based compensation to employees is measured on the grant date based on the fair value of the awards on the date of grant. We recognize compensation cost for awards on a straight-line basis over the requisite service period, which is generally the four-year vesting period.

If an award contains a provision whereby vesting is accelerated upon a change in control, we recognize stock-based compensation expense on a straight-line basis, as a change in control is considered to be outside of our control and is not considered probable until it occurs. Forfeitures are accounted for in the period in which they occur.

We use the Black-Scholes option pricing model to estimate the fair value of our stock options. The Black-Scholes option pricing model requires the use of complex assumptions, which determine the fair value of stock-based awards.

Our option-pricing model requires the input of subjective assumptions, including the fair value of the underlying common stock, the expected term of the option, the expected volatility of the price of our common stock, risk-free interest rates, and the expected dividend yield of our common stock. The assumptions used in our option-pricing model represent our best estimates. These estimates involve inherent uncertainties and the application of judgment. If factors change and different assumptions are used, our stock-based compensation expense could be materially different in the future.

These assumptions are estimated as follows:

- *Fair value of underlying common stock*. Because our common stock is not yet publicly traded, we must estimate the fair value of our common stock. Our Board of Directors considers objective and subjective factors to determine the fair value of our common stock at each meeting in which equity grants are approved, including corroboration from contemporaneous third-party valuations;

- *Expected volatility*. Expected volatility is a measure of the amount by which the stock price is expected to fluctuate. Since we do not have sufficient trading history of our common stock, we estimate the expected volatility of our options at the grant date by taking the average historical volatility of a group of comparable publicly traded companies over a period equal to the expected term of the options;

- *Expected term*. We determine the expected term based on the average period the options are expected to remain outstanding using the simplified method, generally calculated as the midpoint of the options' vesting term and contractual expiration period, as we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior;

- *Risk-free rate*. We use the U.S. Treasury yield for our risk-free interest rate that corresponds with the expected term; and

- *Expected dividend yield*. We utilize a dividend yield of zero, as we do not currently issue dividends, nor do we expect to do so in the foreseeable future.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation on a prospective basis. As we continue to accumulate additional data related to our common stock, we may have refinements to our estimates, which could materially impact our future stock-based compensation expense. The intrinsic value of all outstanding options as of June 30, 2021 was approximately $ million, based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range set forth on the cover of this prospectus, of which approximately $ million is related to vested options and approximately $ million is related to unvested options.

Common Stock Valuations

The fair value of the common stock underlying our stock-based awards has historically been determined by our Board of Directors, with input from management and corroboration from contemporaneous third-party valuations. We believe that our Board of Directors has the relevant experience and expertise to determine the fair value of our common stock. Given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, our Board of Directors exercised reasonable judgment and considered objective and subjective factors to determine the best estimate of the fair value of our common stock at each grant date.

In valuing our common stock, the fair value of our business was determined through third-party valuations using various valuation methods, including combinations of income and market approaches with input from management. The income approach estimates value based on the expectation of future cash flows that a company will generate. These future cash flows are discounted to their present values using a discount rate that is derived from an analysis of the cost of capital of comparable publicly traded companies in our industry or similar business operations as of each valuation date and is adjusted to reflect the risks inherent in our cash flows. The market approach estimates value based on a comparison of the subject company to comparable public companies in a similar line of business. From the comparable companies, a representative market value multiple is determined and then applied to the subject company's financial forecasts to estimate the value of the subject company.

Application of these approaches and methodologies involves the use of estimates, judgments, and assumptions that are highly complex and subjective, such as those regarding our expected future revenue, expenses, and future cash flows, discount rates, market multiples, the selection of comparable public companies, and the probability of and timing associated with possible future events. Changes in any or all of these estimates and assumptions or the relationships between those assumptions impact our valuations as of each valuation date and may have a material impact on the valuation of our common stock.

For valuations after the closing of this offering, our Board of Directors will determine the fair value of each share of underlying common stock based on the closing price of our common stock as reported on the date of grant. Future expense amounts for any particular period could be affected by changes in our assumptions or market conditions.

Capitalized Internal-use Software, Net

We capitalize qualifying software development costs related to new features and enhancements to the functionality of our platform and related products. The costs consist of personnel costs (including related benefits and stock-based compensation) that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed, and (ii) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

We review capitalization criteria for each project individually. Capitalized costs are amortized over the estimated useful life of the software, which is five years, on a straight-line basis, which represents the manner in which the expected benefit will be derived. We determine the useful lives of identifiable project assets after considering the specific facts and circumstances related to each project. The amortization of costs related to the platform applications is included in cost of revenue in the statement of operations.

Significant judgments related to the capitalization of internal use software costs include determining whether it is probable that projects will result in new or additional functionality, concluding on when the application development phase starts and ends, and estimating which costs, especially employee compensation costs, should be capitalized.

Recently Adopted Accounting Pronouncements

See the sections titled “Basis of Presentation and Summary of Significant Accounting Policies—Accounting Pronouncements Recently Adopted” and “Basis of Presentation and Summary of Significant Accounting Policies—Accounting Pronouncements Not Yet Adopted” in Note 2 to our financial statements included elsewhere in this prospectus for more information.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups (JOBS) Act. For so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation. The JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. This provision allows an emerging growth company to delay the adoption of some accounting standards unless and until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act for the adoption of accounting standards until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

BUSINESS

Our Mission

Data is the digital world's most precious resource.
Our mission is to make storing, using, and protecting that data astonishingly easy.

Company Overview

We are a leading storage cloud platform, providing businesses and consumers cloud services to store, use, and protect their data in an easy and affordable manner. We provide these cloud services through a purpose-built, web-scale software infrastructure built on commodity hardware. From genome sequencing to mapping the world, from saving lives to playing online games, from interacting with a business to running one, data is central to modern existence. By substantially reducing the complexity and frustration of storing, using, and protecting data, we empower customers to focus on their core business operations. Through our blog and culture of transparency, we have built a devoted community of millions of readers and brand advocates. Referrals from our community of brand advocates, combined with our highly efficient and primarily self-serve customer acquisition model and an ecosystem of thousands of partners, have allowed us to attract over 480,000 customers as of June 30, 2021. These customers use the Backblaze Storage Cloud platform across more than 175 countries to grow and protect their business data on our approximately 2 exabytes, or 2 trillion megabytes, of data storage under management. As businesses and consumers shift to the cloud, we believe our cloud services will increasingly become a foundational element of their overall technology stack.

At its founding, Backblaze set out to simplify the process of storing, using, and protecting data. Over the following years we focused relentlessly on cutting away the complexity common among diversified cloud vendors' services and legacy on-premises system vendors. Today, our solutions are differentiated by their ease of use and affordability. Focusing on storage use cases and promoting an open ecosystem allows us to integrate well with a broad range of partners. From our straightforward pricing model, to our transparent communication with customers, to the popular and insightful content on our blog—we have established ourselves as an open and trusted provider and partner.

The Backblaze Storage Cloud organizes, safeguards, and keeps over 500 billion files available on demand and is designed to store trillions more in the future. Through our purpose-built software, we provide a platform that is durable, scalable, performant, and secure. This software manages our global physical infrastructure of nearly 200,000 hard drives and one terabit per second (one million megabits) of network capacity across 5 data centers that are interconnected by private network infrastructure. Our scale, along with our efficiency and expertise developed over years of growing the Backblaze Storage Cloud, provide a robust platform and significant barriers to entry. Our two cloud services that we offer on our Storage Cloud are:

- Backblaze B2 Cloud Storage: Enables customers to store data, developers to build applications, and partners to expand their use cases. The amount of data stored in this cloud service can scale up and down as needed on a pay-as-you-go basis. This service is offered as consumption-based Infrastructure-as-a-Service (IaaS) and serves use cases including backups, multi-cloud, application development, and ransomware protection.

- Backblaze Computer Backup: Automatically backs up data from laptops and desktops for businesses and individuals. This cloud backup service offers easily understood flat-rate pricing to continuously back up a virtually unlimited amount of data. This service is offered as a subscription-based Software-as-a-Service (SaaS) and serves use cases including computer backup, ransomware protection, theft and loss protection, and remote access.

Public cloud adoption has been rapid and transformational for a wide range of companies. However, the market is demanding alternatives to the traditional, diversified public cloud vendors for multiple reasons. These

public cloud vendors have increasingly focused on the largest enterprises, resulting in significant complexity in their products and pricing that leaves behind mid-market businesses. Due to their walled-garden approach, these public cloud vendors have made it expensive for customers to use their data in multi-cloud and hybrid cloud deployments and with other independent cloud platforms. Additionally, such diversified public cloud vendors increasingly compete with their customers and partners in an ever-widening range of industries.

Backblaze, on the other hand, is designed to fulfill major unmet market needs, particularly among mid-market businesses, by providing straightforward cloud storage offerings with easy-to-understand and affordable pricing from a trusted and independent provider.

Our solutions are designed for individuals and businesses of all sizes and across all industries but have a particularly strong appeal to mid-market organizations (which we define as organizations with 10 to 999 employees) due to their desire for easy-to-use and cost-effective solutions. We serve both the Public Cloud IaaS Storage market and Data-Protection-as-a-Service market (DPaaS). According to forecasts from International Data Corporation (IDC), the worldwide market for Public Cloud IaaS Storage is $27.6 billion in 2020 and is expected to grow to $91.0 billion by 2025. Additionally, according to IDC, the worldwide market for DPaaS is $7.7 billion in 2020 and expected to grow to $18.4 billion by 2025. Based on our analysis of IDC data, we believe the Backblaze opportunity in the mid-market alone for Public Cloud IaaS is expected to grow to $54.6 billion by 2025, representing a CAGR of 27%, and for DPaaS to $11.0 billion by 2025, representing a CAGR of 19%.

We have a highly efficient go-to-market model that is built on a self-serve selling motion. Prospective customers find us through a variety of channels including our website, partners, and brand advocates. We have fostered deep community engagement with valuable content we share on our blog—in 2020 alone, more than 3 million readers consumed content that we shared there. Our content encourages organic, inbound traffic that we believe serves as our greatest source of advocates and referrals. Our frictionless free trial and self-serve sign-up processes help convert our blog readers and referrals from our brand advocates into customers, with over 80% of our revenue in 2020 coming from self-serve customers. In addition to generating customers, a community of thousands of partners has arisen as a result of our efforts. Our developer, alliance, and managed service provider (MSP) partners expand use cases and attract customers, thereby increasing usage of our Storage Cloud and helping to drive revenue growth. New customers and partners ultimately lead to more insight, content, and community engagement, which creates a positive feedback loop that drives additional customers and partners. In addition to our self-serve selling motion, in recent years we have begun to invest in a sales-assisted selling motion to identify opportunities to increase business with existing customers and to assist larger customers in adopting our services. Our sales-assisted selling motion has experienced substantial growth and helps customers that, in 2020, were approximately 20 times larger in terms of average revenue per customer than our self-serve customers. These efficient and effective go-to-market motions have helped us grow rapidly.

Substantially all of our revenue is recurring in nature. We employ a land-and-expand model that drives additional revenue from existing customers. As customers generate, store, and back up more data, their use of our platform increases, creating natural opportunities for revenue expansion. We are able to further expand our relationships with our customers when they adopt new features and use cases that lead to increased usage of our platform. Our land-and-expand strategy is evidenced by our overall net revenue retention rate of 113% and 114% as of December 31, 2019 and 2020, respectively.

Our B2 Cloud Storage revenue grew by 66% during the year ended December 31, 2020 and our Computer Backup cloud service revenue grew by 23% during the year ended December 31, 2020. We also have recently launched offerings such as Extended Version History, multi-region selection, and our new ransomware protection functionality, Object Lock. By expanding our offerings, we are able to further expand our revenue and market opportunity. Our operations have historically been efficient with limited outside investment. Prior to issuing $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private financing round August 2021, we had raised less than $3.0 million in outside equity since our founding in 2007. This has helped create a culture based on operational efficiency, creativity,

and collaborative problem solving. This culture, combined with the software and infrastructure we have scaled, refined, and enhanced over a decade, our innovation roadmap, our efficient go-to-market, large community of brand advocates, and position as an independent cloud platform, is what enables us —now and in the future—to succeed. This is evident in the significant growth we have achieved in recent periods. In the years ended December 31, 2019 and 2020, our revenue was $40.7 million, $53.8 million, respectively, representing growth of 32%. We incurred net losses of $1.0 million and $6.6 million for the years ended December 31, 2019 and 2020, respectively. As of June 30, 2021, our annual recurring revenue (as defined below) was $64.8 million and we incurred net losses of $6.1 million for the six months ended June 30, 2021. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics—Annual Recurring Revenue” for more information on annual recurring revenue.

Industry Background

We believe data is an increasingly critical part of the global economy. The fundamental shift in how data is created and consumed is fueling the growth and evolution of storage:

- ***Data storage growth is rapidly expanding to enable our digital universe.*** Organizations ranging from large companies to small enterprises, startups, municipalities, and educational institutions are digitally transforming and must evolve to effectively compete, or risk becoming irrelevant to customers and being left behind by the market. From gaming to social media to streaming video, entire industries are being built around data. Modern advancements across a range of industries drive data creation and consumption from applications such as artificial intelligence and machine learning. Additionally, increasing regulatory and compliance requirements are also driving retention requirements. As a result, it is a business imperative for companies to retain significantly more data and keep it much longer.

- ***Data is migrating to the cloud.*** Historically, data was managed on-premises using legacy storage systems. Organizations are increasingly migrating to the cloud to capitalize on improved flexibility, agility, and scalability, and much of their stored data is moving along with them. IDC estimates that approximately only 4% of global data was stored in public cloud environments in 2010 compared to a projected 53% in 2024.

- ***Companies are choosing multi-cloud solutions and demanding alternatives to the diversified cloud vendors.*** Multi-cloud deployments are becoming more commonplace as companies seek to avoid vendor lock-in, minimize latency, and provide redundancy for their mission critical data. According to Frost & Sullivan’s 2020 Global Cloud User Survey, 43% of respondents indicated current adoption of multi-cloud in 2020 and 84% of respondents indicated planned adoption of multi-cloud in 2022.

- ***Non-specialists are making purchasing decisions and driving demand for easy, self-serve solutions.*** Today, IT generalists who are responsible for broad areas of technology, along with other professionals—including cinematographers, DNA scientists, and software developers—and a multitude of roles within an organization that have traditionally not had deep storage expertise can be the purchasing decision makers. These decision makers desire self-serve solutions that work easily and address their needs.

- ***Developers are a driving force for digital transformation and technology selection.*** Developers and the applications they create are at the forefront of digital transformation, often guiding business strategy for organizations. As a result, developers are able to influence what technologies, platforms, and solutions are adopted by the broader organization, often seeking platform features such as self-serve, immediacy, and efficiency. Developer-focused, independent cloud platforms that provide services like payment processing, communications, compute, edge distribution, and more

have generated billions in revenue by serving these customers. Vendors looking to capture a critical mass of developer mindshare are increasingly shaping their products and solutions to serve these preferences.

- ***Cybersecurity threats, such as ransomware, are costly and on the rise.*** The frequency and impact of cybersecurity threats continues to grow, and the cost of these attacks is increasing. Cybersecurity Ventures estimates that the global cost of ransomware attacks alone will reach $20 billion in 2021, a significant increase compared to estimated damages of $11.5 billion and $8 billion in 2019 and 2018, respectively. Ransomware targets victims by encrypting their files and demanding payment for access to the decryption key. According to the Threat Landscape Report in 2020 by Bitdefender, the total number of global ransomware reports increased by 715% year over year in the first half of 2020.

Limitations of Existing Solutions

The explosion of data and the complexity of how businesses and individuals interact with it has made handling data storage needs difficult and expensive, particularly for mid-market companies.

Limitations of Diversified Cloud Vendors

Organizations undergoing digital transformation or growing digital-native businesses are increasingly considering diversified cloud vendors to address the limitations of current solutions. However, with diversified cloud vendors, much of the benefit of the public cloud remains out of reach because those solutions are:

- ***Focused largely on serving the enterprise segment.*** Diversified cloud vendors optimize for large multinational enterprises with significant IT resources and expansive, complex use cases. According to Flexera's 2020 State of Cloud survey, businesses with fewer than 1,000 employees have substantially lower cloud bills and IT spend, and on average 56% of these businesses are spending less than $600,000 annually compared with only 12% of enterprises. The financial opportunity that enterprise customers represent influences the product roadmap and engineering focus of diversified cloud vendors, resulting in solutions that are not optimal for mid-market businesses. Additionally, these providers typically lack sales motions and support resources that are focused on non-enterprise organizations.

- ***Closed ecosystems that limit customer choice and promote vendor lock-in.*** Existing diversified cloud vendors promote policies and impose fees that lock customers into a provider's infrastructure, add-on services, and pricing models. Their proprietary standards inhibit interoperability and portability of applications from vendor to vendor. High egress fees cause significant budget strain, often blocking businesses and customers from finding more suitable solutions or using multi-cloud infrastructures, and thereby hampering their innovation and long-term growth.

- ***Complicated, creating barriers to adoption.*** Diversified cloud vendors typically have over 100 different services, with multiple subsets of each, and a plethora of miscellaneous features that cause complexity and choice overload, often necessitating consultants to help facilitate customers' decisions. These issues result in mid-market customers being unable to fully take advantage of the benefits of the cloud.

- ***Expensive with opaque pricing models.*** Diversified cloud vendors have complicated pricing models with hidden and add-on fees, making it difficult for organizations to understand what they are paying for. The pricing of existing cloud storage solutions can vary in terms of storage minimums, tiers, egress fees, geography, and more. A new variety of business consultancy has developed just to decipher and optimize invoices from diversified cloud vendors. Often, these

charges impose a larger than anticipated financial burden on customers. Customers who expect cost savings using the cloud can get locked in, surprised by unexpected bills, and may be forced to make painful internal budgetary decisions as a result.

- ***Forcing trade-offs between making data available and affordable.*** Existing public cloud solutions require organizations to assess what data they need to keep, and how they will use it. Customers must choose between prioritizing their data into expensive tiers to keep it readily available or archiving their data in cold tiers, which are storage solutions that feature long retrieval times and high egress fees. As a result, organizations must weigh the trade-off between availability and cost, limiting the organization's ability to use data to its full potential.

Limitations of Legacy On-Premises Solutions

Some organizations use legacy on-premises storage solutions for data management, but these solutions are ill-suited to modern data needs because of:

- ***Burdensome set up and ongoing management:*** Setting up on-premises environments requires the commitment of data center space, selection and installation of various types of equipment, and hiring dedicated personnel with specialized skill sets. To maintain these environments, organizations need sufficient resources as well as staff who continually work to attempt to minimize downtime, secure data access, and ensure data availability and durability.

- ***Challenging forecasting which inhibits scaling:*** Businesses have to ensure the correct amount of storage is available when needed for on-premises IT environments. Forecasting this amount is difficult, and businesses constantly need to balance excess storage capacity with underutilized and idle storage resources. Purchasing too much storage is inefficient and wasteful while the lack of excess capacity may create conflicts between data retention and other business needs. Ultimately, businesses can find it difficult to strike the right balance, resulting in operational challenges and an inability to effectively scale.

- ***High total cost of ownership:*** On-premises storage systems require significant capital expenditures and often necessitate upfront financing for purchase. These storage systems also require frequent maintenance and hardware upgrades, particularly as equipment ages. In addition, other costs including ongoing personnel, end of life disposals, unexpected equipment failures, and potential consulting fees, combine to make on premises solutions heavy burdens on mid-market businesses.

Key Benefits for Customers

Our Storage Cloud provides customers with the following key benefits:

- ***Foundational storage platform at web scale.*** Our Storage Cloud serves as a foundational element of their overall technology stack, delivering storage on-demand at web scale, thus freeing the customer from the need to manage storage themselves. Our Storage Cloud architecture is unconstrained by number of files, file sizes, geography, and speed, providing customers with virtually unlimited storage that is durable, available, and secure.

- ***Enables customers to readily use their data.*** Backblaze makes all data available and easily portable. With no cold tiers, customers can access any piece of data directly. Further, by connecting with other leading cloud providers, Backblaze makes it easy and free to build applications on an open ecosystem and support multi-cloud deployments.

- ***Easy and intuitive for everyone.*** Businesses and consumers desire streamlined and easy-to-use solutions. Our Storage Cloud provides customers the ability to leverage the benefits of the public

cloud without its challenges. Based on our analysis of market research, we believe our customers could experience significant time savings by using our B2 Cloud Storage solution for managing periodic cloud operations, including managing users, data tiers and billing, compared to other cloud service providers. From our free trial to our self-serve sign up to our intuitive use cases, every step of onboarding and ongoing usage is optimized for ease of use and customer efficiency.

- ***Flexible with ability to right-size usage.*** If a customer's data needs rapidly increase, that customer can simply store more data or reduce storage use if no longer needed. This eliminates the concern about underutilized resources or wasted spend. Additionally, customers only need to pay for what they use and do not need to commit to a minimum storage size or duration.
- ***Affordable with increased ROI.*** We were founded on principles of cost efficiency and delivering the most value for our customers. These principles drove our platform development, which resulted in a cost-optimized design. We have passed these cost-optimizations on to our customers to enable them to store and serve data at a fraction of the list price of diversified cloud vendors, providing increased ROI from day one.
- ***Businesses and consumers do not need to choose between availability and cost.*** Customers can easily store all their data on our Storage Cloud, enabling it to be both available and affordable at the same time. They no longer need to predetermine what data is worth keeping immediately available versus archiving, and thereby what requires a higher tier and price of service.
- ***Transparent and predictable.*** We pride ourselves on being transparent with customers and providing straightforward, simple pricing. Customers either pay only for the data they store or a fixed rate for backup services. We make our service provisions clear with no complicated or hidden fees.

Competitive Strengths

Our competitive strengths include:

- ***Robust technology platform and rapid innovation.*** Our differentiated technology platform provides durable, available, scalable, performant storage at web scale, all while maximizing cost efficiency. We believe that the scale of our platform and the intellectual property we have gained through developing it—including our software layer, fine-tuned over a decade of managing the complexity of data storage; the experience from running the massive infrastructure that software operates; and the learnings gained from supporting over 480,000 customers—provides a significant competitive moat. We also have a successful track record of launching new features and capabilities for our products, and we expect to continue doing so in the future. Recent examples of our innovation include the Backblaze S3 Compatible API, regional choice, Cross Origin Resource Sharing, Extended Version History, and our new ransomware protection functionality, Object Lock. We believe our innovation will help us continue to capture and expand our estimated total addressable market.

- ***Purpose-built for cloud storage.*** We are a pure-play storage provider and our engineering decisions are optimized for data storage use cases. Specializing in one area of the cloud computing stack enables us to develop targeted solutions for the most critical storage needs of our customers. The result is easy, affordable, and predictable data storage and access.

- ***Attractive ecosystem partner with best-of-breed cloud platforms.*** Our position as a storage provider purpose built for web scale, with interoperability and an open ecosystem in mind, creates natural partnership opportunities with other independent cloud platforms. For these partners, we are an attractive provider of storage for both our quality of service and our neutrality—as compared to diversified cloud vendors who provide competing cloud service offerings. This ecosystem of

integrated partnerships provides customers the flexibility to choose the best combination of solutions and create the optimal technology stack for their needs. As the partner ecosystem expands, it provides for compounding revenue growth opportunities: each partner brings additional customers, each of these customers brings additional data, and each customer can adopt additional services.

- ***Customer acquisition propelled by community-driven inbound marketing.*** Our content marketing engine—driven by our blog, which was visited by more than 3 million readers in 2020 alone—propels our highly efficient customer acquisition. We use public relations and social media to drive deeper engagement, and our free-to-test approach and self-serve sign-up process ease conversions from this audience. Customers often reference our content as their first point of interaction with Backblaze, and as a reason they choose our cloud services. We believe such a large, engaged audience and the trust we have developed organically with them over 14 years of sharing valuable, unique content, would be difficult for any competitor to replicate. We believe the audience our content engine generates serves as our greatest source of advocates, referrals, new customers, and partners. These new customers and partners ultimately lead to more insight, content, and community engagement, which perpetuate a powerful positive feedback loop that drives additional customers and partners, as illustrated in the image below.

- ***Frictionless go-to-market model.*** We believe our large inbound marketing footprint, easy and intuitive onboarding process, expansive partner ecosystem, and land-and-expand model create a differentiated and powerful go-to-market approach. Customers can quickly test and sign up for our solutions through a self-serve process, which led to over 80% of our revenue in 2020. Our partner ecosystem enables us to provide joint solutions for customers and to collaborate on go-to-market activities, thereby expanding our reach. After signing up for our products, customers increasingly rely on the platform, generating, storing, and backing up more data, creating natural opportunities for revenue expansion. The combination of these approaches makes this model extremely efficient.

- ***Developer-friendly, interoperable platform.*** Our API-driven platform was built by developers for developers. We create a strong community among developers through our valuable, relevant blog content. With our free-to-test approach and self-serve sign up process, developers can get started quickly. Our native and S3 compatible API, SDKs, and command line interface (CLI) enable developers to easily integrate Backblaze B2 into their applications. And, our interoperability with other leading developer-focused cloud platforms allow developers to build on a best-of-breed technology stack without having to choose between access and affordability.

- ***Efficiently serve the mid-market.*** By focusing on ease of use and common use cases, we offer solutions with great appeal to mid-market organizations. Historically, this market has been underserved and overlooked by incumbents who have not devoted meaningful attention to the problems that mid-market organizations face. Our frictionless go-to-market approach as well as our high-efficiency sales and support models offer a highly compelling solution that positions us to attract, win, and serve mid-market customers at scale.

- ***Highly performant with a low total cost of ownership.*** Due to our purpose-built architecture, we provide solutions that are both highly performant and have a low total cost of ownership. Our solutions provide speed, durability, high availability, and scalability, at an affordable price. We also partner with other leading cloud platforms to reduce or eliminate data transfer fees between our platforms, thereby providing further cost efficiency for customers.

- ***Strong company culture drives performance and results.*** Our culture is a cornerstone of our company and provides a unique, enduring competitive advantage. Transparency, collaboration, operational efficiency, and striving to do the right thing have guided us from day one and built a team of caring individuals united in working toward a common goal. As evidenced by our Glassdoor 4.9/5.0 rating, 100% CEO Approval, and 100% Recommend to a Friend ratings as of December 31, 2020, we have a strongly aligned and engaged workforce with little employee turnover and long tenure.

- ***In trusted and neutral hands.*** With approximately 2 exabytes of data storage under management and a 14-year track record, our Storage Cloud has been proven over time and significant use to be a trusted solution for customers. Unlike diversified cloud vendors, as an independent storage cloud platform, we align with the interests of our customers and partners. We do not aim to compete with our customers and we do not sell their data. Our long track record and independence, combined with our desire to do business and communicate in an open, transparent manner helps us succeed with our customers and partners.

Partner Ecosystem

Our ecosystem of partners—including developer partners, alliance partners, and MSPs—helps us expand our platform in existing and new markets. Our partners leverage our cloud services to provide storage solutions to their customers or our mutual customers and in turn, we are able to expand our use cases and overall reach.

- ***Developer partners.*** Our platform, alongside the platforms of our developer partners, enables software developers to efficiently build their applications. By providing complementary, non-competitive products with our partners—who offer services such as edge compute, networking, or content delivery—we are able to frequently pursue co-marketing and co-selling opportunities. Our developer customers gain the benefits of using independent, specialized platforms with the seamlessness of a single solution. The following profiles provide examples of how we work together with our developer partners:

  Cloudflare: Provides developers with a world-wide content delivery network and edge IT security to scale applications globally, serving data from 200 cities in over 100 countries.

  Customers use Backblaze B2 Cloud Storage as their origin store—the primary storage for assets that Cloudflare can then serve to users over their edge network. As founding members of the Bandwidth Alliance—a group of cloud and networking companies that discount or waive data transfer fees for shared customers—Cloudflare and Backblaze offer developers free data egress between the two services, providing a joint solution with no vendor lock-in and favorable economics.

Fastly: An edge cloud platform that offers developers speed, security, and reliability in delivering content by processing and serving their applications at the edge, as close to end-users as possible.

Developer customers pair Backblaze B2 Cloud Storage with Fastly's edge computing services, using our platform as an origin store for content. The partnership offers developers freedom from egress fees and vendor lock-in, allowing greater investment in innovation and freedom to experiment with other cloud services as they scale and grow.

Equinix Metal: Provides bare metal servers available on demand, offering high performance and affordable compute services in a matter of minutes.

By connecting Backblaze B2 Cloud Storage directly to the bare metal servers that Equinix provides, customers can utilize the compute functionality Equinix offers while attaining the advantages of B2 Cloud Storage's ease and affordability.

- ***Alliance partners*.** We are well positioned for partners whose products require storage to serve their customers. Partners providing software, hardware, and SaaS services to perform backups, synchronize data, manage media, and address other use cases either select our Storage Cloud for the underlying data storage, or offer it as a choice to their customers. Together with these alliance partners, we are able to provide comprehensive, integrated solutions to our joint customers, and also engage in co-marketing and co-selling opportunities. The following profiles provide examples of how we work together with our alliance partners:

  Veeam: Provides backup, disaster recovery, and data management services for more than 400,000 customers' virtual, physical, and multi-cloud infrastructures.

  Backblaze B2 Cloud Storage can be designated within Veeam's user interface as a backup tier destination for customers seeking external storage qualified as Veeam Ready Object with Immutability—all in support of Veeam users' 3-2-1 backup strategies and ransomware mitigation plans. Backblaze and Veeam announced the immutability qualification in October 2020.

  QNAP: Designs and delivers solutions for many use cases where local storage is needed.

  Backblaze B2 Cloud Storage is seamlessly integrated within QNAP's user interface, where customers can enable a wide variety of applications and workflows to safeguard data, collaborate in office or across offices, and share data remotely. Using Backblaze B2 Cloud Storage, customers can quickly back up workstations to their network attached storage (NAS) and Backblaze, and replicate and sync users' data across locations and to the cloud.

- ***Managed service providers (MSP).*** Our platform enables MSP partners to store data for backups, archives, hybrid cloud setups, ransomware protection, and otherwise manage their clients' data. MSPs provide critical IT solutions for mid-market organizations who often lack the resources to do so themselves. These providers are drawn to our solutions due to our support of the breadth of their offerings, competitive pricing which helps MSPs with their own margin profile, and ease of use. In turn, we believe the MSP channel provides a significant opportunity for Backblaze to expand its reach and properly address the needs of the large and fragmented mid-market. The following profiles provide examples of how we work together with our MSP partners:

  DTC: Offers centralized IT services to dental and doctor's offices throughout the mid-Atlantic region.

Backblaze's cloud data transfer service empowered DTC to move nearly 500 terabytes to Backblaze B2 Cloud Storage. They needed reliable object storage to work seamlessly with their newly deployed MSP360 backup management software to keep data for their more than 450 clients safe. They tested several storage providers, only to be frustrated with complex interfaces, increasing costs, and backup failures, before turning to Backblaze B2 Cloud Storage based on its reputation of reliability and transparency.

Continuity Centers: Provides business continuity and disaster recovery as a service (DRaaS).

With ransomware on the rise, Continuity Centers wanted to offer their customers data immutability—the most effective ransomware protection for data backups. After learning that Backblaze announced support for immutability with Object Lock, Continuity Centers configured our platform in less than an hour, and were sending customer backup data flagged with immutability to Backblaze B2 Cloud Storage shortly afterward. They can now, at no additional cost to their customers, offer enhanced data protection from ransomware.

Our Market Opportunity

We have built a storage cloud that businesses, consumers, and partners globally rely on to store, use, and protect their data. With ongoing prioritization of digital transformation initiatives, growing emphasis on cloud adoption and the proliferation of data, Backblaze operates at the center of significant trends that propel our large and growing market opportunity forward. The markets addressed by our platform include Public Cloud Infrastructure-as-a-Service (IaaS) storage as well as Data-Protection-as-a-Service (DPaaS). According to IDC, the worldwide public cloud services Infrastructure as a Service (IaaS) market grew 33.8% year-over-year in 2020. According to IDC forecasts, the worldwide market for Public Cloud IaaS Storage is $27.6 billion in 2020 and is expected to grow to $91.0 billion by 2025, representing a CAGR of 27%. Additionally, according to IDC, the worldwide market for DPaaS is $7.7 billion in 2020 and expected to grow to $18.4 billion by 2025, representing a CAGR of 19%.

While the Backblaze Storage Cloud can scale to any size organization, our efficient go-to-market and focus on ease of use are particularly suited to selling to and serving the needs of mid-market businesses (defined as businesses and organizations with 10 to 999 employees). According to our analysis of IDC data, mid-market businesses are expected to represent approximately 60% of worldwide IaaS spending throughout the forecast period (2021 to 2024). We believe this ratio serves as a good proxy for spending across both markets. Applying this ratio to the Public Cloud IaaS Storage market yields a mid-market opportunity of $16.6 billion in 2020, growing to $54.6 billion in 2025, representing a CAGR of 27%. Applying the same ratio to the DPaaS market yields a mid-market opportunity of $4.6 billion in 2020, growing to $11.0 billion by 2025, representing a CAGR of 19%.

Our Growth Strategies

Key elements of our growth strategy include:

- ***Accelerate customer acquisition.*** A key component of our growth has been fueled by our content engine, free-to-test approach, and self-serve sign-up process. We are accelerating our customer acquisition through increased investments in content creation, thought leadership, social media engagement, search engine optimization, and public relations campaigns with the goal of growing our community and attracting new visitors. We plan to continue to invest in the optimization of our self-serve sign-up and frictionless on-boarding process, which help drive sales conversions from the content engine in a seamless and efficient manner. Additionally, in recent years we have begun to invest in a sales-assisted selling motion to identify opportunities to increase business with existing

customers and to assist larger customers in adopting our services. Our sales-assisted selling motion has experienced substantial growth and helps customers that are approximately 20 times larger in terms of average revenue per customer than our self-serve customers. These efficient and effective go-to-market motions have helped us grow rapidly.

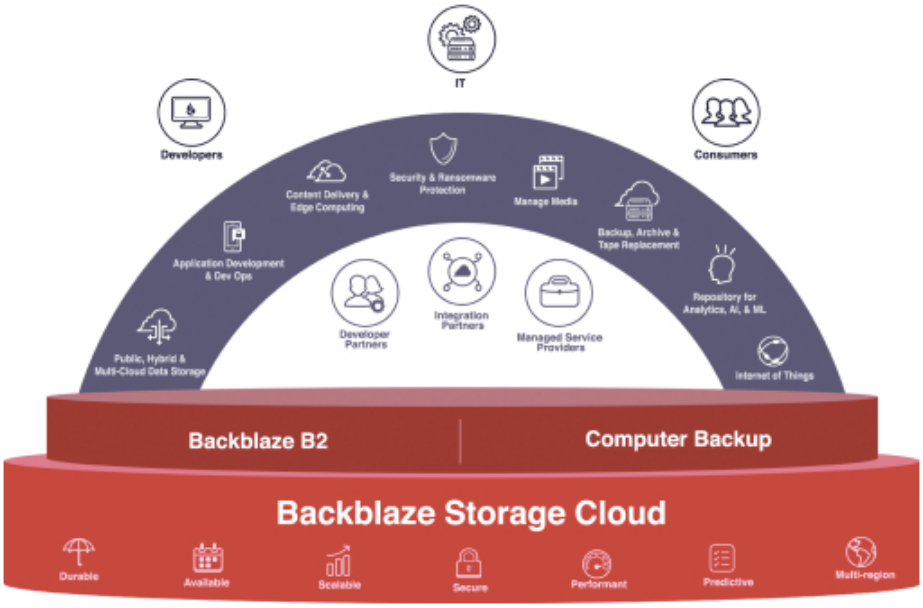
- ***Increase revenue from existing customers.*** Our customer base of over 480,000 presents us with many opportunities for further sales expansion. We are investing in increasing revenue from customers by developing additional features and use cases, expanding our Customer Success initiatives, and empowering natural customer data growth. For example, a customer may start by using our Computer Backup cloud service for a few laptops, add B2 Cloud Storage for additional business use cases, and select various features and services for additional fees, such as Extended Version History, multi-region selection, or Snapshots. By investing in upsell and nurture capabilities of our self-serve selling motion and growing our sales-assisted Customer Success initiatives, we can help current customers avail themselves of these and the other benefits of our platform, leading to increased adoption. As these customers continue to generate, store, and back up data, their use of our platform increases, creating natural opportunities for revenue expansion. As a result of our efforts to-date, as of June 30, 2021, our revenue per customer has grown 45% since the first quarter of 2019. This revenue expansion potential and the inherent stickiness of our platform is also evidenced by our overall net revenue retention rate of 114% for the year ended December 31, 2020.

- ***Develop new solutions and use cases.*** We are focused on developing new solutions and features to deliver additional capabilities to our customers. For example, in 2019, we developed new upsell offerings such as Extended Version History, which allows customers to retain all versions of their data over time for an additional fee. In 2020, we introduced the S3 Compatible API, which opened the Backblaze platform to a broader ecosystem of integrations, partners, and uses, and we also launched Object Lock, which offers added protection against some of the most sophisticated ransomware attacks being carried out today. We believe investments such as these will enable new growth opportunities by meaningfully increasing our market penetration as well as growing revenue.

- ***Expand and deepen partner ecosystem.*** Thousands of developer partners, alliance partners, and MSPs already use the Backblaze Storage Cloud, broadening use cases and our reach. Our developer partners include Cloudflare, Fastly, and Equinix, while alliance partners include Veeam, Synology and QNAP. We are integrated within our partners' products, carry out strategic go-to-market activities together—including events, webinars featuring our cofounders, joint case studies, and coordinated press campaigns—and enable seamless connectivity between our products and platforms. With the development of the S3 Compatible API, we have significantly expanded our platform's support for integrations. We will continue to grow the number of our partners and deepen relationships with them on solutions and go-to-market activities to help us jointly succeed.

- ***Extend global footprint.*** We believe continued international expansion represents a meaningful opportunity to generate further demand for our solutions in international geographies. While our sales and marketing efforts have primarily focused on the United States, our existing customer base spans more than 175 countries, with 28% of our revenue originating outside of the United States for the year ended December 31, 2020. We plan to increase investment in our operations internationally to reach new customers by expanding in targeted key geographies, where we believe there are opportunities for significant return on investment.

Our Platform and Cloud Services



Our Platform: Backblaze Storage Cloud

The Backblaze Storage Cloud provides the core platform for our cloud services. This storage cloud organizes, safeguards, and keeps over 500 billion files available on demand and is designed to store trillions more in the future. By architecting our platform to administer this complexity, we free customers from having to worry about their data. Through our interfaces, customers can upload, manage, safeguard, build upon, and utilize their data while remaining free of the financial and logistical hurdles of maintaining on-premises technology or the complexity of administering diversified cloud solutions.

The key enabler of the Backblaze Storage Cloud is the software that runs it, which contains millions of lines of code and that our software engineering team has written and continually improved since our company's founding. The ability to manage an ever-larger amount of data across ever-larger hard drives while maintaining data availability and durability continues is highly complex and creates a significant competitive barrier to entry. This web-scale software layer receives, stores, and delivers data in a practically instantaneous manner for customers across the globe. Our innovative code achieves this for billions of files under management by intelligently allocating storage locations in line with capacity and demand. Alongside these core processes, the software layer also manages load balancing, caching, data compression, deletion, billing, as well as numerous other essential functions for hundreds of thousands of customers. Weekly code updates regularly enhance these functions. Taken together the software layer provides the core functionality of the Backblaze Storage Cloud.

In order to ensure data durability and availability at a cost-efficient level, our vault architecture effectively creates four copies of the same customer data using an innovative application of algorithms. The software splits each uploaded file into 17 pieces and calculates an additional 3 pieces. Each of these 20 pieces of data is stored separately from one another across 20 discrete hard drives in 20 different locations in a data center. As a result, even if any 3 out of 20 of the systems are entirely lost or offline, we are able to reconstruct the data from the remaining parts, making our approach very durable. Hundreds of vaults are then grouped together to

form one cluster, and multiple clusters are organized into a region. Backblaze is architected to manage thousands of regions, providing for scaling beyond zettabyte volume where virtually any amount of incoming data can be organized into additional clusters and regions.

This software manages our global physical infrastructure of nearly 200,000 hard drives and one terabit per second (one million megabits per second) of network capacity across five data centers that are interconnected by private network infrastructure. Our systems also manage the automation, monitoring, and security of this infrastructure. By providing this infrastructure as cloud services, we free our customers from the complexities and traditional expenses of managing data.

As our customers' data grows, and our revenue with it, we continuously and smoothly deploy additional infrastructure. More than half of our employees are either software engineers that develop and improve the software that runs our Storage Cloud or Cloud Operations employees that specialize in network operations, site reliability engineering, technical operations, and supply chain, which operate our software and systems to deliver our infrastructure as a service and our cloud services. Our scale, along with our efficiency and expertise developed over years of growing the Backblaze Storage Cloud, provide a robust platform and significant barriers to entry.

Key characteristics of our Storage Cloud include the following:

- ***Durable.*** Proven durability over 14 years of operation with hundreds of billions of files under management today, the platform redundantly stores each file using algorithms to replicate copies of data across nearly 200,000 drives as of June 30, 2021.

- ***Available.*** Reliably available to customers and partners, the Backblaze Storage Cloud's innovative file management software ensures files and cloud services are available when they are needed and enables data access with a service-level guarantee of 99.9% uptime.

- ***Scalable.*** Designed to scale beyond zettabyte volume, the platform's proprietary software approach provides seamless horizontal scaling across multiple regions—allowing for capacity, speed, and regional choice to partners and customers as they need it, with approximately 2,000 petabytes of data storage under management as of June 30, 2021, 500 petabytes of which was deployed during 2020 alone.

- ***Secure.*** Secure infrastructure uses industry standard reporting, testing, and controls—including bug bounty programs, penetration testing, and other measures—to test systems daily and safeguard customer and partner data. We also offer varying account security options—ranging from unrecoverable private encryption to two-factor verification—to satisfy customer preference, as well as intelligent account monitoring to prevent malicious activity.

- ***Performant.*** Averaging 4 million gigabytes of customer data uploaded per day to the Backblaze Storage Cloud (as of December 31, 2020), our platform is architected with massive parallelization to reduce the need for expensive infrastructure and horizontally scale the ingest and egress of data.

- ***Predictive.*** Real-time adjustments made by our intelligent software ensure that data uploads route directly to server locations with higher storage capacity and bandwidth available, providing for maximum efficiency. Simultaneously, technical operations employ automated, software-enabled monitoring to anticipate maintenance needs in advance of failure and provide for scalable service provisioning.

- ***Multi-region.*** Our globally distributed storage platform offers customers geographic choice for their data—currently between the United States and Europe—providing flexibility for different

needs including multi-region replication, geopolitical considerations, regulatory requirements, and performance optimization.

The Backblaze Storage Cloud acts as the foundation for our two primary services, Backblaze B2 Cloud Storage and Backblaze Computer Backup. Each of these cloud services unlocks a multitude of use cases and additional services for our partners and customers.

Our Cloud Service Offerings

Backblaze B2 Cloud Storage. Backblaze B2 provides customers direct access to our Storage Cloud to store, use and protect data. Users can access the platform through industry standard and native application programming interfaces (APIs), software development kits (SDKs), our web interface, or hundreds of third-party integrations. The wide range of options for accessing B2 Cloud Storage allows anyone to easily use it, including developers and partners who seamlessly integrate storage capabilities into their technology stack or build their own solutions on top of our platform. Customers also strategically tier backups of their core data systems to Backblaze B2, including on-premises and virtual machine servers and other high-capacity storage devices.

Backblaze B2
Use Cases

As companies adopt cloud infrastructure and undergo digital transformation, we believe Backblaze B2 will increasingly become a foundational element of our customers' overall technology stack. Customers leverage Backblaze B2 for a wide range of use cases, including:

- ***Public, hybrid, and multi-cloud data storage.*** Backblaze B2 supports customers who want the option to deploy different cloud configurations, whether to migrate to or build natively in the cloud, support a mixed on-premises and cloud environment, or who desire a neutral vendor in their multi- cloud strategy. Additionally, we provide customers solutions to enable all of these use cases with a combination of on-premises-to-cloud, synchronization, and cloud-to-cloud migration services.

- Application development and DevOps. Software developers require key infrastructure building blocks—including storage, compute, databases, content delivery networks (CDNs), and more—to rapidly develop, deploy, and scale their applications. Backblaze B2 provides one of the most critical and frequently used of these building blocks to enable developers to store, use, and deliver data. With our easy-to-use APIs and on-demand platform, we allow developers to build efficiently and support their ability to scale with their success.

- ***Content delivery and edge computing.*** Our Storage Cloud is connected to CDN and edge computing partners to store and deliver digital content to global audiences in a fast and easy manner. We serve as the origin store, making us the reliable place to house data for others to distribute.

- ***Security and ransomware protection.*** We help protect data through a combination of cloud services and features. Backup services provide the primary line of protection against ransomware. Our Object Lock feature enables customers to lock files so that data cannot be illicitly modified or deleted. In addition, our privacy and authorization features ensure only appropriate entities can access their data. Our Lifecycle Rules also enable customers to easily support retention of their data to meet expanding regulatory and compliance requirements.

- ***Media management.*** Backblaze B2 is the trusted provider to many companies that produce, edit, and deliver precious media content. Our solutions optimize media production workflows by

allowing for the simultaneous ingestion and archiving of raw footage, providing scalable storage to free up media production storage systems, and enabling real-time delivery of media content directly from Backblaze B2.

- ***Backup, archive, and tape replacement.*** Backblaze B2 provides customers with a scalable and affordable storage destination for their backup and archive needs. Customers automate backups for servers, network-attached storage (NAS), virtual machines, laptops and desktops, and other endpoints. Backups are readily available for quick retrieval and not constrained to a cold archive that puts organizations at risk by delaying access to critical data. Customers use our solution to replace complex legacy tape systems, as well as other legacy on-premises storage solutions and expensive, complex, diversified cloud vendor solutions.

- ***Repository for analytics, artificial intelligence, and machine learning.*** Backblaze B2 serves as a destination for vast amounts of data at scale. Customers have the ability to store, directly access, and use their data in real time. This enables organizations to keep and use the data sets that underpin all analytics, artificial intelligence, and machine learning.

- ***Internet of Things (IoT).*** The network of connected devices has grown considerably, driving the volume of data creation and the need for real-time accessibility. Backblaze B2 provides storage for data created and accessed by these devices. Our storage solutions can be used for a wide range of IoT use cases including storing data for surveillance systems, autonomous vehicles, and smart devices.

Backblaze Computer Backup. Our Computer Backup cloud service backs up laptops, desktops, and external hard drives in a continuous and automated fashion. Whether for home computers or a business' full fleet of machines, customers can back up a virtually unlimited number of files without size or speed constraints. This cloud service includes a lightweight agent that runs locally on each end user's computer, continuously searching for new and changed files in a manner unobtrusive to the user. When a new or changed file is detected, the altered data is backed up and sent to the Backblaze Storage Cloud. Once there, it is accessible to the end user or business administrator responsible for managing the account. In the event of data loss, customers can restore all or portions of their backed-up data.

Computer Backup
Use Cases

- ***Mac and PC backup.*** Backs up all new and changed data on laptops, desktops, and external hard drives.

- ***Ransomware protection.*** Backups provide a critical line of defense against ransomware, providing secure recovery of all data when customers' systems are corrupted.

- ***Theft and loss recovery.*** Data is backed up and available via our website and mobile applications, or data can be shipped worldwide on encrypted hard drives in the event of theft or loss. Customers can use our Locate My Computer functionality to also help retrieve lost or stolen computers.

- ***Data Archiving.*** Computer Backup offers 30-day version history by default, but individual users and administrators can use Extended Version History for a fee to increase the retention period of deleted, changed, or updated files to one year or indefinitely.

- ***Organization and MSP-level management.*** The Backblaze Groups functionality allows administrators to manage the backups of their business fleet through one centralized account,

empowering organizations, MSP partners, and individuals with administrative features such as centralized billing, account maintenance, and system alerts.

- ***Remote Access.*** Customers can access all backed up files remotely through our website. Additionally, Backblaze provides mobile apps running on iOS and Android that provide customers convenient access from anywhere to their data stored with Backblaze, without requiring the customer to have a laptop or desktop computer with them.

Customers

Our customers consist of a wide range of organizations and businesses—particularly mid-market organizations—and consumers. As of June 30, 2021, we had over 480,000 customers in over 175 countries, including approximately 430,000 customers using our Computer Backup cloud services solution and approximately 70,000 customers using our B2 Cloud Storage solution (approximately 13,500 customers use both our B2 Cloud Storage and Computer Backup solutions). Our customers span a range of industries, including a broad range of businesses, MSPs, developers, media innovators, creative agencies, academic institutions, government agencies, research institutes, gaming companies, and individuals. Our customer base is highly diversified, with no single customer accounting for more than 1% of our revenue in each of 2019 and 2020. The following customer profiles reflect the breadth of our customer types and their use cases:

Streamlabs' Oslo: Developer, Streaming Media

Building on the success of their popular Streamlabs platform, the Logitech team developed Oslo as a place for YouTubers and streaming content creators to upload, review, collaborate, and share videos. They needed storage that could meet both their performance requirements and the budgets of smaller content creation teams. The hidden fees, complex tiers, and minimum retention requirements of diversified cloud providers would not work for their budget. Using Backblaze's APIs allowed the Oslo development team to offer the services their users desired at a price that would allow them to build more content with ease.

Nodecraft: Developer, Gaming

Nodecraft provides elevated multiplayer gaming experiences by developing affordably-priced, dedicated server hosting for gamers online. In recent years, as their data-intensive business increased, egress and storage bills made it difficult to continue to grow the business cost-effectively. Because they used Cloudflare's content delivery solution to serve data to customers, they decided to switch to Backblaze B2 Cloud Storage to store their customers' data. The partnership between Cloudflare and Backblaze maintained performance for Nodecraft, while saving them 85% on storage and egress fees.

Kontent Kore: Developer, Music Sharing and Licensing

Kontent Kore aimed to develop a cloud-native marketplace for sharing and licensing music, but they feared that the fees for storing, using, and protecting large music files would limit their ability to scale. By choosing Backblaze B2 Cloud Storage as a cost-effective way to store the largest raw-media files and keep them retrievable across the operation, Kontent Kore could focus their investments on building the tools and reporting interfaces their customers desired. Today, they store and manage two million files with no on-premises storage infrastructure and can scale capacity in line with their success.

CloudSpot: Developer, Media Sharing

The CloudSpot team built an app to empower professional photographers in managing, selling, and delivering their work. But as their SaaS business took off, the storage costs from the diversified cloud solution they were using increased substantially. As a result, the team felt compelled to cut services and change

workflows to offset the increased cloud storage spend. When they learned that Backblaze B2 Cloud Storage could provide for their needs while reducing data storage and transfer costs, they quickly initiated the transfer of 700TB of customer data to Backblaze. The move enabled them to revive a service that supported revenue gains and fund engineering headcount to help propel future growth.

American Public Television: Broadcast Media

As digital transformation rapidly changed the television broadcasting landscape, American Public Television's (APT) storage infrastructure and the diverse technological setups of its more than 350 local public television station subscribers posed serious challenges to APT's model. Investments in on-premises storage were straining its budget, while local stations struggled with digital distribution. Backblaze B2 Cloud Storage provides for easy budget forecasting and scaling on a public media budget, along with data ingest and egress that meets the needs of both their content producers and subscribers.

Good Eats: Media Production

While working on the revival of the hit TV show "Good Eats," the post-production lead found the diversified cloud storage option they used to be unreliable and time consuming for real-time backup and archiving workflows. He switched to Backblaze B2 Cloud Storage, which allowed his team to back up footage as soon as it comes off the camera, ensuring that it is safe and available with minimal upload failures, and facilitates collaboration for his geographically distributed team. Managing backups and archiving data now only requires a fraction of the time it did before, meaning he can focus on his goal of making an excellent TV show.

Crisp Video Group: Creative Agency

Crisp Video Group's on-premises production server was at capacity when the agency realized the data backups provided by a diversified cloud vendor had been failing for 109 days. They needed a server that would integrate with cloud storage for backup automation while also making it easy to serve content upon client request. They opted for Backblaze B2 Cloud Storage. Over the next three years, Crisp Video Group's business grew 1,158% and content under management expanded tenfold to 500 terabytes of data. Throughout this growth, Backblaze B2 helped keep costs low and client footage both secure and easily accessible when needed.

Coast Community College District: Academic Institution

Coast Community College District, or CCCD, located in Southern California, needed to overhaul its data management system—as data recovery often took days and failed frequently. It also needed to move away from relying on on-premises storage solutions that required chauffeuring tapes from campus to campus for offsite backup. The CCCD IT team implemented a multi-cloud strategy that included network attached storage (NAS) to replace more than 30 file servers, which they seamlessly integrated with Backblaze B2 Cloud Storage for offsite backup. With reliable protection in place, restores of data now take seconds instead of days and the team is able to focus on managing and modernizing other IT systems for CCCD's 60,000 faculty and student users.

Gladstone Institutes: Research Institution

For Gladstone Institutes—a biomedical research institution with more than 450 staff working to cure some of humanity's most challenging diseases—managing and storing significant data sets is a critical need. The IT team realized that relying on a tape library for storage was putting their data at risk of loss and costing them precious staff resources. Diversified cloud storage offerings were not a cost-effective solution, as it would have been less expensive to repeat experiments, rather than pay the high fees for storage and retrieval of data. Backblaze B2 Cloud Storage provided Gladstone the functionality they needed as well as the flexibility to migrate petabytes of data to the cloud at affordable prices to help them to focus their resources on new research and technology. And then, when many large organizations were hit by ransomware in the summer of 2020, they expanded their use of our cloud services by implementing Backblaze B2 with Object Lock through one of our alliance partners to achieve stronger protection against malicious attacks.

Kings County: Government Entity

The Kings County, California IT team faced a storage challenge: they needed to back up their essential government data stored on an out-of-warranty tape system, while continuing to follow a sound backup strategy and minimizing additional capital expenditures. Instead of requesting $80,000 for new investments in on premises systems, the IT team opted to tier their backups to Backblaze B2 Cloud Storage, solving a number of business challenges at once: less staff time spent on backup administration, more predictable budgeting, reliable storage, and no expensive on-premises assets.

Sales and Marketing

We have a highly efficient go-to-market model that is built on a self-serve selling motion. Prospective customers find us through a number of channels including our website, partners, and brand advocates. We have fostered deep community engagement through the valuable content shared on our blog, which had an audience of 3 million readers in 2020. We practice transparency in our communications, sharing data and resources around the subjects of backup, cloud storage, and, most notably, our highly popular hard drive statistics quarterly reports. This content sharing cultivates significant organic, inbound traffic in the form of readership, which we believe serves as our greatest source of advocates and referrals. Our frictionless free trial and self-serve sign-up process helps to convert our readers and brand advocates into customers, with over 80% of our revenue in 2020 coming from self-serve customers.

In addition to generating customers, our content generation efforts have contributed to building a community of thousands of partners. Our developer, alliance, and MSP partners expand use cases and attract customers, thereby increasing the usage of our platform and contributing to revenue growth. These new customers and partners then ultimately lead to more insights, content, and community engagement, which in turn generates more customers and demand. We plan to continue to invest in our partner programs to help us enter and grow in new markets and further drive customer growth.

To facilitate rapid adoption of our cloud services, we provide fully functional free trial versions of our products on our website and offer simple and transparent pricing. After a trial or purchase, there is an opportunity to expand the use of our products through additional business and sell additional features.

Our marketing efforts focus on establishing our brand, generating awareness, creating leads, and cultivating the Backblaze community. The marketing team consists primarily of product marketing, corporate communications and publishing, social media, growth marketing, and website teams. We leverage both online and offline marketing channels such as blogs, events and trade shows, seminars and webinars, whitepapers, case studies, search engines, and email marketing.

We complement our self-serve customer acquisition model with a growing inside sales team that is focused on a low-touch sales assisted model that supports our larger customers if the need arises. This team focuses on inbound inquiries, outbound prospecting targeting specific use cases, and volume expansion of our self-serve customers. We intend to continue to invest in our marketing and sales capabilities to capitalize on our large and global market opportunity, while remaining very efficient in terms of marketing and sales expense as a percentage of revenue.

Research and Development

We invest substantial resources in research and development. We have a well-defined technology roadmap to introduce new features and functionality to our platform that we believe will enhance our ability to generate revenue by broadening the appeal of our platform to potential new customers, as well as introducing new opportunities for existing customers. Substantially all of our R&D organization, which makes up approximately one-third of our company, is focused on software development.

We have a continuous product release cycle and we generally release updates on a weekly basis. Our release cycles enable us to be responsive to customers and partners by delivering new functionality on a frequent basis. We establish priorities for our organization by collaborating closely with our customers, community, and employees.

Competition

Our current primary competitors generally fall into the following categories: diversified public cloud vendors, such as Amazon.com, Inc. through Amazon Web Services, Alphabet Inc. through Google Cloud Platform, and Microsoft Corporation through Azure; certain smaller cloud storage competitors; and legacy on-premises storage vendors such as Dell EMC.

We believe that we generally compete favorably based on a variety of factors, including:

- ease of adoption and use;
- continued innovation;
- price;
- key platform features;
- availability, durability, scalability, and performance;
- brand awareness and reputation;
- transparency;
- customer support;
- independence;
- security;
- interoperability;
- partner ecosystem; and
- capabilities for configurability and APIs.

Intellectual Property

Our success depends in part on our ability to obtain and maintain intellectual property protection for our technology platform and cloud services, defend and enforce our intellectual property rights, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating, or otherwise violating the intellectual property rights of others. While we do not own any patents, we protect our intellectual property through a combination of trade secrets, copyrights, trademarks, service marks, and domain names where appropriate. In addition, we control access to our proprietary technology by entering into confidentiality and invention assignment agreements with our employees and contractors, and confidentiality agreements with third parties, such as service providers, vendors, individuals, and entities that may be exploring a business relationship with us. We own two registered trademarks in the United States for the word Backblaze and the Backblaze logo.

Policing unauthorized use of our technology and intellectual property rights is difficult. Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our offerings. In addition, while we have confidence in the measures we take to protect and preserve our trade secrets, they may be inadequate and can be breached, and we may not have adequate remedies for violations of such measures. Furthermore, our trade secrets may otherwise become known or be independently discovered by competitors.

We may also be subject to third-party infringement claims from our competitors or non-practicing entities, many of these parties may have more significant resources and funding than we have. For more information regarding risks related to intellectual property, please see “Risk Factors—Risks Related to Intellectual Property.”

Employees

We have a highly aligned and engaged workforce with little employee turnover and long tenure. As of June 30, 2021, we had 228 full-time employees. A majority of our employees are based out of our San Mateo, California headquarters. No employees are represented by a labor union with respect to his or her employment by us. We have not experienced any work stoppages, and we consider our relations with our employees to be good, as evidenced by our Glassdoor 4.9/5.0 rating, 100% CEO Approval, and 100% Recommend to a Friend ratings as of December 31, 2020.

Facilities

Our principal executive offices are located in San Mateo, California. We lease data center facilities in California, Arizona, and Amsterdam, the Netherlands. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Legal Proceedings

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that in the opinion of our management, if determined adversely to us, individually or taken together, would have a material adverse effect on our business, financial condition, operating results, or cash flows. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

MANAGEMENT

Executive Officers and Directors

The following table sets forth the names, ages and positions of our executive officers and directors as of September 30, 2021:

Name	Age	Position
Gleb Budman	47	Chief Executive Officer and Chairperson
Frank Patchel	63	Chief Financial Officer
Brian Wilson	54	Chief Technology Officer and Director
Tim Nufire	57	Chief Cloud Officer and Director
Jocelyn Carter-Miller	64	Director
Barbara Nelson	66	Director
Evelyn D'An	59	Director
Earl E. Fry	62	Director

Executive Officers

Gleb Budman is one of our co-founders and has served as our Chief Executive Officer since 2007. Mr. Budman has also served as a member of our Board of Directors since 2009 and Chairperson since January 2021. Prior to Backblaze, Mr. Budman served in various senior roles at SonicWall, Inc., MailFrontier, Inc. (acquired by SonicWall, Inc.) and Kendara, Inc. (acquired by Excite@Home, Inc.). Mr. Budman also previously founded two other startup companies. Mr. Budman earned a M.B.A. and B.S. in Mechanical Engineering from the University of California, Berkeley. We believe that Mr. Budman is qualified to serve as a member of our Board of Directors because of his extensive experience in leadership roles at various technology companies, and the continuity that he brings to our Board of Directors as our co-founder and Chief Executive Officer.

Frank Patchel has served as our Chief Financial Officer since March 2020. Prior to joining Backblaze, Mr. Patchel served as a financial planning and analysis consultant for Kaiser Permanente from January 2019 to February 2020. From March 2015 to August 2018, Mr. Patchel served as the Chief Financial Officer and Chief Operating Officer of Wintec Industries, Inc., a value chain solution provider. Previously, Mr. Patchel served in various senior roles with ABBYY USA, Inc. and ADP, Inc. Mr. Patchel began his career with Ernst & Young. Mr. Patchel earned his B.S. in Commerce from the University of Virginia.

Brian Wilson is one of our co-founders and has served as our Chief Technology Officer since 2007. Mr. Wilson has also served as a member of our Board of Directors since 2007. He has also previously held other executive positions at Backblaze, including Chief Financial Officer and Treasurer from 2007 to 2018, and Secretary from 2007 to April 2020. Prior to Backblaze, Mr. Wilson served as the Chief Technology Officer of MailFrontier, Inc. (acquired by SonicWall, Inc.) and various other senior positions at Kendara, Inc. (acquired by Excite@Home, Inc.), Silicon Graphics, Inc. and Apple Inc. Mr. Wilson earned his M.S. in Computer Science from Stanford University and a B.S. in Engineering Physics and B.S. in Computer Science from Oregon State University. We believe that Mr. Wilson is qualified to serve as a member of our Board of Directors because of his extensive experience in leadership roles at various technology companies, and the continuity that he brings to our Board of Directors as our co-founder and Chief Technology Officer.

Employee Director

Tim Nufire is one of our co-founders and has served as our Chief Cloud Officer since 2015 and Vice President of Engineering from 2008 to 2015. Mr. Nufire has also served as a member of our Board of Directors since 2009. Prior to Backblaze, Mr. Nufire held senior positions at Aplia Inc. (acquired by the Thompson Corporation, which later spun out as Cengage Learning), MailFrontier, Inc. (acquired by SonicWall, Inc.),

SearchFox (acquired by Yahoo!), Adobe Inc. and Apple Inc. Mr. Nufire earned his B.S. in Mathematics with Highest Distinction from the University of Kansas. We believe that Mr. Nufire is qualified to serve as a member of our Board of Directors because of his extensive experience in leadership roles at various technology companies, and the continuity that he brings to our Board of Directors as our co-founder Chief Cloud Officer.

Non-Employee Directors

Jocelyn Carter-Miller has served as a member of our Board of Directors since October 2020 and our Lead Independent Director since January 2021. Since August 2005, Ms. Carter-Miller has been President of TechEdVentures, Inc., an educational company, and SoulTranSync, LLC, an audio wave synchronization technology and meditation company. From February 2002 to March 2004, Ms. Carter-Miller was the Executive Vice President and Chief Marketing Officer of Office Depot, Inc. and from 1999 until 2002, she was the Corporate Vice President and Chief Marketing Officer of Motorola, Inc. Ms. Carter-Miller has served on the board of directors of public companies for over 19 years, including the Principal Financial Group, Inc. since September 2001, Interpublic Group since July 2007, and Arlo Technologies, Inc. since August 2018. From 2009 until August 2018, Ms. Carter-Miller also served as a member of the board of directors of Netgear, Inc. Ms. Carter-Miller earned her M.B.A. from the University of Chicago and B.S. in Accounting from the University of Illinois. We believe that Ms. Carter-Miller is qualified to serve as a member of our Board of Directors because of her extensive experience advising public companies as both a director and executive, including substantial expertise with marketing, best-in-class governance practices and strategies.

Barbara Nelson has served as a member of our Board of Directors since October 2020. Since August 2021, Ms. Nelson has also served as a board member for GSI Technology, Inc., a publicly traded semiconductor and SaaS company. Ms. Nelson was the Vice President of Cloud Services, Software and Strategy of Western Digital Corporation, a hard disk drive manufacturer and data storage company, from May 2017 to April 2020. Prior to Western Digital Corporation, Ms. Nelson served as the General Manager and Executive Vice President of IronKey Mobile Security at Imation Corporation from 2013 to 2016. From July 2008 to March 2010, Ms. Nelson was the Chief Executive Officer and a member of the board of directors of Element Labs, a private company and from October 2003 to December 2007, she was the Chief Executive Officer and Chairperson of the board of directors of NeoScale Systems, a private company. Ms. Nelson earned her B.S. in Electrical Engineering from Stanford University. We believe that Ms. Nelson is qualified to serve as a member of our Board of Directors because of her extensive experience advising technology companies as both a director and executive, as well as decades of SaaS, storage and security experience.

Evelyn D'An has served as a member of our Board of Directors since August 2021. Ms. D'An currently serves as a member of the board of directors of Summer Infant, Inc., a NASDAQ-listed manufacturer of infant and juvenile products. Ms. D'An is the President of D'An Financial Services, a strategic consulting firm she established in 2004. Ms. D'An is also a former partner of Ernst & Young, where she spent 18 years serving clients in retail, consumer products, technology, financial services, media and other sectors. She graduated with a Bachelor of Science in Accounting from the State University of Albany. We believe that Ms. D'An is qualified to serve as a member of our Board of Directors because of her extensive experience advising technology companies and other public companies as both a director and executive. We believe Ms. D'An brings to our Board of Directors significant corporate governance, financial and accounting experience.

Earl E. Fry has served as a member of our Board of Directors since August 2021. Mr. Fry currently serves as a member of the board of directors of Hawaiian Airlines and has served as the chair of the audit and finance Committee since May 2016. From December 1999 to August 2015, Mr. Fry served in various capacities at Informatica Corporation, an enterprise data integration software company, including Chief Financial Officer, Chief Administrative Officer, Chief Customer Officer and Executive Vice President, Operations Strategy. Mr. Fry has also served on the board of directors of Central Pacific Financial Corp. since April 2005 and is a member of the audit committee of Central Pacific Financial Corp., which he chaired from 2006 to 2020. Mr. Fry served on the board of directors of Xactly Corporation from September 2005 to August 2017. Mr. Fry received a B.B.A.

in Accounting from the University of Hawai'i and has an M.B.A. from the Stanford University Graduate School of Business. We believe Mr. Fry is qualified to serve as a member of our Board of Directors because of his significant professional experience in the areas of finance, accounting and audit oversight, both as a director and executive, as well as his substantial experience with respect to the software and cloud businesses, which allows him to contribute valuable insight and perspective.

Board Diversity

The following matrix presents the diverse composition of our Board of Directors:

Board Diversity Matrix (as of September 30, 2021)

Total Number of Directors	7			
	Female	Male	Non-Binary	Did Not Disclose Gender
Part I: Gender Identity				
Directors	3	4		
Part II: Demographic Background				
African American or Black	1			
Alaskan Native or Native American				
Asian	1			
Hispanic or Latinx	1			
Native Hawaiian or Pacific Islander				
White	4			
Two or More Races or Ethnicities				
LGBTQ+				
Did Not Disclose Demographic Background				

Board Composition

Our Board of Directors currently consists of seven members. Our directors hold office until their successors have been elected and qualified or appointed, or the earlier of their death, resignation or removal.

Immediately after the completion of this offering, our Board of Directors will be divided into three classes with staggered three-year terms. At each annual meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- the Class I directors will be Brian Wilson, Barbara Nelson, and Earl E. Fry and their initial terms will expire at the annual meeting of stockholders to be held in 2022;
- the Class II directors will be Tim Nufire and Jocelyn Carter-Miller, and their initial terms will expire at the annual meeting of stockholders to be held in 2023; and
- the Class III directors will be Gleb Budman and Evelyn D'An, and their initial terms will expire at the annual meeting of stockholders to be held in 2024.

Directors in a particular class will be elected for three-year terms at the annual meeting of stockholders in the year in which their terms expire. As a result, only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Each director's term continues until the election and qualification of his or her successor, or the earlier of his or her death, resignation or removal.

Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws that will be in effect upon the completion of this offering provide that only our Board of Directors can fill vacant directorships, including newly-created seats. Any additional directorships resulting from an increase in the authorized number of directors would be distributed pro rata among the three classes so that, as nearly as possible, each class would consist of one-third of the authorized number of directors.

The classification of our Board of Directors may have the effect of delaying or preventing changes in our control or management. See the section titled “Description of Capital Stock—Anti-Takeover Provisions—Certificate of Incorporation and Bylaw Provisions” elsewhere in this prospectus.

Director Independence

Upon the completion of this offering, we anticipate that our common stock will be listed on the NASDAQ Global Market. Under the rules of the NASDAQ Global Market, independent directors must comprise a majority of a listed company’s board of directors within one year of the completion of this offering. In addition, the rules of the NASDAQ Global Market require that, subject to specified exceptions, each member of a listed company’s audit, compensation and corporate governance and nominating committees be independent. Audit Committee members and Compensation Committee members must also satisfy the independence criteria set forth in Rule 10A-3 and Rule 10C-1, respectively, under the Securities Exchange Act of 1934, as amended (the Exchange Act). Under the rules of the NASDAQ Global Market, a director will only qualify as an “independent director” if, in the opinion of that company’s board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

To be considered to be independent for purposes of Rule 10A-3 and under the rules of the NASDAQ Global Market, a member of an Audit Committee of a listed company may not, other than in his or her capacity as a member of the Audit Committee, the board of directors or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries or (2) be an affiliated person of the listed company or any of its subsidiaries.

To be considered independent for purposes of Rule 10C-1 and under the rules of the NASDAQ Global Market, the board of directors must affirmatively determine that each member of the Compensation Committee is independent, including a consideration of all factors specifically relevant to determining whether the director has a relationship to the company which is material to that director’s ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to: (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by the company to such director and (ii) whether such director is affiliated with the company, a subsidiary of the company or an affiliate of a subsidiary of the company.

Our Board of Directors undertook a review of its composition, the composition of its committees and the independence of our directors and considered whether any director has a material relationship with us that could compromise his or her ability to exercise independent judgment in carrying out his or her responsibilities. Based upon information requested from and provided by each director concerning his background, employment and affiliations, including family relationships, our Board of Directors has determined that Jocelyn Carter-Miller, Barbara Nelson, Earl E. Fry and Evelyn D’An, representing four (4) of our seven (7) directors, do not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is “independent” as that term is defined under the rules of the NASDAQ Global Market. We intend to have a board consisting of a majority of independent members within one year of the date of this prospectus.

In making these determinations, our Board of Directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board of

Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock by each non-employee director, and the transactions involving them described in the section titled “Certain Relationships and Related Party Transactions” elsewhere in this prospectus. There are no family relationships among any of our directors or executive officers.

Board Leadership Structure

Our Board of Directors has combined the roles of Chairperson and Chief Executive Officer, who is Gleb Budman. Our Board has determined that we would be best served by having a Chairperson with deep operational and strategic knowledge of our business. Our Board has also appointed Jocelyn Carter-Miller as our Lead Independent Director. Our Board has determined that we would be best served by also having a lead independent director to be responsible for, among other things, conducting sessions with the independent directors as part of every Board meeting, calling special meetings of the independent directors, and chairing all meetings of the independent directors.

Role of the Board in Risk Oversight

One of the key functions of our Board of Directors is informed oversight of our risk management process. In particular, our Board of Directors is responsible for monitoring and assessing strategic risk exposure. Our executive officers are responsible for the day-to-day management of the material risks we face. Our Board of Directors administers its oversight function directly as a whole. Our Board of Directors will also administer its oversight through various standing committees, which will be constituted prior to the completion of this offering, that address risks inherent in their respective areas of oversight. For example, our Audit Committee will be responsible for overseeing the management of risks associated with our financial reporting, accounting, and auditing matters; our Compensation Committee will oversee the management of risks associated with our compensation policies and programs; and our Nominating and Corporate Governance Committee will oversee the management of risks associated with director independence, conflicts of interest, composition and organization of our Board of Directors, and director succession planning.

Board Committees

Our Board of Directors has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Our Board of Directors may establish other committees to facilitate the management of our business from time to time. Our Board of Directors and its committees will set schedules for meeting throughout the year and can also hold special meetings and act by written consent from time to time, as appropriate. Our Board of Directors expects to delegate various responsibilities and authority to committees as generally described below. It is expected that the committees will regularly report on their activities and actions to the full board of directors. Each member of each committee of our Board of Directors qualifies as an independent director in accordance with the listing standards of the NASDAQ Global Market. Each committee of our Board of Directors has a written charter approved by our Board of Directors. Upon the completion of this offering, copies of each charter will be posted on our website at www.backblaze.com under the Investor Relations section. The inclusion of our website address in this prospectus does not include or incorporate by reference the information on our website into this prospectus. Members will serve on these committees until their resignation or until otherwise determined by our Board of Directors.

Audit Committee

The members of our Audit Committee are Evelyn D’An, Earl E. Fry, Jocelyn Carter-Miller and Barbara Nelson. Ms. D’An is the chair of the Audit Committee. Our Board of Directors has determined that each member of our Audit Committee is independent under the rules and regulations of the SEC and the listing standards of the NASDAQ Global Market applicable to Audit Committee members. Our Board of Directors has also determined that each member of the Audit Committee can read and understand fundamental financial statements and

qualifies as an Audit Committee financial expert within the meaning of SEC regulations and meets the financial sophistication requirements of the NASDAQ Global Market.

Our Audit Committee will assist our Board of Directors with its oversight of the integrity of our financial statements; our compliance with legal and regulatory requirements; the qualifications, independence, and performance of the independent registered public accounting firm; the design and implementation of our risk assessment and risk management. Among other things, our Audit Committee is responsible for reviewing and discussing with our management the adequacy and effectiveness of our disclosure controls and procedures. The Audit Committee also will discuss with our management and independent registered public accounting firm the annual audit plan and scope of audit activities, scope and timing of the annual audit of our financial statements, and the results of the audit, quarterly reviews of our financial statements and, as appropriate, will initiate inquiries into certain aspects of our financial affairs. Our Audit Committee is responsible for establishing and overseeing procedures for the receipt, retention, and treatment of any complaints regarding accounting, internal accounting controls or auditing matters, as well as for the confidential and anonymous submissions by our employees of concerns regarding questionable accounting or auditing matters. In addition, our Audit Committee has direct responsibility for the appointment, compensation, retention, and oversight of the work of our independent registered public accounting firm. Our Audit Committee has sole authority to approve the hiring and discharging of our independent registered public accounting firm, all audit engagement terms and fees, and all permissible non-audit engagements with the independent auditor. Our Audit Committee will review and oversee all related person transactions in accordance with our policies and procedures.

Compensation Committee

The members of our Compensation Committee are Jocelyn Carter-Miller, Early E. Fry and Evelyn D'An. Ms. Carter-Miller is the chair of the Compensation Committee. Our Board of Directors has determined that each member of our Compensation Committee is independent under the rules and regulations of the SEC and the listing standards of the NASDAQ Global Market applicable to Compensation Committee members. Our Compensation Committee will assist our Board of Directors with its oversight of the forms and amount of compensation for our executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, as amended), the administration of our equity and non-equity incentive plans for employees and other service providers and certain other matters related to our compensation programs. Our Compensation Committee, among other responsibilities, evaluates the performance of our chief executive officer and, in consultation with him, evaluates the performance of our other executive officers (including officers reporting under Section 16 of the Securities Exchange Act of 1934, as amended).

Nominating and Corporate Governance Committee

The members of our Nominating and Corporate Governance Committee are Barbara Nelson, Jocelyn Carter-Miller and Earl E. Fry. Ms. Nelson is the chair of the Nominating and Corporate Governance Committee. Our Board of Directors has determined that each member of our Nominating and Corporate Governance Committee is independent under the listing standards of the NASDAQ Global Market applicable to Nominating and Corporate Governance Committee members. Our Nominating and Corporate Governance Committee will assist our Board of Directors with its oversight of and identification of individuals qualified to become members of our Board of Directors, consistent with criteria approved by our Board of Directors, and selects, or recommends that our Board of Directors selects, director nominees; develops and recommends to our Board of Directors a set of corporate governance guidelines; and oversees the evaluation of our Board of Directors.

Compensation Committee Interlocks and Insider Participation

None of our executive officers currently serves, or in the past fiscal year has served, as a member of the Board of Directors or Compensation Committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire Board of Directors) of any other entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.

Code of Conduct

Our Board of Directors will adopt a Code of Conduct (the Code) prior to the completion of this offering. The Code will apply to all of our employees, officers, directors, contractors, consultants, suppliers and agents. Upon the completion of this offering, the full text of the Code will be posted on our website at www.backblaze.com under the Investor Relations section. We intend to disclose future amendments to, or waivers of, the Code, as and to the extent required by SEC regulations, at the same location on our website identified above or in public filings. Information contained on or accessible through our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website to be part of this prospectus or in deciding whether to purchase shares of our Class A common stock.

2020 Director Compensation

The following table presents the total compensation, including equity awards, paid to each of our directors during the year ended December 31, 2020 for their service on our Board of Directors. We also reimburse our directors for expenses associated with attending meetings of our Board of Directors and its committees.

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)(1)	All Other Compensation ($)	Total ($)
Jocelyn Carter-Miller	—	99,275(2)	—	99,275
Barbara Nelson	—	99,275(2)	—	99,275
Rafael Torres(3)	—	99,275(2)	—	99,275

(1) The amounts in this column represent the aggregate grant date fair value of option awards granted to the director in the applicable fiscal year computed in accordance with FASB ASC Topic 718. See Note 14 to our financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards.

(2) Reflects an option to purchase 9,500 shares of our common stock granted to each of our non-employee directors on December 10, 2020, at an exercise price per share of $13.43. Such options vest over four years of continuous service provided by the non-employee director following October 30, 2020, with 25% vesting after the completion of one year of continuous service and the remainder vesting in substantially equal monthly installments over an additional 36 months of continuous service. In addition, the vesting of such options accelerates in full if we are subject to a change in control before the termination of the director's continuous service. Such options may be exercised prior to vesting, following which any unvested acquired shares will be subject to our right of repurchase that lapses on the specified vesting schedule.

(3) Effective July 2021, Rafael Torres resigned from our Board of Directors for personal reasons.

Directors who are also our employees or officers receive no additional compensation for their service as directors. Specifically, Messrs. Budman, Nufire and Wilson, each a current director and current employee, and Charles Jones and Kwok Hang Ng, our former directors who are also employees, did not receive additional compensation for their service as directors in 2020. See the section titled "Executive Compensation" elsewhere in this prospectus for additional information about the compensation of our directors who were also named executive officers in 2020.

Non-Employee Director Compensation Policy

Prior to this offering, we had not implemented a formal policy with respect to compensation payable to our directors for their service on our Board of Directors. In April 2021, our Board of Directors approved a director compensation policy for non-employee directors to be effective in connection with this offering. Pursuant to this policy, our non-employee directors will receive following completion of the offering the compensation described below.

Cash Compensation:

Each non-employee director will receive an annual cash retainer of $35,000. Our Lead Independent Director will be paid an additional annual cash retainer of $15,000.

In addition to the annual cash retainer, each director will receive the following annual cash retainers for service on Board committees:

Committee	Chairperson	Member
Audit	$ 20,000	$10,000
Compensation	$ 12,000	$ 6,000
Nominating and Governance	$ 8,000	$ 4,000

All cash retainers will be paid in arrears in quarterly installments.

Equity Compensation:

Each non-employee director serving on our Board of Directors as of immediately following this offering, who has also served on our Board of Directors for at least nine months prior to this offering, will receive a restricted stock unit (RSU) award covering a number of shares of common stock having a grant date value of $150,000, determined using the price at which our common stock is offered for purchase in this offering. Subject to the director's continuing service, the RSU award will vest on the one-year anniversary of the grant date, which shall be the effective date of the filing of this registration statement.

Each non-employee director initially appointed or nominated as a member of our Board of Directors after this offering will receive an RSU award covering a number of shares of common stock having a grant date value of $300,000, determined using the closing price of our common stock on the grant date. Subject to the director's continuing service, the RSU award will vest in equal annual installments over a 3-year period, with vesting to occur on the anniversary of the grant date, which will be the date of the director's appointment or nomination. Each non-employee director elected or re-elected to our Board of Directors at, or otherwise continuing to serve as a director after, an annual meeting of our stockholders will also receive an RSU award covering a number of shares of common stock having a grant date value of $150,000, determined using the closing price of our common stock on the grant date, which shall be the date of the annual meeting at which the election or re-election occurs. Such annual RSUs will vest on the earlier of the next following annual shareholders meeting or the first anniversary of grant. Directors newly appointed to our Board of Directors between annual stockholder meetings, receiving an automatic equity grant immediately following this offering as detailed above or who joined the Board of Directors within the prior 12 months to such annual meeting of stockholders, will receive an annual award prorated to reflect their time on the Board prior to the stockholder meeting date or the date of the equity award immediately following this offering, as the case may be.

Equity awards held by our non-employee directors will vest in full upon a change in control of the Company.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows information regarding the compensation of our principal executive officer and our two most highly compensated executive officers (other than our chief executive officer) who were serving as executive officers as of December 31, 2020, whom we refer to herein as our "named executive officers."

Name and Principal Position	Year	Salary ($)	Non-Equity Incentive Plan ($)(2)	Option Awards ($)(3)	All Other Compensation ($)(5)	Total ($)
Gleb Budman *Chief Executive Officer and Chairperson*	2020	400,080	1,475	—	8,550	410,105
Frank Patchel *Chief Financial Officer*	2020(1)	333,400	1,475	561,820(4)	8,550	905,245
Brian Wilson *Chief Technology Officer and Director*	2020	400,080	1,475	—	8,550	410,105

(1) Mr. Patchel joined us in March 2020.
(2) Reflects bonus equal to percentage of annual cash sales paid equally to all employees.
(3) The amounts in this column represents the aggregate grant date fair value of option awards granted to the officer, computed in accordance with FASB ASC Topic No. 718. See Note 14 to our financial statements included elsewhere in this prospectus for a discussion of the assumptions made by us in determining the grant date fair value of our equity awards.
(4) Reflects an option to purchase 84,739 shares of our common stock at an exercise price of $9.40 granted on April 21, 2020.
(5) Reflects Company contributions under the safe harbor provisions of our 401(k) Plan generally available to all employees.

Narrative Explanation of Compensation Arrangements with our Named Executive Officers

Base Salaries and Annual Incentive Opportunities

The base salaries of all of our named executive officers are reviewed from time to time and adjusted when our Board of Directors or Compensation Committee determines an adjustment is appropriate. In addition, all employees are entitled to receive an equal bonus based on a percentage of our cash sales during the year.

Equity Compensation

We generally offer stock options to our employees, including our named executive officers, as the long-term incentive component of our compensation program. Our stock options allow our employees to purchase shares of our common stock at a price equal to the fair market value of our common stock on the date of grant. In the past, our Board of Directors or Compensation Committee has determined the fair market value of our common stock based on inputs including valuation reports prepared by third-party valuation firms. Generally, our stock options granted to new hires vest as to 25% of the total number of option shares on the first anniversary of the award and in equal monthly installments over the following 36 months.

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as are full-time employees generally. We generally do not provide our named executive officers with perquisites or other personal benefits.

Retirement Benefits.

We have established a 401(k) tax-deferred savings plan, which permits participants, including our named executive officers, to make contributions by salary deduction pursuant to Section 401(k) of the Internal Revenue Code. We are responsible for administrative costs of the 401(k) plan. We make an annual contribution equal to 3% of each employee's base salary pursuant to the safe harbor provisions of our plan, subject to an applicable maximum contribution.

Outstanding Equity Awards at 2020 Fiscal Year-End

The following table sets forth information regarding each unexercised option and all unvested stock held by each of our named executive officers as of December 31, 2020.

The vesting schedule applicable to each outstanding award is described in the footnotes to the table below.

Name	Number of Securities Underlying Unexercised Options Vested (#)	Number of Securities Underlying Unexercised Options Unvested (#)	Option Exercise Price ($)	Expiration Date of Option
Frank Patchel	0(1)	84,739	9.40	4/20/2030

(1) Twenty-five percent of the option vests and becomes exercisable following the completion by the officer of 12 months of continuous service following the Vesting Commencement Date indicated above, with an additional 1/48th of the option vesting and becoming exercisable following the completion of each of 36 months of additional service thereafter. In addition, if we are subject to a change in control prior to the termination of the officer's service, and such officer is subject to a termination other than for cause within 24 months after such change in control, an additional 50% of the then-unvested portion of such option will become vested and exercisable.

Severance and Change in Control Benefits

We have entered into severance and change in control agreements with each named executive officer. The severance and change in control agreements will provide for payment of cash severance and acceleration of outstanding equity awards upon certain involuntary terminations.

Involuntary Termination Outside of a Change in Control Period.

If the officer is subject to a termination without cause or a resignation for good reason, or the officer's employment terminates due to death or disability, and such termination or resignation does not occur within 3 months prior to or 12 months after a change in control, then the officer will receive a lump sum cash severance payment equal to (i) a number of months of his or her then-current base salary, (ii) a prorated portion of his or her annual target bonus and (iii) 12 months for Mr. Budman, and 6 months for each of Mr. Patchel and Mr. Wilson, of the monthly premium for COBRA coverage for the officer and his or her eligible dependents. The number of months used to calculate the severance payment are the greater of (a) 12 months for Mr. Budman, as Chief Executive Officer, and 6 months for each of Mr. Patchel and Mr. Wilson, and (b) one month for each year of continuous employment, with such number not to exceed 18 months.

Involuntary Termination Within a Change in Control Period.

If the officer is subject to a termination without cause or a resignation for good reason, or the officer's employment terminates due to death or disability, and such termination or resignation occurs within 3 months

prior to or 12 months after a change in control, then (A) the officer will receive a lump sum cash severance payment equal to (i) a number of months of his or her then-current base salary, (ii) a prorated portion of his or her annual target bonus, and (iii) 18 months for Mr. Budman, and 12 months for each of Mr. Patchel and Mr. Wilson, of the monthly premium for COBRA coverage for the officer and his or her eligible dependents, and (B) one hundred percent (100%) of the shares subject to each then-outstanding equity award subject to time-based vesting held by the officer shall become fully vested, and the level of achievement of performance goals applicable to each then-outstanding equity award subject to performance-based vesting held by the officer shall be deemed to equal the greater of (i) the target level of achievement and (ii) the actual level of achievement, to the extent determinable. The number of months used to calculate the severance payment will be 18 months for Mr. Budman, as Chief Executive Officer, and the greater of (a) 12 months for each of Mr. Patchel and Mr. Wilson, and (ii) one month for each year of continuous employment, with such number not to exceed 18 months.

Receipt of the severance benefits is contingent upon the officer's execution and non-revocation of a general release of claims and, if requested by our Board of Directors, resignation from the Board of Directors. The definitions of relevant terms are set forth in the severance and change in control agreement.

Equity Plans

2021 Equity Incentive Plan

Our Board of Directors adopted our 2021 Equity Incentive Plan (the 2021 Plan) in August 2021 and it was approved by our stockholders in 2021. Our 2021 Plan will become effective immediately upon the effective date of the registration statement of which this prospectus is a part. Our 2021 Plan is intended to replace our 2011 Plan (described below). However, awards outstanding under our 2011 Plan will continue to be governed by their existing terms. Our 2021 Plan has the features described below.

Share Reserve. The number of shares of our common stock available for issuance under our 2021 Plan equals the sum of shares plus up to shares subject to awards granted under our 2011 Plan that expire, forfeit or are repurchased following the effective date of the 2021 Plan. The number of shares reserved for issuance under our 2021 Plan will be increased automatically on the first business day of each of our fiscal years, commencing in 2022 and ending in 2031, by a number equal to the least of:

- shares;
- 5% of the shares of common stock outstanding on the last business day of the prior fiscal year; or
- the number of shares determined by our Board of Directors.

In general, to the extent that any awards under our 2021 Plan are forfeited, terminate, expire or lapse without the issuance of shares, or if we reacquire the shares subject to awards granted under our 2021 Plan, those shares will again become available for issuance under our 2021 Plan, as will shares applied to pay the exercise or purchase price of an award or to satisfy tax withholding obligations related to any award.

Administration. The Compensation Committee of our Board of Directors will administer our 2021 Plan. The Compensation Committee will have complete discretion to make all decisions relating to our 2021 Plan and outstanding awards, with the exception of repricing outstanding options.

Eligibility. Employees, non-employee directors, consultants and advisors will be eligible to participate in our 2021 Plan.

Under our 2021 Plan, the aggregate grant date fair value of awards granted to our non-employee directors may not exceed $1,000,000 in any one fiscal year, except that the grant date fair value of awards

granted to newly appointed non-employee directors may not exceed $2,000,000 in the fiscal year in which such non-employee director is initially appointed to our Board of Directors. Neither (i) awards granted to an individual while they were an employee or consultant, but not a non-employee director, nor (ii) awards granted pursuant to a non-employee director's election to receive awards in lieu of cash retainers or other fees shall count towards this limitation.

Types of Awards. Our 2021 Plan provides for the following types of awards:

- incentive and nonstatutory stock options;
- stock appreciation rights;
- restricted shares; and
- restricted stock units.

Options and Stock Appreciation Rights. The exercise price for options granted under our 2021 Plan may generally not be less than 100% of the fair market value of our common stock on the grant date. Optionees will be permitted to pay the exercise price in cash or, with the consent of the Compensation Committee:

- with shares of common stock that the optionee already owns;
- by an immediate sale of shares through a broker approved by us;
- by instructing us to withhold a number of shares having an aggregate fair market value that does not exceed the exercise price; or
- by other methods permitted by applicable law.

An optionee who exercises a stock appreciation right receives the increase in value of our common stock over the base price. The base price for stock appreciation rights may generally not be less than 100% of the fair market value of our common stock on the grant date. The settlement value of a stock appreciation right may be paid in cash, shares of our common stock or a combination.

Options and stock appreciation rights vest as determined by the Compensation Committee. In general, they will vest over a four-year period following the date of grant based on the optionee's continued service with us, but may also vest subject to performance-based or such other conditions as the Compensation Committee may determine. Options and stock appreciation rights expire at the time determined by the Compensation Committee but in no event more than ten years after they are granted. These awards generally expire earlier if the participant's service terminates earlier.

Restricted Shares and Stock Units. Restricted shares and stock units may be awarded under our 2021 Plan in return for any lawful consideration, and participants who receive restricted shares or stock units generally are not required to pay cash for their awards. In general, these awards will be subject to vesting. Vesting may be based on length of service, the attainment of performance-based milestones or a combination of both, as determined by the Compensation Committee.

Corporate Transactions. In the event we are a party to a merger, consolidation or certain change in control transactions, outstanding awards granted under our 2021 Plan, and all shares acquired under our 2021 Plan, will be subject to the terms of the definitive transaction agreement (or, if there is no such agreement, as determined by our Compensation Committee). Unless an award agreement provides otherwise, such treatment may include any of the following with respect to each outstanding award:

- the continuation, assumption or substitution of an award by a surviving entity or its parent;
- the cancellation of an award without payment of any consideration, provided that the optionee shall be notified of such treatment;

- the cancellation of the vested portion of an award (and any portion that becomes vested as of the effective time of the transaction) in exchange for a payment equal to the excess, if any, of the value that the holder of each share of our common stock receives in the transaction over (if applicable) the exercise price otherwise payable in connection with the award; or

- the assignment of any reacquisition or repurchase rights held by us with respect to an award of restricted shares to the surviving entity or its parent (with proportionate adjustments made to the price per share to be paid upon exercise of such rights).

The Compensation Committee is not required to treat all awards, or portions thereof, in the same manner.

Unless determined otherwise by the administrator at the time of grant of an award, all outstanding awards held by current service providers at the time of occurrence of a change in control will fully accelerate and vest if they are not continued, assumed or substituted by the acquirer.

Notwithstanding the foregoing, the vesting of an outstanding award may be accelerated by the administrator upon the occurrence of a change in control, whether or not the award is to be assumed or replaced in the transaction, or in connection with a termination of service following a change in control transaction.

A change in control includes:

- any person acquiring beneficial ownership of more than 50% of our total voting power;

- the sale or other disposition of all or substantially all of our assets; or

- our merger or consolidation after which our voting securities represent 50% or less of the total voting power of the surviving or acquiring entity.

Changes in Capitalization. In the event of certain changes in our capital structure without our receipt of consideration, such as a stock split, reverse stock split or dividend paid in common stock, proportionate adjustments will automatically be made to:

- the maximum number and kind of shares available for issuance under our 2021 Plan, including the maximum number and kind of shares that may be issued upon the exercise of incentive stock options;

- the maximum number and kind of shares covered by, and exercise price, base price or purchase price, if any, applicable to each outstanding stock award; and

- the maximum number and kind of shares by which the share reserve may increase automatically each year.

In the event that there is a declaration of an extraordinary dividend payable in a form other than our common stock in an amount that has a material effect on the price of our common stock, a recapitalization, a spin-off or a similar occurrence, the Compensation Committee may make such adjustments to any of the foregoing as it deems appropriate, in its sole discretion.

Amendments or Termination. Our Board of Directors may amend, suspend or terminate our 2021 Plan at any time. If our Board of Directors amends our 2021 Plan, it does not need stockholder approval of the amendment unless required by applicable law, regulation or rules. Our 2021 Plan will terminate automatically 10 years after the date on which our stockholders approve the plan.

2011 Stock Plan

Our Board of Directors adopted our 2011 Plan in September 2011, and it was subsequently and timely approved by our stockholders. No further awards will be made under our 2011 Plan after this offering; however, awards outstanding under our 2011 Plan will continue to be governed by their existing terms.

Share Reserve. As of June 30, 2021, we have reserved 3,950,000 shares of our common stock for issuance under our 2011 Plan, all of which may be issued as incentive stock options. On August 30, 2021, our Board of Directors approved an increase in the number of authorized shares reserved under our 2011 Plan by 50,000 shares (for a total reserve of 4,000,000 shares). As of June 30, 2021, after giving effect to the reclassification of all outstanding shares of our common stock into an equivalent number of our Class B common stock and the filing and effectiveness of our Amended and Restated Certificate of Incorporation in Delaware, options to purchase 3,675,259 shares of our Class B common stock, at exercise prices ranging from $0.74 to $29.11 per share, or a weighted-average exercise price of $10.87 per share were outstanding under our 2011 Plan, and 145,097 shares of our common stock remained available for future issuance. Unissued shares subject to awards that expire or are cancelled, shares reacquired by us and shares withheld in payment of the purchase price or exercise price of an award or in satisfaction of withholding taxes will again become available for issuance under our 2011 Plan or, following consummation of this offering, under our 2021 Plan.

Administration. Our Board of Directors, and Compensation Committee since its formation in October 2020, has administered our 2011 Plan since its adoption. The administrator has complete discretion to make all decisions relating to our 2011 Plan and outstanding awards.

Eligibility. Employees, non-employee members of our Board of Directors and consultants are eligible to participate in our 2011 Plan. However, only employees are eligible to receive incentive stock options. Any employee who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company shall not be eligible to receive incentive stock options unless (i) the exercise price is at least 110% of the fair market value of a share on the date of grant and (ii) such incentive stock option by its terms is not exercisable after the expiration of five years from the date of grant. For purposes of determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

Types of Awards. Our 2011 Plan provides for the following types of awards granted with respect to shares of our common stock:

- incentive and nonstatutory stock options to purchase shares of our common stock; and
- direct award or sale of shares of our common stock, including restricted shares.

Options. The exercise price for options granted under our 2011 Plan is determined by our Board of Directors, but may not be less than 100% of the fair market value of our common stock on the grant date. Optionees may pay the exercise price in cash or cash equivalents or by one, or any combination of, the following forms of payment, as permitted by the administrator in its sole discretion:

- surrender of shares of common stock that the optionee already owns;
- delivery of a full-recourse promissory note, with the option shares pledged as security against the principal and accrued interest on the note;
- an immediate sale of the option shares through a company-approved securities broker, if the shares of our common stock are publicly traded;
- surrendering a number of vested shares subject to the option having an aggregate fair market value no greater than the aggregate exercise price, or the sum of such exercise price plus all or a portion of the minimum amount required to be withheld under applicable law; or
- other methods permitted by the Delaware General Corporation Law, as amended.

Options vest as determined by the administrator. Options expire at the time determined by the administrator, but in no event more than ten years after they are granted, and generally expire earlier if the optionee's service terminates.

Restricted Shares. Restricted shares may be awarded or sold under our 2011 Plan in return for cash or cash equivalents or, as permitted by the administrator in its sole discretion, in exchange for services rendered to us, by delivery of a full-recourse promissory note or through any other means permitted by applicable law. Restricted shares vest as determined by the administrator.

Corporate Transactions. In the event that we are a party to a merger or consolidation or in the event of a sale of all or substantially all of our stock or assets, awards granted under our 2011 Plan will be subject to the agreement governing such transaction or, in the absence of such agreement, in the manner determined by the administrator. Such treatment may include, without limitation, one or more of the following with respect to outstanding awards:

- the continuation, assumption or substitution of an award by the surviving entity or its parent;
- cancellation of the vested portion of the award in exchange for a payment equal to the excess, if any, of the value of the shares subject to the award over any exercise price per share applicable to the award;
- cancellation of the award without payment of any consideration;
- suspension of the optionee's right to exercise the option during a limited period of time preceding the completion of the transaction; or
- termination of any right the optionee has to exercise the option prior to vesting in the shares subject to the option.

The administrator is not obligated to treat all awards in the same manner. The administrator has the discretion, at any time, to provide that an award under our 2011 Plan will vest on an accelerated basis in connection with a corporate transaction or to amend or modify an award so long as such amendment or modification is not inconsistent with the terms of the 2011 Plan or would not result in the impairment of a participant's rights without the participant's consent.

Changes in Capitalization. In the event of certain specified changes in the capital structure of our common stock, such as a stock split, reverse stock split, stock dividend, reclassification or any other increase or decrease in the number of issued shares of stock effective without receipt of consideration by us, proportionate adjustments will automatically be made in (i) each of the number and kind of shares available for future grants under our 2011 Plan, (ii) the number and kind of shares covered by each outstanding option and all restricted shares, (iii) the exercise price per share subject to each outstanding option and (iv) any repurchase price applicable to shares granted under our 2011 Plan. In the event of an extraordinary cash dividend that has a material effect on the fair market value of our common stock, a recapitalization, spin-off or other similar occurrence, the administrator at its sole discretion may make appropriate adjustments to one or more of the items described above.

Amendments or Termination. The administrator may at any time amend, suspect or terminate our 2011 Plan, subject to stockholder approval in the case of an amendment if the amendment increases the number of shares available for issuance or materially changes the class of persons eligible to receive incentive stock options. Our 2011 Plan will terminate automatically ten years after the later of the date when our Board of Directors adopted the plan or the date when our Board of Directors most recently approved an increase in the number of shares reserved thereunder which was also approved by our stockholders, provided, however, that in any event, it will terminate upon the completion of this offering, but as noted above, awards outstanding under our 2011 Plan will remain outstanding and will continue to be governed by their existing terms.

Employee Stock Purchase Plan

General. Our Board of Directors adopted our 2021 ESPP in 2021 and it was approved by our stockholders in 2021. Our 2021 ESPP will become effective upon the effectiveness of the registration statement of which this prospectus is a part. Our 2021 ESPP is intended to qualify under Section 423 of the Internal Revenue Code. Our 2021 ESPP has the features described below.

Share Reserve. shares of our common stock have been reserved for issuance under our 2021 ESPP. The number of shares reserved for issuance under our 2021 ESPP will automatically be increased on the first business day of each of our fiscal years, commencing in 2022 and ending in 2041, by a number equal to the least of:

- shares;
- 2% of the shares of common stock outstanding on the last business day of the prior fiscal year; or
- the number of shares determined by our Board of Directors.

The number of shares reserved under our 2021 ESPP will automatically be adjusted in the event of a stock split, stock dividend or a reverse stock split (including proportionate adjustments to the number of shares subject to outstanding purchase rights and the number of shares in the ESPP's evergreen formula).

Administration. The Compensation Committee will administer our 2021 ESPP.

Eligibility. All of our employees will be eligible to participate in our ESPP, although the administrator may exclude certain categories of employees from an offering period, as permitted by applicable law, including employees employed for less than two years, working 20 hours or less per week, who are employed five months or less per year, or are highly compensated employees. Eligible employees may begin participating in our 2021 ESPP at the start of any offering period.

Offering Periods. Unless changed by the Compensation Committee, each offering period will generally last 24 months (and may not last longer than 27 months). A new offering period will begin periodically, as determined by the Compensation Committee. Offering periods may overlap or may be consecutive. The Company intends for the first offering period to commence immediately upon the effectiveness of this offering.

Amount of Contributions. Our 2021 ESPP will permit each eligible employee to purchase common stock through payroll deductions. Each employee's payroll deductions may not exceed 50% of the employee's cash compensation. Each participant may purchase up to the number of shares determined by our Board of Directors on any purchase date, subject to the share limit established by the Board of Directors prior to the start of the offering period in which the purchase occurs. The value of the shares purchased in any calendar year is subject to a federal tax law limitation of $25,000. Participants may withdraw their contributions at any time before stock is purchased.

Purchase Price. The price of each share of common stock purchased under our 2021 ESPP will not be less than 85% of the lower of the fair market value per share of common stock on the first day of the applicable offering period or the fair market value per share of common stock on the purchase date.

Other Provisions. Employees may end their participation in our 2021 ESPP at any time. Participation ends automatically upon termination of employment with us. If we experience a change in control, our 2021 ESPP will end and shares will be purchased with the payroll deductions accumulated to date by participating employees, unless the rights to purchase our common stock under the 2021 ESPP for an offering period then in progress are continued, assumed or substituted by the surviving entity. Our Board of Directors or our Compensation Committee may amend or terminate our 2021 ESPP at any time.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of transactions since January 1, 2018 to which we have been a party in which the amount involved exceeded $120,000 and in which any of our executive officers, directors or beneficial holders of more than 5% of our capital stock (or any immediate family member of, or person sharing the household with, any of these individuals or entities) had or will have a direct or indirect material interest, other than compensation arrangements which are described in "Management—Director Compensation" and "Executive Compensation."

Indemnification Agreements

We have entered, and intend to continue to enter, into separate indemnification agreements with each of our directors and executive officers, in addition to the indemnification provided for in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws. The indemnification agreements and our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws that will be in effect upon the completion of this offering require us to indemnify our directors, executive officers and certain controlling persons to the fullest extent permitted by Delaware law. See the section titled "Executive Compensation—Limitation of Liability and Indemnification" elsewhere in this prospectus for additional information.

Financings

Sale of Convertible Notes (SAFEs)

In August, 2021, we issued $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private financing round. Upon the completion of this offering, the convertible notes will automatically convert into shares of Class A common stock of the Company at a per share price of $, which is the midpoint of the estimated price range set forth on the cover page of this prospectus.

The following table summarizes purchases of the convertible notes by a beneficial holder of more than 5% of our capital stock.

	Simple Agreement for Future Equity	
Purchaser	**Number of shares of Class A Common Stock issuable upon the conversion of convertible notes**	**Principal Amount ($)**
TMT Investments PLC		$ 2,000,000
Total		**$ 2,000,000**

See the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations —Liquidity and Capital Resources" elsewhere in this prospectus for additional information.

Related Party Transaction Policy

Our Audit Committee has the primary responsibility for the review, approval and oversight of any "related person transaction," which is any transaction, arrangement, or relationship (or series of similar transactions, arrangements, or relationships) in which we are, were, or will be a participant and the amount involved exceeds $120,000, and in which the related person had, has, or will have a direct or indirect material interest. We intend to adopt a written related person transaction policy to be effective upon the completion of this offering. Under our related person transaction policy, our management will be required to submit any related person transaction not previously approved or ratified by our Audit Committee or Board of Directors. In

approving or rejecting the proposed transactions, our Audit Committee will take into account all of the relevant facts and circumstances available. Our Audit Committee will approve only those transactions that, as determined by our Audit Committee, are in, or are not inconsistent with, our best interests and the best interests of our stockholders.

Although we have not had a written policy until shortly before this offering for the review and approval of transactions with related persons, our Board of Directors has historically reviewed and approved any transaction where a director or officer had a financial interest, including the transactions described above. Prior to approving such a transaction, the material facts as to a director's or officer's relationship or interest as to the agreement or transaction were disclosed to our Board of Directors. Our Board of Directors would take this information into account when evaluating the transaction and in determining whether such transaction was fair to us and in the best interest of all of our stockholders.

PRINCIPAL STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our Class B common stock as of September 30, 2021 and as adjusted to reflect the sale of Class A common stock offered by us in this offering, for:

- each of our executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 6,193,304 shares of Class B common stock and no shares of Class A common stock outstanding as of September 30, 2021, after giving effect to the conversion of all outstanding shares of preferred stock as of that date into an aggregate of 933,110 shares of our Class B common stock, the reclassification of all outstanding shares of our common stock into an equivalent number of our Class B common stock and the filing and effectiveness of our Amended and Restated Certificate of Incorporation in Delaware. For purposes of computing percentage ownership after this offering, we have assumed that (i) shares of common stock will be issued by us in this offering; (ii) the underwriters will not exercise their option to purchase up to additional shares and (iii) none of our executive officers, directors or stockholders who beneficially own more than five percent of our common stock will participate in this offering. In computing the number of shares of common stock beneficially owned by a person or entity and the percentage ownership of that person or entity, we deemed to be outstanding all shares of common stock subject to options held by that person or entity that are currently exercisable or that will become exercisable within 60 days of September 30, 2021. We did not deem these shares outstanding, however, such shares were included for the purpose of computing the percentage ownership of any other person or entity.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Backblaze, Inc., 500 Ben Franklin Ct, San Mateo, CA 94401.

Name of Beneficial Owner	Class B Shares Beneficially Owned Prior to this Offering		% of Total Voting Power Before Our Initial Public Offering(1)	% of Total Voting Power After Our Initial Public Offering(1)
	Shares	Percentage		
Executive Officers and Directors:				
Gleb Budman	807,364			
Frank Patchel(2)	35,307			
Brian Wilson	802,867			
Timothy Nufire	802,867			
Jocelyn Carter-Miller(3)	9,500			
Barbara Nelson(4)	9,500			
Earl E. Fry(5)	9,500			
Evelyn D'An(6)	9,500			
All executive officers and directors as a group (8 persons)(7)	2,486,405			
Other 5% Stockholders:				
TMT Investments PLC(8)	998,347			
Charles Jones	785,867			
Kwok Hang Ng	802,867			

* Represents beneficial ownership of less than one percent.

(1) Percentage of total voting power represents voting power with respect to all shares of our Class A and Class B common stock, as a single class. The holders of our Class B common stock are entitled to 10 votes per share, and holders of our Class A common stock are entitled to one vote per share. For more information about the voting rights of our Class A and Class B common stock, see "Description of Capital Stock—Common Stock."

(2) Consists of 35,307 shares of Class B common stock issuable upon exercise of options exercisable within 60 days of September 30, 2021.

(3) Consists of 9,500 shares of Class B common stock issuable upon early exercise of options, which are subject to a lapsing right of repurchase.

(4) Consists of 9,500 shares of Class B common stock issuable upon early exercise of options, which are subject to a lapsing right of repurchase.

(5) Consists of 9,500 shares of Class B common stock issuable upon early exercise of options, which are subject to a lapsing right of repurchase.

(6) Consists of 9,500 shares of Class B common stock issuable upon early exercise of options, which are subject to a lapsing right of repurchase.

(7) Consists of (i) 2,413,098 shares of Class B common stock beneficially owned by our directors and executive officers and (ii) 73,307 shares of Class B common stock issuable to our directors and executive officers upon exercise of outstanding stock options within 60 days of September 30, 2021.

(8) Consists of 998,347 shares of Class B common stock held directly by TMT Investments PLC (TMT). The principal business address of TMT is Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

DESCRIPTION OF CAPITAL STOCK

The following descriptions of our capital stock and certain provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws are summaries and are qualified by reference to the Amended and Restated Certificate of Incorporation and the amended and restated bylaws that will be in effect upon completion of this offering. A description of our capital stock and the material terms and provisions of our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws that will be in effect upon the completion of this offering and affecting the rights of holders of our capital stock is set forth below. The forms of our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws to be adopted in connection with this offering are filed as exhibits to the registration statement relating to this prospectus.

Upon the completion of this offering, our Amended and Restated Certificate of Incorporation will authorize shares of undesignated preferred stock, the rights, preferences and privileges of which may be designated from time to time by our Board of Directors.

Upon the completion of this offering, our authorized capital stock will consist of shares, all with a par value of $0.0001 per share, of which:

- shares are designated Class A common stock;
- shares are designated Class B common stock; and
- shares are designated preferred stock.

As of June 30, 2021, and after giving effect to the automatic conversion of all of our outstanding preferred stock into Class B common stock in connection with this offering, the reclassification of all outstanding shares of our common stock into an equivalent number of shares of our Class B common stock, and the automatic conversion of all of the outstanding convertible securities into shares of our Class A common stock in connection with this offering, as if such conversions and reclassification had occurred immediately prior to the completion of this offering, there were outstanding:

- no shares of our Class A common stock;
- 6,193,304 shares designated as Class B common stock held of record by 77 stockholders; and
- 3,675,259 shares of our Class B common stock issuable upon exercise of outstanding stock options.

Common Stock

We have two classes of authorized common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights.

Dividend Rights

Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our Board of Directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our Board of Directors may determine. See “Dividend Policy” for more information.

Voting Rights

The holders of our Class B common stock are entitled to 10 votes per share, and holders of our Class A common stock are entitled to one vote per share. The holders of our Class A common stock and Class B common stock vote together as a single class, unless otherwise required by law. Delaware law or Amended and Restated Certificate of Incorporation could require either holders of our Class A common stock or our Class B common stock to vote separately as a single class in the following circumstances:

- if we were to seek to amend our Amended and Restated Certificate of Incorporation to increase the authorized number of shares of a class of stock, or to increase or decrease the par value of a class of stock, then that class would be required to vote separately to approve the proposed amendment; and

- if we were to seek to amend our Amended and Restated Certificate of Incorporation in a manner that alters or changes the powers, preferences or special rights of a class of stock in a manner that affected its holders adversely, then that class would be required to vote separately to approve the proposed amendment.

The holders of common stock will not have cumulative voting rights in the election of directors. Accordingly, holders of a majority of the voting power of the shares of common stock entitled to vote in any election of directors may elect all of the directors standing for election. Except for the election of directors, if a quorum is present, an action on a matter is approved if it receives the affirmative vote of the holders of a majority of the voting power of the shares of capital stock present in person or represented by proxy at the meeting and entitled to vote on the matter, unless otherwise required by applicable law, the Delaware General Corporation Law, our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws. The election of directors will be determined by a plurality of the votes cast in respect of the shares present in person or represented by proxy at the meeting and entitled to vote, meaning that the nominees with the greatest number of votes cast, even if less than a majority, will be elected. The rights, preferences and privileges of holders of common stock are subject to, and may be impacted by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

Right to Receive Liquidation Distributions

Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Conversion of our Class B Common Stock

Each share of our Class B common stock is convertible at any time at the option of the holder into one share of our Class A common stock. Each share of our Class B common stock will convert automatically into one share of our Class A common stock upon any transfer, whether or not for value, except certain transfers to entities, including certain charities and foundations, to the extent the transferor retains sole dispositive power and exclusive voting control with respect to the shares of Class B common stock, and certain other transfers described in our Amended and Restated Certificate of Incorporation. Upon the death of each holder of Class B common stock who is a natural person, the Class B common stock held by that person or his or her permitted estate planning entities will convert automatically into Class A common stock.

In addition, all shares of Class B common stock will automatically convert into shares of Class A common stock on the earlier of (i) the seven-year anniversary of the closing date of this offering, (ii) the date on which the number of outstanding shares of Class B common stock represents less than 10% of the aggregate combined number of outstanding shares of Class A common stock and Class B common stock, or (iii) the date specified by a vote of the holders of a majority of the then outstanding shares of Class B common stock.

Once transferred and converted into Class A common stock, the Class B common stock will not be reissued.

Preferred Stock

Upon the completion of this offering, no shares of preferred stock will be outstanding, but we will be authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, powers, preferences, and rights of the shares of each series and any associated qualifications, limitations, or restrictions. Our Board of Directors also can increase or decrease the number of shares of any series, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our Board of Directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and may adversely affect the market price of our common stock and the voting and other rights of the holders of common stock. We have no current plan to issue any shares of preferred stock.

Options

As of June 30, 2021, after giving effect to the reclassification of all outstanding shares of our common stock into an equivalent number of our Class B common stock and the filing and effectiveness of our Amended and Restated Certificate of Incorporation in Delaware, there were options to purchase 3,675,259 shares of our Class B common stock outstanding, all of which were subject to options granted under our 2011 Plan.

Registration Rights

Following the completion of this offering, the holders of 933,110 shares of our Class B common stock issued upon the conversion of our preferred stock will be entitled to contractual rights to require us to register the Class A common stock issuable upon the conversion of those shares under the Securities Act. These registration rights are provided under the terms of our amended and restated investors' rights agreement between us and the holders of these shares, which we entered into on July 29, 2013.

We will pay all expenses relating to any demand or piggyback registration described below, including reasonable fees and disbursements of one counsel for the selling holders, but excluding underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of our common stock, and fees and disbursements of counsel for any individual holder. The registration rights terminate upon the earliest to occur of: (i) the third anniversary of the completion of this offering; (ii) a liquidation, dissolution or winding up of the corporation; or (iii) with respect to the registration rights of an individual holder, such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such holder's shares without limitation during a three-month period without registration.

Demand Registration Rights

The holders of the registrable securities will be entitled to certain demand registration rights. At any time beginning six months following the effectiveness of this offering, the holders of 30% or more of the registrable securities then outstanding may make a written request that we register some or all of their registrable securities, subject to certain specified conditions and exceptions. We are required to use commercially reasonable efforts to effect the registration. Such request for registration must cover securities with an aggregate offering price of at least $15,000,000, net of selling expenses. We are not obligated to effect more than one of these registrations.

Piggyback Registration Rights

In connection with this offering, holders of our registrable securities were entitled to, and the necessary percentage of holders waived, their rights to notice of this offering and to include their registrable securities in this offering. If we propose to register any of our securities under the Securities Act either for our own account or for the account of other stockholders in another offering, the holders of shares having registration rights will, subject to certain exceptions, be entitled to include their shares in our registration statement, provided that the underwriters of any such offering have the right to limit the number of shares included in the registration. These registration rights are subject to specified other conditions and limitations as set forth in our amended and restated investors' rights agreement.

Form S-3 Registration Rights

At any time after we are qualified to file a registration statement on Form S-3, and subject to limitations and conditions specified in the amended and restated investors' rights agreement, the holders of 30% or more of the registrable securities then outstanding may make a written request that we prepare and file a registration statement on Form S-3 under the Securities Act covering their shares, so long as the aggregate price to the public is at least $5,000,000, net of selling expenses. We are not obligated to effect more than two of these Form S-3 registrations in any 12-month period. Such holders will pay pro rata all expenses related to filing a registration statement on Form S-3.

Anti-Takeover Provisions

Delaware Law

Upon the completion of this offering, we will be governed by the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents some Delaware corporations from engaging, under some circumstances, in a business combination, which includes a merger or sale of at least 10% of the corporation's assets with any interested stockholder, meaning a stockholder who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of the corporation's outstanding voting stock, unless:

- the transaction is approved by the board of directors prior to the time that the interested stockholder became an interested stockholder;
- upon closing of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding those shares owned (i) by persons who are directors and also officers and (ii) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- subsequent to such time that the stockholder became an interested stockholder the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or amended and restated bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

Certificate of Incorporation and Bylaw Provisions

Upon the completion of this offering, our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws will include a number of provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management team, including the following:

- ***Dual class stock.*** As described above in "—Common Stock—Voting Rights," our Amended and Restated Certificate of Incorporation will provide for a dual class common stock structure pursuant to which holders of our Class B common stock will have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. Current investors, executives, and employees will have the ability to exercise significant influence over those matters.

- ***Separate Class B vote for certain transactions.*** Any transaction that would result in a change in control of our company will require the approval of a majority of our outstanding Class B common stock voting as a separate class. This provision could delay or prevent the approval of a change in control that might otherwise be approved by a majority of outstanding shares of our Class A and Class B common stock voting together on a combined basis.

- ***Board of Directors vacancies.*** Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws will authorize our Board of Directors to fill vacant directorships, including newly-created seats. In addition, the number of directors constituting our Board of Directors will be set only by resolution adopted by a majority vote of our entire board of directors. These provisions will prevent a stockholder from increasing the size of our Board of Directors and gaining control of our Board of Directors by filling the resulting vacancies with its own nominees.

- ***Classified board.*** Our Board of Directors is classified into three classes of directors with staggered three-year terms. For the first 12 months after their initial appointment or election, directors may be removed with or without cause by stockholders holding a majority of the outstanding voting power. After 12 months, directors will only be removed from office for cause. The existence of a classified board could delay a successful tender offeror from obtaining majority control of our Board of Directors, and the prospect of that delay might deter a potential offeror.

- ***Stockholder action; special meeting of stockholders.*** Our Amended and Restated Certificate of Incorporation provides that stockholders will not be able to take action by written consent, and will only be able to take action at annual or special meetings of our stockholders. Stockholders will not be permitted to cumulate their votes for the election of directors. Our Amended and Restated Certificate of Incorporation further provides that special meetings of our stockholders may be called by a majority of our Board of Directors, stockholders holding at least 1,750,000 shares of our Class B common stock or the Chairperson of our Board of Directors.

- ***Advance notice requirements for stockholder proposals and director nominations.*** Our Amended and Restated Bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at any meeting of stockholders. Our Amended and Restated Bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our meetings of stockholders.

- ***Issuance of undesignated preferred stock.*** Our Board of Directors will have, the authority, without further action by the holders of common stock, to issue up to shares of undesignated

preferred stock with rights and preferences, including voting rights, designated from time to time by the Board of Directors. The existence of authorized but unissued shares of preferred stock will enable our Board of Directors to render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise.

Choice of Forum

Upon the completion of this offering, our Amended and Restated Certificate of Incorporation will provide that the Court of Chancery of the State of Delaware will be the exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty owed by any of our directors, officers or other employee to us or our stockholder, creditors or other constituents; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; any action to interpret, apply, enforce, or determine the validity of our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; any action asserting a claim against us that is governed by the internal affairs doctrine; or any action asserting an "internal corporate claim" as defined in Section 115 of the DGCL. Our Certificate of Incorporation will also provide that the U.S. federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. Some companies that adopted a similar federal district court forum selection provision were subject to a suit in the Chancery Court of Delaware by stockholders who asserted that the provision is not enforceable. While the Delaware Supreme Court held that such federal district court forum selection provision was in fact valid, there can be no assurance that federal courts or other state courts will follow the holding of the Delaware Supreme Court or determine that the our federal district court forum selection provision should be enforced in a particular case. These choice of forum provisions do not apply to actions brought to enforce a duty or liability created by the Exchange Act. We intend for the choice of forum provision regarding claims arising under the Securities Act to apply despite the fact that Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all actions brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. There is uncertainty as to whether a court would enforce such provision with respect to claims under the Securities Act. Our exclusive forum provision will not relieve us of our duties to comply with the federal securities laws and the rules and regulations thereunder, and our stockholders will not be deemed to have waived our compliance with these laws, rules and regulations.

These exclusive forum provisions may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors, officers or employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find such provisions contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition and operating results.

Transfer Agent and Registrar

Upon the completion of this offering, the transfer agent and registrar for our Class A common stock will be American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, NY 11219, and its telephone number is (718) 921-8200.

Listing

After pricing of the offering, we expect that the shares will trade on the NASDAQ Global Market under the symbol "BLZE."

SHARES ELIGIBLE FOR FUTURE SALE

Before this offering, there has not been a public market for shares of our Class A common stock. Future sales of substantial amounts of shares of our Class A common stock, including shares issued upon the exercise of outstanding options, in the public market following this offering or the possibility of these sales occurring, could cause the prevailing market price for our Class A common stock to fall or impair our ability to raise equity capital in the future.

Following this offering, we will have outstanding shares of our Class A common stock, and shares of our Class B common stock based on the number of shares outstanding as of . This includes shares of Class A common stock that we are selling in this offering, which shares may be resold in the public market immediately unless purchased by our affiliates, and assumes no additional exercise of outstanding options other than as described elsewhere in this prospectus.

The remaining shares of Class A common stock that are not sold in this offering will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which are summarized below.

In addition, we, our executive officers and directors, and substantially all of our security holders have entered into market standoff agreements with us or lock-up agreements with the underwriters under which they have agreed, subject to specific exceptions described in "Underwriting," not to sell any of our capital stock until at least 180 days after the date of this prospectus, as described below. As a result of these agreements and the provisions of our investors' rights agreement disclosed in "Description of Capital Stock—Registration Rights," subject to the provisions of Rule 144 or Rule 701, based on an assumed offering date of , 2021, shares will be available for sale in the public market as follows:

- beginning on the date of this prospectus, the shares of Class A common stock sold in this offering will be immediately available for sale in the public market, unless purchased by our affiliates;
- beginning 181 days after the date of this prospectus, unless earlier released, additional shares will become eligible for sale in the public market, of which shares will be held by affiliates and subject to the volume and other restrictions of Rule 144, as described below; and
- the remainder of the shares will be eligible for sale in the public market from time to time thereafter, subject in some cases to the volume and other restrictions of Rule 144, as described below.

Of the shares of our Class B common stock that were subject to stock options outstanding as of , options to purchase shares of Class B common stock were vested as of and the Class B common stock underlying such options will be eligible for sale approximately six months after the date of this prospectus.

Rule 144

In general, under Rule 144 as currently in effect, a person who has beneficially owned shares of our restricted Class A common stock for at least six months would be entitled to sell their securities provided that such person is not deemed to have been one of our affiliates at the time of, or at any time during the 90 days preceding, a sale, and we are subject to the periodic reporting requirements of the Exchange Act, for at least 90 days before the sale. In addition, under Rule 144, any person who is not an affiliate of ours and has held their shares for at least one year, including the holding period of any prior owner other than one of our affiliates, would be entitled to sell an unlimited number of shares immediately upon the completion of this offering without regard to whether current public information about us is available. Persons who have beneficially owned shares

of our restricted Class A common stock for at least six months but who are our affiliates at the time of, or any time during the 90 days preceding, a sale, would be subject to additional restrictions, by which such person would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of our capital stock then outstanding, which will equal shares immediately after the completion of this offering, assuming no exercise by the underwriters of their option to purchase additional shares; or

- the average weekly trading volume of our Class A common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale,

provided, in each case, that we have been subject to the Exchange Act periodic reporting requirements for at least 90 days before the sale. Such sales both by affiliates and by non-affiliates must also comply with the manner of sale, current public information and notice provisions of Rule 144.

Rule 701

Any of our service providers who purchased shares under a written compensatory plan or contract prior to this offering may be entitled to rely on the resale provisions of Rule 701. Rule 701, as currently in effect, permits resales of shares, including by affiliates, in reliance upon Rule 144 but without compliance with certain restrictions, including the holding period requirement, of Rule 144. Rule 701 further provides that non-affiliates may sell such shares in reliance on Rule 144 without having to comply with the public information, volume limitation or notice provisions of Rule 144. All holders of Rule 701 shares are required to wait until 90 days after the date of this prospectus before selling such shares if such resale is pursuant to Rule 701. All Rule 701 shares are, however, subject to lock-up agreements and will only become eligible for sale upon the expiration of these lock-up agreements.

Lock-Up Agreements

In connection with this offering, we have agreed with the underwriters, subject to certain exceptions, as set forth in “Underwriting,” without the prior written consent of Oppenheimer & Co. Inc., not to issue, sell or register with the Commission (other than on Form S-8 or on any successor form), or otherwise dispose of, directly or indirectly, any of our equity securities (or any securities convertible into, exercisable for or exchangeable for our equity securities), during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus.

Our directors, officers and holders of substantially all of our outstanding stock and stock options have agreed with the underwriters, subject to certain restrictions and earlier termination commencing on the first quarter that ends following the period ending 180 days after the date of this prospectus and other earlier termination provisions as set forth in “Underwriting”, without the prior written consent of Oppenheimer & Co. Inc., not to directly or indirectly (1) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock owned either of record or beneficially (as defined in the Exchange Act) by the lock-up signatory on the date of this prospectus or thereafter acquired, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Class A common stock or such other securities, in cash or otherwise, or publicly announce an intention to do any of the foregoing, and (3) make any demand for or exercise any right with respect to, the registration of any shares of Class A common stock or any security convertible into or exercisable or

exchangeable for Class A common stock. See “Underwriting” for a more detailed description of the early termination provisions and exceptions to such lock-up restrictions.

Registration Rights

After the completion of this offering, the holders of up to shares of our Class B common stock will, subject to the lock-up agreements referred to above, be entitled to certain rights with respect to the registration of such shares under the Securities Act. The registration of these shares of our Class B common stock under the Securities Act would result in these shares becoming eligible for sale in the public market without restriction under the Securities Act immediately upon the effectiveness of such registration, subject to the Rule 144 limitations applicable to affiliates. See the section titled “Description of Capital Stock—Registration Rights” for a description of these registration rights.

Equity Plans

We intend to file a registration statement on Form S-8 under the Securities Act covering all of the shares of our common stock subject to options outstanding or reserved for issuance under our equity plans. We expect to file this registration statement as soon as practicable after the effectiveness of the registration statement of which this prospectus forms a part. This registration statement will become effective immediately upon filing, and shares covered by this registration statement will thereupon be eligible for sale in the public markets, subject to vesting restrictions, the lock-up agreements described above and Rule 144 limitations applicable to affiliates. For a more complete discussion of our stock plans, see “Executive Compensation—Equity Plans.”

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES FOR NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a general discussion of the material U.S. federal income tax considerations applicable to non-U.S. holders (as defined below) with respect to their ownership and disposition of shares of our Class A common stock issued pursuant to this offering. For purposes of this discussion, a non-U.S. holder means a beneficial owner of our Class A common stock (other than an entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes, any of the following:

- a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includable in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more “U.S. persons,” as defined under the U.S. Internal Revenue Code of 1986 (the Code), have the authority to control all substantial decisions of the trust or (ii) such trust has made a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion is based on current provisions of the Code existing and proposed U.S. Treasury Regulations promulgated thereunder, judicial opinions, published positions of the Internal Revenue Service (IRS) and other applicable authorities, all of which are subject to change or to differing interpretation, possibly with retroactive effect. This discussion assumes that a non-U.S. holder holds shares of our Class A common stock as a capital asset (generally, property held for investment) for U.S. federal income tax purposes. This discussion does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction, or, except to the limited extent provided below, under U.S. federal estate and gift tax laws. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as:

- banks, insurance companies or other financial institutions;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- persons subject to the alternative minimum tax or the Medicare contribution tax;
- tax-exempt entities (including private foundations) or tax-qualified retirement plans;
- controlled foreign corporations or passive foreign investment companies;
- persons who acquired our Class A common stock as compensation for services;
- dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- certain former citizens or long term residents of the United States;

- persons who hold our Class A common stock as a position in a hedging transaction, “straddle,” “conversion transaction,” or other risk reduction transaction; or

- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code.

In addition, this discussion does not address the tax treatment of partnerships or other entities that are pass-through entities for U.S. federal income tax purposes or persons who hold our Class A common stock through partnerships or other pass-through entities. A partner in a partnership or other pass-through entity that will hold our Class A common stock should consult his, her or its own tax advisor regarding the tax consequences of the ownership and disposition of our Class A common stock through a partnership or other pass-through entity, as applicable.

INVESTORS CONSIDERING THE PURCHASE OF OUR CLASS A COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME AND ESTATE TAX LAWS TO THEIR PARTICULAR SITUATIONS AND THE CONSEQUENCES OF NON-U.S., STATE, OR LOCAL LAWS AND TAX TREATIES.

Dividends

As discussed under “Dividend Policy” above, we do not expect to declare or make any distributions on our Class A common stock in the foreseeable future. If we do pay dividends on shares of our Class A common stock, however, such distributions will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated earnings and profits will constitute a return of capital that is applied against and reduces, but not below zero, a non-U.S. holder’s adjusted tax basis in shares of our Class A common stock and then will be treated as gain. Any such gain will be subject to the treatment described below under “—Gain on Sale or Other Disposition of Class A common stock.” Any such distributions will also be subject to the discussion below under “—Backup Withholding and Information Reporting” and “—Foreign Account Tax Compliance Act.”

Any dividend paid to a non-U.S. holder on our Class A common stock that is not effectively connected with a non-U.S. holder’s conduct of a trade or business in the United States will generally be subject to U.S. withholding tax at a 30% rate. The withholding tax might apply at a reduced rate, however, under the terms of an applicable income tax treaty between the United States and the non-U.S. holder’s country of residence. You should consult your own tax advisors regarding your entitlement to benefits under a relevant income tax treaty. Generally, in order for us or our paying agent to withhold tax at a lower treaty rate, a non-U.S. holder must certify its entitlement to treaty benefits. A non-U.S. holder generally can meet this certification requirement by providing an IRS Form W-8BEN, W-8BENE or other appropriate form (or any successor or substitute form thereof) to us or our paying agent. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the holder’s behalf, the holder will be required to provide appropriate documentation to the holder’s agent. The holder’s agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty, you may obtain a refund or credit of any excess amounts withheld by filing an appropriate claim for a refund with the IRS in a timely manner.

Dividends received by a non-U.S. holder that are effectively connected with a U.S. trade or business conducted by the non-U.S. holder, and if required by an applicable income tax treaty between the United States and the non-U.S. holder’s country of residence, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are not subject to U.S. withholding tax. To obtain this exemption, a non-U.S. holder must provide us or our paying agent with an IRS Form W-8ECI properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition to being taxed at

graduated tax rates, dividends received by a corporate non-U.S. holder that are effectively connected with a U.S. trade or business of the corporate non-U.S. holder may also be subject to a branch profits tax at a rate of 30% or such lower rate as may be specified by an applicable tax treaty.

Gain on Sale or Other Disposition of Class A common stock

Subject to the discussion below under "—Backup Withholding and Information Reporting" and "—Foreign Account Tax Compliance Act," non-U.S. holders will generally not be subject to U.S. federal income tax on any gains realized on the sale, exchange or other disposition of our Class A common stock unless:

- the gain (i) is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business and (ii) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States (in which case the special rules described below apply);

- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale, exchange or other disposition of our Class A common stock, and certain other requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty, which may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States); or

- the rules of the Foreign Investment in Real Property Tax Act (FIRPTA) treat the gain as effectively connected with a U.S. trade or business.

The FIRPTA rules may apply to a sale, exchange or other disposition of our Class A common stock if we are, or were within the shorter of the five-year period preceding the disposition and the non-U.S. holder's holding period, a "U.S. real property holding corporation," or USRPHC. In general, we would be a USRPHC if interests in U.S. real estate comprised at least half of the value of our business assets. We do not believe that we are a USRPHC and we do not anticipate becoming one in the future. Even if we become a USRPHC, as long as our Class A common stock is regularly traded on an established securities market, such Class A common stock will be treated as U.S. real property interests only if beneficially owned by a non-U.S. holder that actually or constructively owned more than 5% of our outstanding Class A common stock at sometime within the five-year period preceding the disposition.

If any gain from the sale, exchange or other disposition of our Class A common stock, (i) is effectively connected with a U.S. trade or business conducted by a non-U.S. holder and (ii) if required by an applicable income tax treaty between the United States and the non-U.S. holder's country of residence, is attributable to a permanent establishment maintained by such non-U.S. holder in the United States, then the gain generally will be subject to U.S. federal income tax at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. If the non-U.S. holder is a corporation, under certain circumstances, that portion of its earnings and profits that is effectively connected with its U.S. trade or business, subject to certain adjustments, generally would be subject also to a "branch profits tax" at a rate of 30% or such lower rate as may be specified by an applicable income tax treaty.

U.S. Federal Estate Tax

The estates of nonresident alien individuals generally are subject to U.S. federal estate tax on property with a U.S. situs. Because we are a U.S. corporation, our Class A common stock will be U.S. situs property and therefore will be included in the taxable estate of a nonresident alien decedent, unless an applicable estate tax treaty between the United States and the decedent's country of residence provides otherwise.

Backup Withholding and Information Reporting

The Code and the U.S. Treasury Regulations require those who make specified payments to report the payments to the IRS. Among the specified payments are dividends and proceeds paid by brokers to their customers. The required information returns enable the IRS to determine whether the recipient properly included the payments in income. This reporting regime is reinforced by “backup withholding” rules. These rules require the payors to withhold tax from payments subject to information reporting if the recipient fails to cooperate with the reporting regime by failing to provide his taxpayer identification number to the payor, furnishing an incorrect identification number, or failing to report interest or dividends on his returns. The backup withholding tax rate is currently 24%. The backup withholding rules do not apply to payments to foreign corporations, provided they establish such exemption.

Payments to non-U.S. holders of dividends on Class A common stock generally will not be subject to backup withholding, and payments of proceeds made to non-U.S. holders by a broker upon a sale of Class A common stock will not be subject to information reporting or backup withholding, in each case so long as the non-U.S. holder certifies its nonresident status (and we or the applicable paying agent do not have actual knowledge or reason to know the holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied) or otherwise establishes an exemption. The certification procedures to claim treaty benefits described under “—Dividends” above will generally satisfy the certification requirements necessary to avoid the backup withholding tax. We must report annually to the IRS any dividends paid to each non-U.S. holder and the tax withheld, if any, with respect to these dividends. Copies of these reports may be made available to tax authorities in the country where the non-U.S. holder resides.

Under the U.S. Treasury Regulations, the payment of proceeds from the disposition of shares of our Class A common stock by a non-U.S. holder made to or through a U.S. office of a broker generally will be subject to information reporting and backup withholding unless the beneficial owner certifies, under penalties of perjury, among other things, its status as a non-U.S. holder (and the broker does not have actual knowledge or reason to know the holder is a U.S. person) or otherwise establishes an exemption. The payment of proceeds from the disposition of shares of our Class A common stock by a non-U.S. holder made to or through a non-U.S. office of a broker generally will not be subject to backup withholding and information reporting provided that the broker has documentary evidence that the beneficial owner is a non-U.S. holder and certain other conditions are satisfied, or the beneficial owner otherwise establishes an exemption (and the broker has no actual knowledge or reason to know to the contrary).

Backup withholding is not an additional tax. Any amounts withheld from a payment to a holder of Class A common stock under the backup withholding rules can be credited against any U.S. federal income tax liability of the holder, if any, and may entitle the holder to a refund, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (FATCA) generally imposes a U.S. federal withholding tax at a rate of 30% on payments of dividends on, or gross proceeds from the sale or other disposition of, our Class A common stock paid to a foreign entity unless (i) if the foreign entity is a “foreign financial institution,” such foreign entity undertakes certain due diligence, reporting, withholding, and certification obligations, (ii) if the foreign entity is not a “foreign financial institution,” such foreign entity identifies certain of its U.S. investors, if any, or (iii) the foreign entity is otherwise exempt under FATCA. Under applicable U.S. Treasury Regulations, withholding under FATCA currently applies to payments of dividends on our Class A common stock. While withholding under FATCA would have applied also to payments of gross proceeds from the sale or other disposition of stock on or after January 1, 2019, recently proposed Treasury Regulations eliminate FATCA withholding on payments of gross proceeds entirely. Taxpayers generally may rely on these proposed Treasury Regulations until final Treasury Regulations are issued. Under certain circumstances, a non-U.S. holder may be

eligible for refunds or credits of this withholding tax. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Non-U.S. holders should consult their own tax advisors regarding the possible implications of this legislation on their investment in our Class A common stock and the entities through which they hold our Class A common stock, including, without limitation, the process and deadlines for meeting the applicable requirements to prevent the imposition of the 30% withholding tax under FATCA.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL APPLICATION OF WITHHOLDING UNDER FATCA TO THEIR INVESTMENT IN OUR CLASS A COMMON STOCK. THE PRECEDING DISCUSSION OF U.S. FEDERAL TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY. IT IS NOT TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, GIFT, ESTATE, STATE, LOCAL, AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR CLASS A COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY PROPOSED CHANGE IN APPLICABLE LAWS.

UNDERWRITING

We entered into an underwriting agreement with the underwriters named below on , 2021. Oppenheimer & Co. Inc., William Blair & Company, L.L.C., Raymond James & Associates, Inc., JMP Securities LLC and B. Riley Securities, Inc. are acting as the joint book-running managers, and Oppenheimer & Co. Inc. is acting as the representative of the underwriters. The underwriting agreement provides for the purchase of a specific number of shares of Class A common stock by each of the underwriters. The underwriters' obligations are several, which means that each underwriter is required to purchase a specified number of shares of Class A common stock, but is not responsible for the commitment of any other underwriter to purchase shares of Class A common stock. Subject to the terms and conditions of the underwriting agreement, each underwriter has severally agreed to purchase the number of shares of Class A common stock set forth opposite its name below:

Underwriter	Number of Shares of Class A Common Stock
Oppenheimer & Co. Inc.	
William Blair & Company, L.L.C.	
Raymond James & Associates, Inc.	
JMP Securities LLC.	
B. Riley Securities, Inc.	
Lake Street Capital Markets, LLC.	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed to purchase all of the shares offered by this prospectus (other than those covered by the option described below), if any are purchased.

The shares of Class A common stock offered hereby are expected to be ready for delivery on or about , 2021 against payment in immediately available funds.

The underwriters are offering the shares of Class A common stock subject to various conditions and may reject all or part of any order. The representative of the underwriters has advised us that the underwriters propose initially to offer the shares of Class A common stock to the public at the public offering price set forth on the cover page of this prospectus and to dealers at a price less a concession not in excess of $ per share of Class A common stock to brokers and dealers. After the shares of Class A common stock are released for sale to the public, the representative may change the offering price, the concession, and other selling terms at various times.

We have granted the underwriters an option to purchase additional shares for the purpose of covering over-allotments. This option, which is exercisable for up to 30 days after the date of this prospectus, permits the underwriters to purchase a maximum of additional shares of Class A common stock from us. If the underwriters exercise all or part of this option, they will purchase shares of Class A common stock covered by the option at the public offering price that appears on the cover page of this prospectus, less the underwriting discounts and commissions. The underwriters have severally agreed that, to the extent the option is exercised, they will each purchase a number of additional shares proportionate to such underwriter's initial amount reflected in the foregoing table.

The following table provides information regarding the amount of the discounts and commissions to be paid to the underwriters by us, before expenses:

	Per Share of Class A Common Stock	Total Without Exercise of Underwriters' Option	Total With Full Exercise of Underwriters' Option
Public offering price	$	$	$
Underwriting discounts and commissions(1)	$	$	$
Proceeds, before expenses, to us	$	$	$

(1) We have agreed to pay the underwriters a commission of % of the gross proceeds of this offering.

We estimate that our total expenses of the offering, excluding the estimated underwriting discounts and commissions, will be approximately $.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

We have agreed with the underwriters, without the prior written consent of Oppenheimer & Co. Inc., not to issue, sell or register with the Commission (other than on Form S-8 or on any successor form), or otherwise dispose of, directly or indirectly, any of our equity securities (or any securities convertible into, exercisable for or exchangeable for our equity securities), during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except for (i) the issuance of the shares of Class A common stock pursuant to the registration statement of which this prospectus forms a part, (ii) the issuance of shares or other equity awards pursuant to our existing equity compensation plans as described in the registration statement of which this prospectus forms a part, (iii) the entry into an agreement providing for the issuance by us of shares or any security convertible into or exercisable for shares in connection with the acquisition by us of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by us in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement, representing in the aggregate no more than 5% of our issued and outstanding shares of Class A common stock as of the date of this prospectus, which may be sold on an arm's-length basis, only to unaffiliated third-parties, so long as recipients of such securities agree to be bound by a lock-up agreement, (iv) the entry into any agreement providing for the issuance of shares or any security convertible into or exercisable for shares in connection with joint ventures, commercial relationships or other strategic transactions, and the issuance of any such securities pursuant to any such agreement, representing in the aggregate no more than 5% of our issued and outstanding shares of Class A common stock as of the date of this prospectus, which may be sold on an arm's-length basis, only to unaffiliated third-parties, so long as recipients of such securities agree to be bound by a lock-up agreement, and (v) the issuance of shares pursuant to the conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) issued in a private placement to investors in August 2021 as described elsewhere in this prospectus.

Our directors, officers and holders of substantially all of our outstanding stock and stock options have agreed with the underwriters, without the prior written consent of Oppenheimer & Co. Inc., during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus (the "Lock-Up Period"), not to directly or indirectly (1) offer, pledge, assign, encumber, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any shares of Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock owned either of record or beneficially (as defined in the Exchange Act) by the lock-up signatory on the date of this prospectus or thereafter acquired, (2) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Class A common stock or any securities convertible into or exercisable or exchangeable for Class A common stock, whether any such transaction described in clause (1) or (2) above is to

be settled by delivery of Class A common stock or such other securities, in cash or otherwise, or publicly announce an intention to do any of the foregoing, and (3) make any demand for or exercise any right with respect to, the registration of any shares of Class A common stock or any security convertible into or exercisable or exchangeable for Class A common stock.

Notwithstanding the foregoing, the lock-up signatory may transfer shares of Class A common stock without the prior written consent of Oppenheimer & Co. Inc., provided that (1) in the cases of clauses (i) through (vi), (ix) and (x) below, Oppenheimer & Co. Inc. receive a signed lock-up agreement for the balance of the Lock-Up Period from each donee, trustee, distributee, or transferee, as the case may be, (2) in the cases of clauses (i) through (v) below, any such transfer shall not involve a disposition for value, (3) in the cases of clauses (i) through (iv) below, such transfers are not required to be reported with the Commission on Form 4 in accordance with Section 16 of the Exchange Act, (4) in the cases of clauses (v) through (ix) below, any filing under Section 16 of the Exchange Act made during the Lock-Up Period shall clearly indicate in the footnotes thereto the circumstances of and the reason for the transfer, (5) in the cases of clauses (vii) and (viii) below, any filing under Section 16 of the Exchange Act made during the Lock-Up Period shall clearly indicate in the footnotes thereto that the disposition was solely to us and (6) the lock-up signatory does not otherwise voluntarily effect any public filing or report regarding such transfers during the Lock-Up Period:

(i) as a *bona fide* gift or gifts;

(ii) to any trust for the direct or indirect benefit of the lock-up signatory or the immediate family of such signatory;

(iii) as a distribution to general or limited partners, limited liability company members, stockholders or other equity holders of the lock-up signatory;

(iv) to the lock-up signatory's affiliates or to any investment fund or other entity that, directly or indirectly, controls or manages, is controlled or managed by, or is under common control or management with, such signatory;

(v) by will or intestate succession upon the death of the lock-up signatory;

(vi) pursuant to a court of regulatory agency order, a qualified domestic order or in connection with a divorce settlement;

(vii) to us in connection with the exercise of options, warrants or other rights to acquire shares of Class A common stock or any security convertible into or exercisable for shares of Class A common stock by way of net exercise and/or to cover withholding tax obligations in connection with such exercise pursuant to an employee benefit plan, option, warrant or other right disclosed in this prospectus, provided that any such shares of the Class A common stock issued upon exercise of such option, warrant or other right shall be subject to the restrictions set forth herein;

(viii) to us pursuant to agreements under which we have exercised its option to repurchase such shares or has exercised a right of first refusal with respect to transfers of such shares upon termination of service of the lock-up signatory, so long as such agreement or right of first refusal is disclosed in this prospectus;

(ix) pursuant to the automatic conversion of outstanding shares of preferred stock into shares of Class A common stock in connection with this offering disclosed in this prospectus, provided that the shares of the Class A common stock received upon such conversion shall be subject to the restrictions set forth herein; or

(x) after completion of this offering, to a bona fide third party pursuant to a merger, consolidation, tender offer or other similar transaction made to all holders of shares of the Class A common stock and involving a Change of Control (as defined below) and approved by our board of directors;

provided that, in the event that such Change of Control is not completed, the lock-up signatory's shares of Class A common stock shall remain subject to the restrictions contained herein, provided further that any shares of Class A common stock not transferred in such merger, consolidation, tender offer or other transaction shall remain subject to the restrictions contained herein. "Change of Control" shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter pursuant to this offering), of our voting securities if, after such transfer, such person or group of affiliated persons would hold more than 50% of our outstanding voting securities (or the surviving entity).

Furthermore, the lock-up signatory may sell shares of Class A common stock purchased by such lock-up signatory from the underwriters in this offering (other than any issuer-directed shares of Class A common stock purchased in this offering by an officer or director) or on the open market following this offering if and only if (i) such sales are not required to be reported in any public report or filing with the Commission, or otherwise and (ii) such signatory does not otherwise voluntarily effect any public filing or report regarding such sales during the Lock-Up Period.

Notwithstanding the foregoing, commencing at the opening of trading on the second Trading Day (as defined below) after our public announcement of our earnings (which for this purpose shall not include "flash" numbers or preliminary, partial earnings) for the first quarter that ends following the date of this prospectus (such second Trading Day, the "Initial Earnings-Related Release Date"), if (a) the lock-up signatory is an employee, consultant or independent contractor (excluding directors, officers, founders, and greater than 10% stockholders), and the last reported closing price of the Class A common stock on the Nasdaq Global Market is greater than or equal to the initial public offering price per share set forth on the cover page of this prospectus for any 10 out of 15 consecutive Trading Days ending on or after the Initial Earnings-Related Release Date, then 20% of such signatory's Class A common stock or shares of Class A common stock underlying lock-up securities as of the date of this prospectus will be automatically released from such restrictions and (b) if the lock-up signatory is a director, officer, founder, or greater than 10% stockholder, and the last reported closing price of the Class A common stock on the Nasdaq Global Market is at least 15% greater than the initial public offering price per share set forth on the cover page of this prospectus for any 10 out of 15 consecutive Trading Days ending on or after the Initial Earnings-Related Release Date, then 15% of such signatory's Class A common stock or shares of Class A common stock underlying lock-up securities as of the date of this prospectus will be automatically released from such restrictions (an "Early Lock-Up Expiration") (for purposes of this paragraph, a "Trading Day" is a day on which the Nasdaq Global Market is open for the buying and selling of securities); provided that, for any such Early Lock-Up Expiration, we shall notify Oppenheimer & Co. Inc. and shall announce the Early Lock-Up Expiration by press release through a major news service at least two business days prior to the effective date of the Early Lock-Up Expiration, and notwithstanding anything above to the contrary, any such Early Lock-Up Expiration shall only be effective two business days after the publication date of such press release. For the avoidance of doubt, the Lock-Up Period shall be deemed to be terminated for the securities that are released from the prohibitions included in the lock-up agreement. Such restrictions shall also not apply to (a) any shares of Class A common stock underlying stock options held by the lock-up signatory that would otherwise expire during the Lock-Up Period, or that would have expired prior to the date of this prospectus, had such stock options not been previously exercised by such signatory, and (b) any shares of Class A common stock issuable upon the conversion of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) issued in a private placement to investors in August 2021 as described elsewhere in this prospectus.

Notwithstanding anything herein to the contrary, the lock-up signatory may establish a 10b5-l trading plan that complies with Rule 10b5-l under the Exchange Act ("10b5-l Trading Plan") or amend an existing 10b5-l Trading Plan (subject to compliance with our insider trading policy) so long as there are no sales of such signatory's Class A common stock or shares of Class A common stock underlying lock-up securities under such plan during the Lock-Up Period, except as otherwise permitted by the Early Lock-Up Expiration; and provided that the establishment of a 10b5-1 Trading Plan or the amendment of a 10b5-l Trading Plan, in either case, providing for sales of such signatory's Class A common stock or shares of Class A common stock underlying

lock-up securities shall only be permitted if (i) the establishment or amendment of such plan is not required to be reported in any public report or filing with the Commission or otherwise during the Lock-Up Period, and (ii) the lock-up signatory does not otherwise voluntarily effect any public filing or report regarding the establishment or amendment of such plan during the Lock-Up Period, provided, however, that such signatory shall be permitted to reference in a required Section 16 filing that any such sale was effected pursuant to a 10b5-1 trading plan.

Rules of the SEC may limit the ability of the underwriters to bid for or purchase shares of common stock before the distribution of the shares is completed. However, the underwriters may engage in the following activities in accordance with the rules:

- Stabilizing transactions—the representative may make bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, so long as stabilizing bids do not exceed a specified maximum.

- Over-allotments and syndicate covering transactions—the underwriters may sell more shares of common stock in connection with this offering than the number of shares of common stock that they have committed to purchase. This over-allotment creates a short position for the underwriters. This short sales position may involve either “covered” short sales or “naked” short sales. Covered short sales are short sales made in an amount not greater than the underwriters’ over-allotment option to purchase additional shares of common stock in this offering described above. The underwriters may close out any covered short position either by exercising its over-allotment option or by purchasing shares of common stock in the open market. To determine how they will close the covered short position, the underwriters will consider, among other things, the price per share of common stock available for purchase in the open market, as compared to the price at which they may purchase shares of common stock through the over-allotment option. Naked short sales are short sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that, in the open market after pricing, there may be downward pressure on the price per share of common stock that could adversely affect investors who purchase shares of common stock in this offering.

- Penalty bids—if the representative purchases shares of common stock in the open market in a stabilizing transaction or syndicate covering transaction, it may reclaim a selling concession from the underwriters and selling group members who sold those shares of common stock as part of this offering.

- Passive market making—market makers in the common stock who are underwriters or prospective underwriters may make bids for or purchases of shares of common stock, subject to limitations, until the time, if ever, at which a stabilizing bid is made.

Similar to other purchase transactions, the underwriters’ purchases to cover the syndicate short sales or to stabilize the market price of our Class A common stock may have the effect of raising or maintaining the market price of our Class A common stock or preventing or mitigating a decline in the market price of our Class A common stock. As a result, the price of our Class A common stock may be higher than the price that might otherwise exist in the open market. The imposition of a penalty bid might also have an effect on the price of the Class A common stock if it discourages resales of our shares of Class A common stock.

Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our Class A common stock. These transactions may occur on The NASDAQ Global Market or otherwise. If such transactions are commenced, they may be discontinued without notice at any time.

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory,

investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and certain of their affiliates may in the future engage in investment banking and other commercial dealings in the ordinary course of business with us and our affiliates, for which they may in the future receive customary fees, commissions and expenses.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Electronic Delivery of Prospectus: A prospectus in electronic format may be delivered to potential investors by one or more of the underwriters participating in this offering. The prospectus in electronic format will be identical to the paper version of such prospectus. Other than the prospectus in electronic format, the information on any underwriter's website and any information contained in any other website maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part.

Exchange Listing:

After pricing of the offering, we expect that the shares will trade on The NASDAQ Global Market under the symbol "BLZE."

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us;
- our financial information;
- the history of, and the prospects for, our company and the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for the shares may not develop. It is also possible that after the offering the shares will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the shares in the aggregate to accounts over which they exercise discretionary authority.

Directed Share Program

At our request, the underwriters have reserved up to shares of Class A common stock, or up to 5% of the shares offered by this prospectus, for sale at the initial public offering price through a directed share program to certain of our business partners and qualifying customers who are located in the United States.

The number of shares of our Class A common stock available for sale to the general public in this offering will be reduced to the extent that such partners and qualifying customers purchase such reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares of Class A common stock offered by this prospectus. Participants in the directed share program will not be subject to lockup or market standoff restrictions with respect to any shares purchased through the directed share program. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the shares reserved for the directed share program. will administer our directed share program.

Notice to Non-U.S. Investors

European Economic Area and the United Kingdom

In relation to each Member State of the European Economic Area (each a "Relevant State"), no shares have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation), except that offers of shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

A. to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

B. to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of representative for any such offer; or

C. in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of shares shall require the Company or the representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Relevant State (other than a Relevant State where there is a Permitted Public Offer) who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the representative that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Relevant State to qualified investors, in circumstances in which the prior consent of the representative has been obtained to each such proposed offer or resale.

The Company, the representative and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an "offer to the public" in relation to any shares in any Relevant State means the communication in any form and by any means of sufficient information on the terms of

the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

The above selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In relation to the United Kingdom (“UK”), no shares have been offered or will be offered pursuant to the offering to the public in the UK prior to the publication of a prospectus in relation to the shares which has been approved by the Financial Conduct Authority in the UK in accordance with the UK Prospectus Regulation and the FSMA, except that offers of shares may be made to the public in the UK at any time under the following exemptions under the UK Prospectus Regulation and the FSMA:

A. to any legal entity which is a qualified investor as defined under the UK Prospectus Regulation;

B. to fewer than 150 natural or legal persons (other than qualified investors as defined under the UK Prospectus Regulation), subject to obtaining the prior consent of representative for any such offer; or

C. at any time in other circumstances falling within section 86 of the FSMA,

provided that no such offer of shares shall require the Company or the representative to publish a prospectus pursuant to Section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the UK who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company and the representative that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any shares being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the UK to qualified investors, in circumstances in which the prior consent of the representative has been obtained to each such proposed offer or resale.

The Company, the representative and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any shares in the UK means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase or subscribe for any shares, the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, and the expression “FSMA” means the Financial Services and Markets Act 2000.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or

(iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33 105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Israel

In the State of Israel, this prospectus shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728 – 1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728 – 1968, including, inter alia, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "Addressed Investors"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728 –1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. The company has not and will not take any action that would require it to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728 – 1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our common stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728 – 1968. In particular, we may request, as a condition to be offered common stock, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728 – 1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728 – 1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728 – 1968 and the regulations promulgated thereunder in connection with the offer to be issued common stock; (iv) that the shares of common stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728 – 1968: (a) for its own account; (b) for

investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728 – 1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, inter alia, the Addressed Investor's name, address and passport number or Israeli identification number.

We have not authorized and do not authorize the making of any offer of securities through any financial intermediary on our behalf, other than offers made by the underwriters and their respective affiliates, with a view to the final placement of the securities as contemplated in this document. Accordingly, no purchaser of the shares, other than the underwriters, is authorized to make any further offer of shares on our behalf or on behalf of the underwriters.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company or the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority ("FINMA"), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Hong Kong

No shares have been offered or sold, and no shares may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong, or SFO, and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong ("CO") or which do not constitute an offer or invitation to the public for the purpose of the CO or the SFO. No document, invitation or advertisement relating to the shares has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

This prospectus has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this prospectus may not be issued, circulated or distributed in Hong Kong, and the shares may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the shares will be required, and is deemed by the acquisition of the shares, to confirm that he is aware of the restriction on offers of the shares described in this prospectus and the relevant offering documents and that he is not acquiring, and has not been offered any shares in circumstances that contravene any such restrictions.

LEGAL MATTERS

The validity of the issuance of our Class A common stock offered in this prospectus will be passed upon for us by Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP, Redwood City, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by White & Case LLP, New York, New York.

EXPERTS

The financial statements as of December 31, 2020 and 2019 and for the years then ended included in this prospectus and in the registration statement have been so included in reliance on the report of BDO USA, LLP, an independent registered public accounting firm, appearing elsewhere herein and in the registration statement, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act, with respect to the shares of Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules to the registration statement. Please refer to the registration statement and exhibits for further information with respect to the Class A common stock offered by this prospectus. Statements contained in this prospectus regarding the contents of any contract or other document are only summaries. With respect to any contract or document that is filed as an exhibit to the registration statement, you should refer to the exhibit for a copy of the contract or document, and each statement in this prospectus regarding that contract or document is qualified by reference to the exhibit. The SEC maintains an Internet website that contains the registration statement of which this prospectus forms a part, as well as the exhibits thereto. These documents, along with future reports, proxy statements and other information about us, are available at the SEC’s website, www.sec.gov. The information on the SEC’s web site is not part of this prospectus, and any references to this web site or any other web site are inactive textual references only.

Upon completion of this offering, we will become subject to the information and reporting requirements of the Exchange Act, and, in accordance with this law, will be required to file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC’s public reference facilities and the website of the SEC referred to above. We also maintain a website at www.backblaze.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. The information contained on, or that can be accessed through, our website is not a part of this prospectus. Investors should not rely on any such information in deciding whether to purchase our Class A common stock. We have included our website address in this prospectus solely as an inactive textual reference. The SEC maintains an Internet website that contains the registration statement of which this prospectus forms a part, as well as the exhibits thereto. These documents, along with future reports, proxy statements and other information about us, are available at the SEC’s website, www.sec.gov.

BACKBLAZE, INC.

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Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Backblaze, Inc.
San Mateo, California

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Backblaze, Inc. (the "Company") as of December 31, 2019 and 2020, the related statements of operations, changes in convertible preferred stock and stockholders' deficit, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2019 and 2020, and the results of its operations and its cash flows for years then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for revenue arising from contracts with customers as of January 1, 2020, due to the adoption of *Revenue from Contracts with Customers (Topic 606)* using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ BDO USA, LLP
We have served as the Company's auditor since 2020.
San Jose, California
May 11, 2021

BACKBLAZE INC.

BALANCE SHEETS

(in thousands, except share and per share data)

	December 31, 2019	December 31, 2020	June 30, 2021 (unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 6,978	$ 6,076	$ 1,306
Accounts receivable, net	81	209	108
Prepaid expenses and other current assets	2,023	2,947	3,403
Total current assets	9,082	9,232	4,817
Property and equipment, net	24,831	38,746	37,151
Capitalized internal-use software, net	3,878	5,682	6,917
Other assets	835	809	3,067
Total assets	$38,626	$ 54,469	$ 51,952
Liabilities, Convertible Preferred Stock and Stockholders' Deficit			
Accounts payable	$ 1,553	$ 1,710	$ 1,966
Line of credit	—	—	3,500
Accrued expenses and other current liabilities	972	3,596	3,680
Accrued value-added tax ("VAT") liability	1,724	1,533	2,021
Capital lease liability and lease financing obligation, current	8,230	11,320	11,089
Deferred revenue, current	15,765	17,587	18,384
Debt, current	—	628	—
Total current liabilities	28,244	36,374	40,640
Capital lease liability and lease financing obligation, non-current	8,529	17,886	16,482
Deferred revenue, non-current	1,663	1,801	1,866
Other long-term liabilities	—	820	701
Debt, non-current	—	1,644	—
Total liabilities	$38,436	$ 58,525	$ 59,689
Commitments and contingencies (Note 10)			
Convertible Preferred Stock			
Convertible preferred stock, $0.001 par value; 2,500,000 shares authorized as of December 31, 2019 and 2020, and June 30, 2021 (unaudited); 933,110 issued and outstanding with aggregate liquidation preference of $2,852 as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively	2,784	2,784	2,784
Stockholders' Deficit			
Common stock, $0.001 par value; 10,000,000 shares authorized as of December 31, 2019 and 2020, and June 30, 2021 (unaudited); 5,165,770, 5,170,807 and 5,260,194, shares issued and outstanding as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively	5	5	5
Additional paid-in capital	5,684	7,794	10,219
Accumulated deficit	(8,283)	(14,639)	(20,745)
Total stockholders' deficit	(2,594)	(6,840)	(10,521)
Total liabilities, convertible preferred stock and stockholders' deficit	$38,626	$ 54,469	$ 51,952

See accompanying notes, which are an integral part of these financial statements.

BACKBLAZE INC.

STATEMENTS OF OPERATIONS

(in thousands, except share and per share data)

	For the Year Ended December 31,		Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Revenue	$ 40,748	$ 53,784	$ 25,379	$ 31,462
Cost of revenue	20,127	25,801	11,678	15,756
Gross profit	20,621	27,983	13,701	15,706
Operating expenses:				
Research and development	8,436	13,069	5,832	8,976
Sales and marketing	8,166	11,924	5,423	8,124
General and administrative	3,070	6,722	2,638	5,157
Total operating expenses	19,672	31,715	13,893	22,257
Income (loss) from operations	949	(3,732)	(192)	(6,551)
Interest expense	(1,929)	(2,886)	(1,153)	(1,718)
Gain on extinguishment of debt	—	—	—	2,299
Loss before provision for income taxes	(980)	(6,618)	(1,345)	(5,970)
Income tax provision	(16)	(5)	—	(136)
Net loss	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)
Net loss per share, basic and diluted	$ (0.19)	$ (1.28)	$ (0.26)	$ (1.18)
Weighted average shares used in computing net loss per share, basic and diluted	5,165,770	5,169,284	5,167,756	5,192,205

See accompanying notes, which are an integral part of these financial statements.

BACKBLAZE INC.

STATEMENTS OF CHANGES IN CONVERTIBLE PREFERRED STOCK AND STOCKHOLDERS' DEFICIT

(in thousands, except share data)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2018, as originally reported	933,110	$2,784	5,165,770	$ 5	$ 4,167	$ (7,732)	$ (3,560)
Immaterial revision (Note 2)	—	—	—	—	—	445	445
Balance as of December 31, 2018, as revised	933,110	$2,784	5,165,770	$ 5	$ 4,167	$ (7,287)	$ (3,115)
Net loss	—	—	—	—	—	(996)	(996)
Stock-based compensation	—	—	—	—	1,517	—	1,517
Balance as of December 31, 2019	933,110	$2,784	5,165,770	$ 5	$ 5,684	$ (8,283)	$ (2,594)
Net loss	—	—	—	—	—	(6,623)	(6,623)
Adoption of new accounting standard (Topic 606)	—	—	—	—	—	267	267
Issuance of common stock upon exercise of stock options	—	—	5,037	—	19	—	19
Stock-based compensation	—	—	—	—	2,091	—	2,091
Balance as of December 31, 2020	933,110	$2,784	5,170,807	$ 5	$ 7,794	$ (14,639)	$ (6,840)
Net loss (unaudited)	—	—	—	—	—	(6,106)	(6,106)
Issuance of common stock upon exercise of stock options (unaudited)	—	—	89,387	—	148	—	148
Stock-based compensation (unaudited)	—	—	—	—	2,277	—	2,277
Balance as of June 30, 2021 (unaudited)	933,110	$2,784	5,260,194	$ 5	$ 10,219	$ (20,745)	$(10,521)

	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2019	933,110	$2,784	5,165,770	$ 5	$ 5,684	$ (8,283)	$(2,594)
Net loss (unaudited)	—	—	—	—	—	(1,345)	(1,345)
Adoption of new accounting standard (Topic 606)	—	—	—	—	—	267	267
Issuance of common stock upon exercise of stock options (unaudited)	—	—	5,027	—	19	—	19
Stock-based compensation (unaudited)	—	—	—	—	849	—	849
Balance as of June 30, 2020 (unaudited)	933,110	$2,784	5,170,797	$ 5	$ 6,552	$ (9,361)	$(2,804)

See accompanying notes, which are an integral part of these financial statements.

BACKBLAZE INC.

STATEMENTS OF CASH FLOWS

(in thousands)

	For the Year Ended December 31,		Six months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Gain on extinguishment of Paycheck Protection Program (“PPP”) loan	—	—	—	(2,299)
Depreciation and amortization	9,318	12,951	5,749	7,982
Stock-based compensation	1,387	1,879	743	2,163
Amortization of deferred contract costs	—	664	330	367
(Gain) loss on disposal of assets and other	(184)	42	—	(12)
Changes in operating assets and liabilities:				
Accounts receivable	(20)	(128)	(8)	101
Prepaid expenses and other current assets	(34)	(1,173)	(840)	(1,172)
Other assets	(835)	170	286	(186)
Accounts payable	482	143	(409)	441
Accrued expenses and other current liabilities	165	2,302	682	48
Accrued VAT liability	351	(191)	48	488
Deferred revenue	3,569	1,963	1,466	862
Other long-term liabilities	—	820	292	(94)
Net cash provided by operating activities	13,203	12,819	6,994	2,583
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property and equipment	346	2	—	15
Purchases of property and equipment, net	(1,574)	(2,125)	(1,165)	(4,472)
Capitalized internal-use software costs	(2,004)	(2,850)	(1,284)	(1,949)
Net cash used in investing activities	(3,232)	(4,973)	(2,449)	(6,406)
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on capital lease and lease financing obligations	(7,733)	(10,863)	(4,466)	(5,722)
Payments of deferred offering costs	—	(176)	—	(1,780)
Proceeds from PPP	—	2,272	2,272	—
Proceeds from debt facility	—	—	—	3,500
Proceeds from lease financing	—	—	—	2,907
Proceeds from exercises of stock options	—	19	19	148
Net cash used in financing activities	(7,733)	(8,748)	(2,175)	(947)
Net increase (decrease) in cash and cash equivalents	2,238	(902)	2,370	(4,770)
Cash and cash equivalents at beginning of period	4,740	6,978	6,978	6,076
Cash and cash equivalents at end of period	$ 6,978	$ 6,076	$ 9,348	$ 1,306
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:				
Cash paid for interest	$ 1,962	$ 2,882	$ 1,158	$ 1,693
Cash paid for income taxes	$ 4	$ 11	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES				
Stock-based compensation capitalized internal-use software	$ 130	$ 212	$ 106	$ 114
Equipment acquired through capital lease obligations	$ 7,138	$ 23,083	$ 11,995	$ 4,252
Accruals related to purchases of property and equipment	$ 16	$ 731	$ 55	$ 449
Extinguishment of PPP loan	$ —	$ —	$ —	$ 2,299

See accompanying notes, which are an integral part of these financial statements.

BACKBLAZE INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Organization and Description of Business

Description of Business

Backblaze, Inc. ("Backblaze" or the "Company") is a storage cloud platform, providing businesses and consumers with solutions to store and use their data. Backblaze provides these cloud services through purpose-built, web-scale software built on commodity hardware. Backblaze was incorporated in the state of Delaware on April 20, 2007 and is headquartered in San Mateo, California.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") as of and for the years ended December 31, 2019 and 2020.

Unaudited Interim Financial Information

The accompanying interim balance sheet as of June 30, 2021, the interim statements of operations, of cash flows, and of changes in convertible preferred stock and stockholders' deficit for the six months ended June 30, 2020 and 2021, and the related notes to such interim financial statements are unaudited. These unaudited interim financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and do not include all disclosures normally required in annual financial statements prepared in accordance with GAAP. In management's opinion, the unaudited interim financial statements have been prepared on the same basis as the annual financial statements and reflect all adjustments, which include only normal recurring adjustments necessary for the fair statement of the Company's financial position as of June 30, 2021 and the results of operations and cash flows for the six months ended June 30, 2020 and 2021. The results of operations for the six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Revisions to Prior Period Financial Statements

The Company identified errors in its previously reported financial statements. None of the identified errors were material to the previously reported period. These errors have now been corrected in the balance sheet and statement of cash flows as of and for the year ended December 31, 2019, respectively, and in the statement of changes in convertible preferred stock and stockholders' deficit as of December 31, 2019 and 2018. The errors related to amounts recorded for unsettled balances due from its credit card payment processor. The impact of these corrections on the Company's financial statements is as provided below (in thousands).

Balance sheet

	As of December 31, 2019		
	As Previously Reported	Corrections	As Revised
Prepaid expenses and other current assets	$ 1,506	$ 517	$ 2,023
Accrued expenses and other current liabilities	1,041	(69)	972
Deferred revenue, current	15,624	141	15,765
Accumulated deficit	(8,728)	445	(8,283)

Statement of cash flows

Reported Corrections As Revised	For the Year Ended December 31, 2019		
	As Previously Reported	Corrections	As Revised
Prepaid expenses and other current assets	$ 38	$ (72)	$ (34)
Accrued expenses and other current liabilities	234	(69)	165
Deferred revenue	3,428	141	3,569

Emerging Growth Company

The Company is an emerging growth company ("EGC"), as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, EGCs can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The Company expects to use the extended transition period for any other new or revised accounting standards during the period in which it remains an EGC.

Segment Information

The Company has a single operating and reportable segment. In reaching this conclusion, management considers the definition of the chief operating decision maker ("CODM"), how the business is defined by the CODM, the nature of the information provided to the CODM and how that information is used to make operating decisions, allocate resources and assess performance. The Company's chief operating decision maker is its Chief Executive Officer, who reviews financial information presented on an aggregated basis for purposes of making operating decisions, assessing financial performance and allocating resources.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Such estimates and assumptions include the costs to be capitalized as internal-use software and their useful life, the useful lives of other long-lived assets, impairment considerations for long-lived assets, expected lease term for capital leases, calculation of the refund liability, estimates related to variable consideration, valuation of the Company's common stock and stock options and accounting for taxes, including estimates for sales tax and VAT liability, deferred tax assets, valuation allowance and uncertain tax positions. The Company bases its estimates on historical experience and on assumptions that management considers reasonable. Future actual results could differ materially from these estimates.

Risks and Uncertainties

COVID-19

The worldwide spread of coronavirus ("COVID-19") has created significant uncertainty in the global economy. There have been no comparable recent events that provide guidance as to the effect the spread of COVID-19 as a global pandemic may have, and as a result, the ultimate impact of COVID-19 and the extent to which COVID-19 continues to impact Backblaze's business will depend on future developments, which are highly uncertain and difficult to predict.

Starting in April 2020, Backblaze began to acquire additional hard drives and related infrastructure equipment through capital lease agreements in order to minimize the impact of potential supply chain disruptions. The additional leased hard drives resulted in a higher balance of capital equipment and related lease liability, an increase in cash used in financing activities from principal payments, as well as higher ongoing interest and depreciation expense related to these lease agreements. While the Company has not yet experienced a supply chain disruption, such a disruption may occur in the future.

In response to the COVID-19 pandemic, in the first quarter of 2020, the Company temporarily closed its office, enabled its non-essential workforce to work remotely, and implemented travel restrictions for non-essential business. The changes Backblaze has implemented to date have not materially affected its ability to maintain operations, including financial reporting systems, internal controls over financial reporting, and disclosure controls and procedures.

The Company may also experience other impacts of the COVID-19 pandemic such as the lack of availability of the Company's key personnel, additional temporary closures of the Company's office or the facilities of the Company's business partners, customers, third party service providers or other vendors, the inability to travel to markets and sell its products, and the interruption of the Company's access to liquidity and capital or financial markets.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act was signed into law on March 27, 2020. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security tax payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

In April 2020, the Company applied for a payroll forgiveness loan and received $2.3 million from the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP"). The Company submitted its PPP forgiveness application in July 2020, and in June 2021 the Company received notification from the SBA that the Company's forgiveness application of the PPP loan and accrued interest, totaling $2.3 million, was approved in full, and the Company had no further obligations related to the PPP loan. Accordingly, the Company recorded a gain on the forgiveness of the PPP loan as gain on extinguishment of debt on its statement of operations as of June 30, 2021 (unaudited). See Note 11 for details.

On March 11, 2021, the American Rescue Plan Act of 2021 ("the American Rescue Plan") was signed into law, which included additional economic stimulus and tax credits, including the expansion of the Employee Retention Credit. Backblaze continues to examine the impact that the American Rescue Plan will have on its financial condition, results of operations, and liquidity.

While the full impact of the pandemic to the business remains unknown, Backblaze does not believe that its results of operations and financial condition have been significantly impacted as of the date of these financial statements. The Company's potential customers, customers or partners may have experienced, or in the future could experience, downturns or uncertainty in their own business operations due to COVID-19, which may have affected or could affect purchasing and operating decisions. The Company may experience customer losses due to customer bankruptcy or cessation of operations, or other factors. In addition, the Company's supply chain may be disrupted, or it may be unable to obtain infrastructure and related equipment essential to its business on favorable terms or at all. The Company does not yet know the full extent of potential impacts on its business or operations or on the global economy as a whole, particularly if the COVID-19 pandemic continues and persists for an extended period of time. As of the date of these financial statements, the Company is not aware of any specific event or circumstance that would require it to update its estimates, judgments or the carrying value of its assets or liabilities.

Concentrations

Credit risk. Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents and accounts receivable. The Company maintains its cash and cash equivalents with high-quality financial institutions with investment-grade ratings. Deposits with these financial institutions may exceed the amount of insurance provided on such deposits. For accounts receivable, the Company is exposed to credit risk in the event of nonpayment by customers to the extent of the amount recorded on the balance sheets.

Vendors. The Company acquires infrastructure equipment from third party vendors. Vendors may have limited sources of equipment and supplies which may expose the Company to potential supply and service disruptions that could harm the Company's business. Two vendors represented in aggregate 31% of total cash disbursements during the year ended December 31, 2020, while three vendors represented 20% of the accounts payable balance as of December 31, 2020. Two vendors represented an aggregate 27% of total cash disbursements during the six months ended June 30, 2021 (unaudited), while three vendors represented an aggregate 32% of the accounts payable balance as of June 30, 2021 (unaudited).

Revenue. The Company derives substantially all of its revenue from the services operating on its Backblaze Storage Cloud platform: its Backblaze B2 Cloud Storage ("Backblaze B2") and Backblaze Computer Backup ("Computer Backup") offerings. The potential for severe impact to the Company's business could result if the Company was unable to operate its platform or serve customers through its platform, for an extended period of time.

Revenue Recognition

The Backblaze Storage Cloud provides the core platform for the Company's Backblaze B2 consumption-based offering and its Computer Backup subscription-based offering. The Company derives its revenue primarily from fees earned from customers accessing these offerings through its platform, paid monthly in arrears for consumption-based arrangements for Backblaze B2, or charged upfront for subscription-based arrangements for Computer Backup. The Company provides services to its customers under subscription-based arrangements of one month, one-year and two-years, which automatically renew at the end of the respective term.

The Company also recognizes revenue from products offered to its customers for the ability to securely restore data using a USB drive ("USB Restore") and for migrating large data sets to its platform using its proprietary Fireball device. The Company refers to these products as its "Physical Media revenue". Physical Media revenue was approximately 1% of the Company's revenue for the years ended December 31, 2019 and 2020, and for the six months ended June 30, 2020 and 2021 (unaudited).

The Company's monthly subscription arrangements do not provide customers with refund rights. One and two-year subscription arrangements are eligible for a full refund up to 30 days after subscribing. For its Physical Media revenue, the Company offers a full refund to its customers restoring data using a USB drive, if the drives are returned to the Company within 30 days of receipt. The Company recognizes revenue net of its estimate of expected customer cancellations and returns. These estimates involve inherent uncertainties and use of management's judgment.

While the majority of the Company's customers pay via credit card, amounts that have been invoiced are recorded in accounts receivable and in revenue, or deferred revenue, depending on whether appropriate revenue recognition criteria have been met. As the Company provides its offerings as a hosted service, it does not provide customers the contractual right to take possession of the software at any time, does not incur set up costs, nor does it charge an installation fee for its new customers.

The Company adopted Accounting Standards Codification ("ASC") 606 on January 1, 2020 using the modified retrospective method. The Company recognized revenue in accordance with ASC 605 for the period ended December 31, 2019.

Revenue recognition under ASC 605

The Company recognizes revenue from these transactions when all of the following criteria are satisfied:

- there is persuasive evidence of an arrangement;
- the service has been or is being provided to the customer;
- the amount of the fees to be paid by the customer is fixed or determinable; and
- collectability of the fees is reasonably assured.

Subscription-based arrangements revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service commences, provided that all other revenue recognition criteria have been met. Fees from consumption-based arrangements are recognized as services are delivered. Physical Media revenue is recognized as devices for restoring or migrating data are delivered or as they are being provided to customers, respectively.

The Company's arrangements do not include multiple elements and are accounted for as one single unit of accounting.

Revenue recognition under ASC 606

The Company determines revenue recognition in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASC 606") through the following five steps:

1. *Identify the contract with a customer.* The Company considers the terms and conditions of the contracts and its customary business practices in identifying its contracts under ASC 606. The Company determines it has a contract with a customer when the contract has been approved by both parties, it can identify each party's rights regarding the services to be transferred and the payment terms for the services, it has determined the customer to have the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors; however, as approximately 99% and 98% of the Company's revenue was generated from customers paying via credit card during the year ended December 31, 2020 and six months ended June 30, 2021 (unaudited), respectively, the risk of non-payment is reduced.

2. *Identify the performance obligations in the contract.* Performance obligations promised in a contract are identified based on the services and products that will be transferred to the customer that are both capable of being distinct and are distinct in the context of the contract. The Company's contracts typically contain a single distinct performance obligation representing its Backblaze Storage Cloud platform offerings, which includes Computer Backup and B2 Backup services and customer support. Customers also have the option to purchase a USB device for USB Restore and rental of its Fireball device at the standalone selling price ("SSP").

3. *Determine the transaction price.* The transaction price is determined based on the consideration the Company expects to receive in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue recognized under the contract will not occur. The Company's variable consideration includes consumption-based revenue and revenue arrangements that offer the right of return. The Company offers a 30 day right of return for its 1 and 2-year subscription based arrangements and records a refund liability based on historical return data. Certain fees that are considered consideration payable to a customer are accounted for as a reduction of the transaction price. None of the Company's contracts contain a significant financing component. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental entities (e.g., sales and other indirect taxes).

4. *Allocate the transaction price to performance obligations in the contract.* Contracts that contain multiple distinct performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP. The Company determines relative standalone selling price for performance obligations based on the price it sells a good or service separately.

5. *Recognize revenue when or as the Company satisfies a performance obligation.* Revenue is recognized when control of the services is transferred to the customers and in an amount that reflects the consideration the Company expects to receive in exchange for those services. Performance obligations are satisfied over time when the customer simultaneously receives and consumes the benefits as the entity performs. Revenue is generally recognized over the common measure of progress (i.e., time-based or consumption-based) for the entire performance obligation. Revenue from subscription-based arrangements is recognized on a straight-line basis over the contractual term beginning on the date that the service commences, as customers are entitled to the same benefits throughout the contractual term. Fees from consumption-based arrangements are recognized as services are delivered based on the amount of daily storage consumed. Revenue for USB Restore is recognized as USB devices are delivered to customers, and recognition through the Company's Fireball device rental is time-based.

The Company also offers a 15-day free trial period for its subscription-based arrangements. The Company does not enter into a contract with the customer during this trial period. Under its consumption-based arrangements, the Company does not charge customers until at least 10 gigabytes of data have been stored.

The Company applied the optional exemption of not disclosing the transaction price allocated to the remaining performance obligations for its consumption-based contracts and contracts with original duration of one year or less. The non-current deferred revenue balance of $1.8 million on the Company's balance sheet as of December 31, 2020 will be recognized in 2022. As of June 30, 2021 (unaudited), the Company's non-current deferred revenue balance was $1.9 million, which will be recognized in 2022 and 2023.

For revenue generated from arrangements that involve third-parties, the Company evaluates whether it is the principal or the agent based on maintaining control over the services being provided and maintaining the relationship with the end-customer. Substantially all of the Company's revenue is reported on a gross basis, as the Company is the principal.

Cost of Revenue

Cost of revenue includes costs directly associated with the delivery of services and products, which consists of expenses for providing Backblaze's platform to its customers. These expenses include rent and utilities for operating in co-location facilities, network and bandwidth costs, shipping and handling for Physical Media revenue, depreciation of the Company's equipment and capital lease assets in co-location facilities and other infrastructure expenses incurred in connection with its customers' use of its services. Personnel-related costs associated with customer support and maintaining service availability include salaries, benefits, bonuses and stock-based compensation. Cost of revenue also includes credit card processing fees, amortization of capitalized internal-use software development costs and allocated overhead costs.

Research and Development Costs

Research and development costs consist primarily of personnel-related expenses associated with the Company's research and development staff, including salaries, benefits, bonuses and stock-based compensation. Research and development costs also include consultants or professional services fees, costs related to the support and maintenance of systems used in product development, subscription services for use by its research and development organization and an allocation of its overhead costs. Research and development costs are generally expensed as incurred, unless they qualify as capitalized internal-use software.

Advertising Costs

Advertising costs are expensed as incurred and are included in sales and marketing expenses in the statements of operations. These costs were approximately $1.5 million, $1.3 million, $0.6 million and $1.1 million for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), respectively.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized by applying the enacted statutory tax rates applicable to future years to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and tax credit carryforwards. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance to amounts that are more likely than not to be realized.

Where interpretation of the tax law may be uncertain, the Company recognizes, measures and discloses income tax uncertainties. The Company accounts for interest expense and penalties related to unrecognized tax benefits as income tax expense in its statements of operations. The Company is subject to periodic audits by the Internal Revenue Service and other taxing authorities, which may challenge tax positions taken by the Company.

Stock-based Compensation

All stock-based compensation to employees is measured on the grant date, based on the fair value of the awards on the date of grant. The Company recognizes compensation cost for its awards on a straight-line basis over the requisite service period, which is generally a vesting period of four years.

The Company uses the Black-Scholes option pricing model to measure the fair value of its stock options. The Black-Scholes option pricing model requires the use of complex assumptions, which determine the fair value of stock-based awards. If an award contains a provision whereby vesting is accelerated upon a change in control, the Company recognizes stock-based compensation expense on a straight-line basis, as a change in control is considered to be outside of its control and is not considered probable until it occurs. Forfeitures are accounted for in the period in which they occur.

Net Loss Per Share Attributable to Common Stockholders

The Company calculates its basic and diluted net loss per share attributable to common stockholders in conformity with the two-class method required for companies with participating securities. All series of the Company’s convertible preferred stock are considered to be participating securities as the holders of the preferred stock are entitled to receive a non-cumulative dividend in the event that a dividend is declared or paid on common stock. Under the two-class method, in periods when the Company has net income, net income attributable to common stockholders is determined by allocating undistributed earnings, calculated as net income less current period convertible preferred stock non-cumulative dividends, between common stock and the convertible preferred stock. In computing diluted net income attributable to common stockholders, undistributed earnings are re-allocated to reflect the potential impact of dilutive securities. The Company’s basic net loss per share attributable to common stockholders is calculated by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potential dilutive common stock equivalents outstanding for the period. The dilutive effect of these potential common shares is reflected in diluted earnings per share by application of the treasury stock method. For purposes of this calculation, convertible preferred stock and options to purchase common stock are considered common stock equivalents but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

Cash and Cash Equivalents

Cash and cash equivalents include cash and certain highly liquid investments with original maturities of 90 days or less at the date of purchase. Cash equivalents are primarily recorded at cost, which approximates fair value due to their generally short maturities.

Fair Value of Financial Instruments

The Company measures financial assets and liabilities at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements are reported under a three-level valuation hierarchy. The classification of the Company's financial assets within the hierarchy is as follows:

Level 1—Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities. The Company's Level 1 assets include money market funds.

Level 2—Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3—Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying amounts reflected in the balance sheets for accounts receivable, prepaid expenses and other current assets, accounts payable, accrued liabilities and other liabilities and deferred revenue approximate their respective fair values due to the short maturities of those instruments.

Accounts Receivable, Net

Accounts receivable are recorded net of an allowance for doubtful accounts, when the Company has an unconditional right to payment. The allowance for doubtful accounts is estimated based on the Company's assessment of its ability to collect on customer accounts receivable and was not material as of December 31, 2019 and 2020, and as of June 30, 2021 (unaudited). The Company regularly reviews the allowance by considering certain factors such as historical experience, credit quality, age of accounts receivable balances and other known conditions that may affect a customer's ability to pay. In cases where the Company is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, a specific allowance is recorded against amounts due from the customer which reduces the net recognized receivable to the amount the Company reasonably believes will be collected. The Company writes-off accounts receivable against the allowance when a determination is made that the balance is uncollectible and collection of the receivable is no longer being actively pursued.

Unbilled Accounts Receivable

Unbilled accounts receivable represents revenue recognized on contracts for which billings have not yet been presented to customers due to consumption-based usage that is billed monthly in arrears. Substantially all of the Company's unbilled accounts receivable is charged via a credit card upon billing. Unbilled accounts receivable is included in prepaid expenses and other current assets on the balance sheets.

Deferred Offering Costs

Deferred offering costs, which consist of direct incremental legal, accounting and consulting fees relating to the Company's proposed initial public offering ("IPO"), are capitalized in other assets on the balance

sheet. The deferred offering costs will be offset against IPO proceeds upon the consummation of an IPO. In the event the planned IPO is terminated, the deferred offering costs will be expensed immediately.

Deferred Contract Costs

Commissions paid to affiliates for new customers or customer renewals are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are recorded when earned and are amortized over the expected benefit period using the straight-line method. As renewal commission is commensurate with a commission in an initial sale, such amounts are capitalized and amortized over the stated contract term. Capitalized commission amounts expected to be recognized within one year of the balance sheet date are recorded as prepaid expenses and other current assets, and the remaining portion is recorded as other assets, on the Company's balance sheets. Expense for commissions are included in sales and marketing expenses in the statements of operations.

Property and Equipment, Net

Property and equipment, both owned and under capital leases, are stated at cost, less accumulated depreciation, which is computed on a straight-line basis over the asset's estimated useful life. Leasehold improvements are depreciated over the shorter of the useful life of the asset or expected lease term. Improvements that increase functionality of the asset are capitalized and depreciated over the asset's remaining useful life. Construction-in-progress is not depreciated. Fully depreciated assets are retained in property and equipment until removed from service.

The following table presents the estimated useful lives of property and equipment:

Property and Equipment	Useful life
Data center equipment	3 - 5 years
Machinery and equipment	3 - 5 years
Computer equipment	3 - 5 years
Leasehold improvements	Shorter of useful life or expected lease term

Capitalized Internal-use Software, Net

The Company capitalizes qualifying software development costs related to new features and enhancements to the functionality of its platform and related products. The costs consist of personnel costs (including related benefits and stock-based compensation) that are incurred during the application development stage. Capitalization of costs begins when two criteria are met: (i) the preliminary project stage is completed, and (ii) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

The Company reviews its capitalization criteria for each project individually. Capitalized costs are amortized over the estimated useful life of the software, which is five years, on a straight-line basis, and represents the manner in which the expected benefit will be derived. The Company determines the useful lives of identifiable project assets after considering the specific facts and circumstances related to each project. The amortization of costs related to the platform applications is included in cost of revenue in the statements of operations.

Significant judgments related to the capitalization of internal-use software costs include determining whether it is probable that projects will result in new or additional functionality, concluding on when the application development phase starts and ends and estimating which costs, especially employee compensation costs, should be capitalized.

Impairment of Long-lived Assets

Long-lived assets with finite lives include property and equipment and capitalized internal-use software. The Company evaluates these long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by comparison of the carrying amount of an asset or an asset group to estimated undiscounted future net cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset exceeds these estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the asset or asset group during the quarter in which the determination is made.

Deferred Revenue

The Company records deferred revenue when customer payments are received in advance of satisfying the performance obligations on the Company's contracts. Subscription-based arrangements are generally billed and paid in advance of satisfaction of these performance obligations. Deferred revenue relating to the Company's subscription-based arrangements that have a contractual expiration date of less than 12 months are classified as current. The Company classifies deferred revenue from services that will be provided in more than 12 months as non-current on its balance sheets.

Leases

The Company enters into capital lease arrangements for hard drives and related equipment, and operating leases for rental of co-location space in data centers and offices. The Company determines if an arrangement is or contains a lease at inception by evaluating various factors, including if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and other facts and circumstances. The lease term begins on the date of initial possession of the leased asset. The Company does not assume renewals in its determination of the lease term unless the renewals are deemed to be reasonably assured at lease inception. Lease classification is determined at the lease commencement date. Capital leases are included in property and equipment, net, on the Company's balance sheets.

Accounting Pronouncements Recently Adopted

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services to customers. This new revenue standard replaces all existing revenue recognition guidance in GAAP. Subsequently, the FASB also issued a series of amendments to the new revenue standard. On January 1, 2020, the Company adopted ASC 606 using the modified retrospective method. Therefore, results for reporting periods beginning after January 1, 2020 are presented under ASC 606, while prior period amounts are not adjusted and continue to be reported in accordance with the Company's historic accounting under ASC 605. See Note 3 for further details.

In June 2018, the FASB issued ASU 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Non-Employee Share-Based Payment Accounting*, which expands the scope of Topic 718, to include share-based payments issued to non-employees for goods or services. The new standard supersedes Subtopic 505-50. The Company adopted this guidance effective January 1, 2020. The adoption did not have a material impact on the Company's financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*, which amends its conceptual framework to improve the effectiveness of disclosures in notes to financial statements. The Company adopted this guidance effective January 1, 2020. The adoption did not have a material impact on the Company's financial statements.

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires the recognition of lease assets and lease liabilities arising from operating leases on the balance sheet. Subsequently, the FASB also issued a series of amendments to this new lease standard that address the transition methods available and clarify the guidance for lessor costs and other aspects of the new lease standard. The Company will adopt the standard effective January 1, 2022 and expects to adopt using the modified retrospective transition method without restating comparative periods. For non-EGCs this ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which requires a financial asset measured at amortized cost basis to be presented at the net amount expected to be collected, with further clarifications made more recently. For trade receivables, loans and other financial instruments, the Company will be required to use a forward-looking expected loss model rather than the incurred loss model for recognizing credit losses which reflects losses that are probable. Credit losses relating to available-for-sale debt securities are required to be recorded through an allowance for credit losses rather than as a reduction in the amortized cost basis of the securities. This guidance is effective for the Company for its fiscal year beginning January 1, 2023 and interim periods within that fiscal year. For non-EGCs this ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40)*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by this new guidance. This new guidance is effective for the Company for its fiscal year beginning January 1, 2021 and interim periods within its fiscal year beginning January 1, 2022. For non-EGCs this ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which simplifies the accounting for income taxes by eliminating some exceptions to the general approach in ASC 740, Income Taxes, in order to reduce cost and complexity of its application. This new guidance is effective for the Company for its fiscal year beginning January 1, 2022 and interim periods within its fiscal year beginning January 1, 2023. For non-EGCs this ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this guidance on its financial statements.

Note 3. Revenues

Impact of the New Revenue Standard, ASC 606

The Company recorded a net reduction to accumulated deficit of $0.3 million, as of January 1, 2020 due to the cumulative impact of adopting ASC 606 and ASC 340-40, *Other Assets and Deferred Costs—Contracts with Customers*. Prior to the adoption, the Company had not capitalized contract costs on its December 31, 2019 balance sheet. The following table summarizes the cumulative transition adjustments for the adoption of the new

revenue standard recorded on the January 1, 2020 balance sheet to reflect the aggregate impact of capitalizing eligible contract costs under ASC 340-40 from all contracts not completed as of January 1, 2020 (in thousands).

	December 31, 2019 balance sheet	Cumulative transition adjustment for the new revenue standard	January 1, 2020 balance sheet
Assets			
Prepaid expenses and other current assets	$ 2,023	$ 236	$ 2,259
Other assets	835	31	866
Equity			
Accumulated deficit	(8,283)	267	(8,016)

The following tables summarize the impact of the new revenue standard on the Company's statement of operations for the year ended December 31, 2020 and the balance sheet as of December 31, 2020. The impact noted in the tables below is a result of the Company's adoption of accounting for deferred contract costs under ASC 340-40 in conjunction with its adoption of ASC 606 (in thousands).

	For the Year Ended December 31, 2020		
	As reported	Impact of the new revenue standard	Results under the prior revenue standard
Operating Expenses			
Sales and marketing	$ 11,924	$ 66	$ 11,990

	December 31, 2020		
	As reported	Impact of the new revenue standard	Results under the prior revenue standard
Assets			
Prepaid expenses and other current assets	$ 2,947	$ (387)	$ 2,560
Other assets	809	(42)	767

Deferred Contract Costs

The Company's amortization of deferred contract costs was $0.7 million, $0.3 million and $0.4 million during the year ended December 31, 2020 and the six months ended June 30, 2020 and 2021 (unaudited), respectively. The amount of capitalized contract costs was $0.4 million as of December 31, 2020 and June 30, 2021 (unaudited).

Deferred Revenue

The increase in the deferred revenue balance for the year ended December 31, 2020 is primarily driven by cash payments received or due in advance of satisfying performance obligations, offset by $15.8 million of revenues recognized that were included in the deferred revenue balance at the beginning of the reporting period. The Company's deferred revenue as stated on the balance sheets presented approximate its contract liability balance as of December 31, 2019 and 2020, and June 30, 2021 (unaudited).

Disaggregation of Revenues

The following table presents the Company's revenues disaggregated by timing of revenue recognition (in thousands):

	For the Year Ended December 31,		For the Six months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Consumption-based arrangements (Backblaze B2)	$ 8,569	$ 14,240	$ 6,261	$ 10,050
Subscription-based arrangements (Computer Backup)	31,726	38,926	18,803	21,055
Physical Media	453	618	315	357
Total revenue	$ 40,748	$ 53,784	$ 25,379	$ 31,462

The Company's consumption-based arrangements are from its Backblaze B2 offering, and its subscription-based arrangements are from its Computer Backup offering. The Company's management and CODM reviews revenue on the basis presented above.

Revenue by geographic area, based on the location of the Company's customers, was as follows (in thousands):

	For the Year Ended December 31,		For the Six months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
United States	$30,154	$38,869	$18,506	$22,653
Other	10,594	14,915	6,873	8,809
Total	$40,748	$53,784	$25,379	$31,462

Note 4. Cash Equivalents

The Company's cash equivalents on its balance sheets included money market funds with an amortized cost and estimated fair value of $1.8 million, $2.7 million and less than $0.1 million as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively. The Company had no debt or equity investment securities during the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited).

Note 5. Fair Value Measurements

The following table presents the fair value hierarchy for the Company's assets measured at fair value on a recurring basis as of December 31, 2019 and 2020, and as of June 30, 2021 (unaudited) (in thousands):

	Level 1			Total		
	December 31,		June 30,	December 31,		June 30,
	2019	2020	2021	2019	2020	2021
			(Unaudited)			(Unaudited)
Cash equivalents:						
Money market funds	$1,793	$2,651	$ 44	$1,793	$2,651	$ 44
Total	$1,793	$2,651	$ 44	$1,793	$2,651	$ 44

Fair values determined by Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets. There were no Level 2 or 3 fair value measurements as of December 31, 2019 and 2020, and June 30, 2021 (unaudited).

Note 6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	December 31, 2019	December 31, 2020	June 30, 2021 (unaudited)
Unbilled accounts receivable	$ 509	$ 841	$ 1,048
Prepaid expenses	441	643	477
Prepaid subscriptions	528	276	717
Capitalized commissions	—	315	305
Receivable from payment processor	517	268	382
Prepaid data migration fees	—	71	127
Deposits	25	19	—
Other	3	514	347
Total prepaid expenses and other current assets	$2,023	$2,947	$ 3,403

Note 7. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	December 31, 2019	December 31, 2020	June 30, 2021 (unaudited)
Data center equipment	$ 8,859	$ 10,538	$ 10,211
Leased data center equipment	34,445	51,852	50,719
Machinery and equipment	3,329	4,369	5,947
Computer equipment	809	1,176	1,234
Leasehold improvements	450	876	876
Construction-in-process	280	2,358	4,063
Total property and equipment	48,172	71,169	73,050
Less: accumulated depreciation	(23,341)	(32,423)	(35,899)
Total property and equipment, net	$ 24,831	$ 38,746	$ 37,151

Depreciation expense was $8.4 million, $11.7 million, $5.2 million and $7.2 million for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), respectively. For the Company's equipment under capital leases, accumulated depreciation was $13.0 million, $19.6 million and $22.0 million as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively. The carrying value of the Company's equipment under capital lease agreements was $21.4 million, $32.3 million and $28.7 million as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively.

During 2019, the Company disposed of long-lived assets, consisting of hard drives used in its co-located data center, which resulted in a gain of less than $0.2 million. During 2020, the Company recorded a loss of less than $0.1 million as a result of disposing of certain hard drives. During the six months ended June 30, 2020 and 2021 (unaudited), no material gain or loss was realized related to the disposal of long-lived assets. These

disposals occurred in the ordinary course of business, as the Company continuously evaluates its requirements for operating its data centers. The loss and gain are recorded as general and administrative expenses in the Company's statements of operations for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited).

As of December 31, 2019 and 2020, and June 30, 2021 (unaudited), substantially all of the Company's assets were held in the United States.

Note 8. Capitalized Internal-use Software, Net

Capitalized internal-use software, net consisted of the following (in thousands):

	December 31, 2019	December 31, 2020	June 30, 2021 (unaudited)
Developed software	$ 5,965	$ 8,593	$ 10,366
Software purchased for internal-use	35	466	757
Total capitalized internal-use software	6,000	9,059	11,123
Less: accumulated amortization	(2,122)	(3,377)	(4,206)
Total capitalized internal-use software, net	$ 3,878	$ 5,682	$ 6,917

Amortization expense of capitalized internal-use software was $0.9 million, $1.2 million, $0.5 million and $0.8 million for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), respectively. Amortization of developed software and software purchased for internal use are included in cost of revenue and general and administrative expense, respectively, in the Company's statements of operations for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited).

As of December 31, 2020, future amortization expense is expected to be as follows (in thousands):

Year Ending December 31,	
2021	$ 1,579
2022	1,374
2023	1,166
2024	918
2025	430
Thereafter	215
Total	$ 5,682

As of June 30, 2021 (unaudited), future amortization expense is expected to be as follows (in thousands):

Year Ending December 31,	(unaudited)
Remainder of 2021	$ 862
2022	1,767
2023	1,588
2024	1,324
2025	858
Thereafter	518
Total	$ 6,917

Note 9. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31, 2019	December 31, 2020	June 30, 2021 (unaudited)
Accrued compensation	$389	$1,295	$ 920
Accrued sales tax	263	598	832
Accrued expenses	235	1,284	1,432
Accrued income tax	18	5	141
Other	67	414	355
Accrued expenses and other current liabilities	$972	$3,596	$ 3,680

Note 10. Commitments and Contingencies

Capital Leases

The Company enters into capital lease arrangements to obtain hard drives and related equipment for its data center operations. The term of these agreements primarily range from three to four years and certain of these arrangements have optional renewals. Contingent rental payments are generally not included in the Company's lease agreements. The leases are generally secured by the underlying leased equipment.

The future minimum commitments for these capital leases as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	
2021	$14,153
2022	10,597
2023	8,264
2024	1,135
2025	—
Thereafter	—
Total future minimum lease payments	34,149
Less imputed interest	(4,943)
Total liability	$29,206

For the Company's assets acquired through capital lease agreements, depreciation expense was $6.1 million, $9.2 million, $4.3 million and $6.0 million for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), respectively, which is included in cost of revenue in its statements of operations. There have been no material changes to the Company's capital lease commitments during the six months ended June 30, 2021 (unaudited).

During the six months ended June 30, 2021 (unaudited), the Company entered into two sale-leaseback arrangements with vendors to provide approximately $2.9 million in cash proceeds for previously purchased hard drives and related equipment. The Company concluded the related lease arrangements would be classified as lease financing obligations as it has the option to repurchase the assets at their fair value at a future date. Therefore, the transaction was deemed a failed sale-leaseback and was accounted for as a financing arrangement. The assets continue to be depreciated over their useful lives, and payments are allocated between interest expense and repayment of the financing liability. As of June 30, 2021 (unaudited), the future minimum payments related to the lease agreements was approximately $3.3 million, which are payable in the amount of $0.4 million, $0.8 million, $0.8 million, $0.8 million and $0.4 million during the years ended December 31, 2021, 2022, 2023, 2024 and 2025, respectively.

Operating Leases

The Company leases its facilities for data centers and office space under non-cancelable operating leases with various expiration dates. Certain lease agreements include options to renew or terminate the lease, which are not reasonably certain to be exercised and therefore are not factored into the determination of lease payments. Contingent rental payments are generally not included in the Company's lease agreements.

The future minimum commitments for these operating leases as of December 31, 2020 were as follows (in thousands):

Year Ending December 31,	
2021	$ 3,708
2022	2,101
2023	1,802
2024	1,434
2025	1,284
Thereafter	7,123
Total	$ 17,452

There have been no material changes to the Company's operating lease commitments during the six months ended June 30, 2021 (unaudited).

Rental expense related to the Company's operating leases was approximately $2.8 million for the year ended December 31, 2019, of which $2.5 million and $0.3 million is included in cost of revenue and general and administrative expenses in its statement of operations, respectively. Rental expense related to the Company's operating leases was approximately $5.2 million for the year ended December 31, 2020, of which $4.6 million and $0.6 million is included in cost of revenue and general and administrative expenses in its statement of operations, respectively.

Rental expense related to the Company's operating leases was approximately $2.4 million for the six months ended June 30, 2020 (unaudited), of which $2.1 million and $0.3 million is included in cost of revenue and general and administrative expenses in its statement of operations, respectively. Rental expense related to the Company's operating leases was approximately $3.2 million for the six months ended June 30, 2021 (unaudited), of which $3.0 million and $0.2 million is included in cost of revenue and general and administrative expenses in its statement of operations, respectively.

In December 2020, the Company ceased use of an existing operating lease agreement for office space and recognized a one-time charge of $0.6 million for the remaining payments under the agreement. The one-time loss was recorded as general and administrative expense in the Company's statement of operations. The current portion of the remaining obligation from the operating lease agreement is recorded in accrued expenses and other current liabilities and the non-current portion is recorded in other long-term liabilities on the Company's balance sheet.

Other Contractual Commitments

Other non-cancellable commitments relate mainly to infrastructure agreements used to facilitate the Company's operations. As of December 31, 2020, the Company had future minimum payments under the Company's non-cancelable purchase commitments of $0.8 million payable during the year ending December 31, 2021. As of June 30, 2021 (unaudited), the Company had non-cancelable purchase commitments of $0.8 million payable during the year ending December 31, 2021.

401(k) Plan

The Company sponsors a 401(k) defined contribution plan covering all eligible U.S. employees. Contributions to the 401(k) plan are discretionary. The Company contributed $0.5 million, $0.7 million, $0.3 million and $0.5 million to the 401(k) plan for the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), respectively.

Legal Matters

The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. While it is not feasible to predict or determine the ultimate outcome of these matters, the Company believes that none of its current legal proceedings will have a material adverse effect on its financial position, results of operations or cash flows. However, the results of legal proceedings are inherently unpredictable and if an unfavorable ruling were to occur in any of the current legal proceedings there exists the possibility of a material adverse effect on the Company's financial position, results of operations and cash flows.

Sales Tax

The Company undertook an analysis of its sales tax exposure based on the South Dakota vs. Wayfair case whereby the U.S. Supreme Court determined that physical presence was not required to determine the potential exposure a company has for sales tax purposes. Based on the Company's initial analysis, its total accrual for sales tax payable was $0.3 million, $0.6 million and $0.8 million as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively, which includes estimated amounts for penalties and interest.

Accrued VAT Liability

The Company has calculated a liability for uncollected and unpaid VAT, which is generally assessed by various taxing authorities on services the Company provides to its customers. The Company accrues an amount that it considers probable to be collected and can be reasonably estimated. Based on the Company's analysis, its total accrual for VAT tax payable was $1.7 million, $1.5 million and $2.0 million as of December 31, 2019 and 2020, and June 30, 2021 (unaudited), respectively, which includes estimated amounts for penalties and interest.

Note 11. Debt

Credit Facility

On October 11, 2017, the Company entered into a $15.0 million revolving credit agreement with HomeStreet Bank. Under this agreement, amounts available to be borrowed are based on the lesser of

$15.0 million or the Company's trailing four month's monthly recurring revenue multiplied by a retention rate as defined in the agreement. Advances on the line of credit bear interest payable monthly at the Wall Street Journal prime rate plus 0.25%. Borrowings are secured by substantially all of the Company's assets, with limited exceptions. As of December 30, 2020, the Company was in compliance with covenants under the agreement. As of December 31, 2020 the total amount available to the Company to be borrowed was $15.0 million and the Company had no outstanding balance on this credit facility.

During April 2021, the Company amended its revolving credit agreement. Under this amendment, among other things, (i) amounts available to be borrowed are based on the lesser of $10.0 million or the Company's trailing four months monthly recurring revenue multiplied by a retention rate set forth in the amendment and (ii) advances on the line of credit bear interest payable monthly at the Wall Street Journal prime rate plus 1.00%. The revolving credit agreement, as amended, matures on June 1, 2022. Since entering into this amendment, the Company drew down on this credit facility and had an outstanding balance of $3.5 million as of June 30, 2021 (unaudited) with an annual interest rate of approximately 4.25%. As of June 30, 2021 (unaudited), the total amount available to the Company to be borrowed was $6.5 million, and it was in compliance with covenants under the agreement.

Paycheck Protection Program

On April 22, 2020, the Company received approximately $2.3 million in funding through the U.S. Small Business Administration's Paycheck Protection Program that was part of the CARES Act that was signed into law in March 2020. The interest rate on the loan is 1.00% per year and matures in April 2022. The note is payable in monthly installments of principal and interest, beginning in August 2021. The note may be repaid at any time with no payment penalty. The application for these funds required the Company to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Company. This certification further required the Company to take into account its current business activity and its ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

PPP loan recipients can apply for forgiveness for all or a portion of loans granted under the PPP which is dependent upon the Company having initially qualified for the loan. The loans issued under PPP are subject to forgiveness to the extent proceeds are used for payroll costs, including payments required to continue group health care benefits, and certain rent, utility, and mortgage interest expenses incurred or paid, pursuant to the terms and limitations of the PPP. An application to forgive the entire amount was submitted with the lender in July 2020. Any request for forgiveness is subject to review and approval by the lender and the SBA. Further, the SBA has stated that all PPP loans in excess of $2.0 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties.

The Company recognized the entire loan amount as a financial liability, with interest accrued and expensed over the term of the loan.

In June 2021, the Company received notification from the SBA that the Company's forgiveness application of the PPP loan and accrued interest, totaling $2.3 million, was approved in full, and the Company has no further obligations related to the PPP loan. Accordingly, the Company recorded the forgiveness of the PPP loan as gain on extinguishment of debt on its statement of operations. While the Company believes its loan was properly obtained and forgiven, there can be no assurance regarding the outcome of an SBA review. The Company has not been informed that a review will occur and has not accrued any liability associated with the risk of an adverse SBA review.

Note 12. Convertible Preferred Stock

Convertible preferred stock is carried at its issuance price, net of issuance costs.

As of December 31, 2019 and 2020, and June 30, 2021 (unaudited), convertible preferred stock consisted of the following (in thousands, except share data):

	Shares authorized	Shares issued and outstanding	Carrying value	Aggregate liquidation preference
Preferred stock:				
Series 1	700,000	368,305	$ 350	$ 350
Series A	295,598	295,598	1,131	1,250
Series A-1	538,414	269,207	1,303	1,252
Total	1,534,012	933,110	$ 2,784	$ 2,852

As of December 31, 2019 and 2020, and June 30, 2021 (unaudited), the Company had 2,500,000 shares of preferred stock authorized, of which 965,988 was undesignated. Significant rights and preferences of the above convertible preferred stock are as follows:

Conversion. Each share of convertible preferred stock is convertible, at the option of the holder, into one share of common stock as determined by dividing its original price per share for the relevant series, plus any accrued but unpaid dividends on such shares, by the conversion price for such series. The conversion price of the Series 1 Preferred shall be $0.9503, the Series A Preferred shall be $4.23 and the Series Preferred A-1 shall be $4.65. Each share of convertible preferred stock automatically converts into the number of shares of common stock into which such shares are convertible at the then-effective conversion ratio upon (i) the written request of a majority of the outstanding shares of convertible preferred stock voting together as a single class on an as-if-converted basis or (ii) the closing of a firmly underwritten public offering of common stock with gross proceeds of at least $50 million.

Voting. The holders of convertible preferred stock are entitled to one vote per share, which is the same number of votes per share as common stock into which the convertible preferred stock is convertible. The holders of convertible preferred stock vote together as one class with the holders of common stock.

Dividends. Holders of convertible preferred stock shall be entitled to receive, when, as, and if declared by the Board of Directors (the “Board”), but only out of funds that are legally available therefor, cash dividends. Such dividends shall be payable on a pari passu basis and only when, as, and if declared by the Board and shall be non-cumulative. No dividends on convertible preferred stock or common stock have been declared by the Board through December 31, 2020 and June 30, 2021 (unaudited).

Liquidation preference. In the event of any liquidation, dissolution, or winding-up of the Company, whether voluntary or involuntary (a “Liquidation Event”), the holders of convertible preferred stock shall be entitled, before any distribution or payment shall be made to the holders of common stock, to be paid out of the assets of the Company legally available for distribution for each share of convertible preferred stock, an amount per share of convertible preferred stock equal to the sum of the original issuance price plus all declared and unpaid dividends on such convertible preferred stock. Shares of convertible preferred stock shall not be entitled to be converted into shares of common stock in order to participate in any distribution as shares of common stock without first foregoing participation in such distribution as shares of convertible preferred stock. If, upon any such Liquidation Event, the assets of the Company shall be insufficient to make payment in full to all holders of the convertible preferred stock, then the assets shall be distributed among the holders of convertible preferred stock on a pari passu basis, in proportion to the full amounts to which they would otherwise be respectively entitled.

After the payment of the full liquidation preference to convertible preferred stockholders, the remaining assets of the corporation legally available for distribution to stockholders will be distributed ratably to the holders of common stock.

Classification. The convertible preferred stock is contingently redeemable upon certain deemed liquidation events such as a change in control or an involuntary winding-up or dissolution of the Company. The convertible preferred stock is not mandatorily redeemable, but since a deemed liquidation event would constitute a redemption event outside of the Company's control, all shares of convertible preferred stock have been presented outside of permanent equity in mezzanine equity on the balance sheets.

Note 13. Stockholders' Deficit

Common Stock. The Company has one class of common stock. The common stock is entitled to one vote per share. Holders of common stock are entitled to receive any dividends as may be declared from time to time by the Board of Directors. Common stock is subordinate to the convertible preferred stock with respect to dividend rights and rights upon certain deemed liquidation events.

The Company had reserved shares of common stock for future issuance as follows:

	December 31, 2020	June 30, 2021 (unaudited)
Convertible preferred stock	933,110	933,110
2011 Equity Incentive Plan		
Options outstanding	3,169,371	3,675,259
Shares available for future grants	240,372	145,097
Total	4,342,853	4,753,466

Equity Incentive Plan. In 2011, the Company's Board approved the adoption of the 2011 Stock Plan (the "Plan"). The Plan provides for the grant of stock-based awards to employees, non-employee directors and other service providers of the Company. During May 2019, the Company's Board approved an increase to the number of authorized shares under the Plan by 500,000. Following the increase, the Plan had 2,700,000 shares authorized as of December 31, 2019. During April 2020, the Company's Board approved an increase to the number of authorized shares under the Plan by 750,000. Following the increase, the Plan had 3,450,000 shares authorized as of December 31, 2020. During March 2021, the Company's Board approved an increase to the number of authorized shares under the Plan by 500,000. Following the increase, the Plan had 3,950,000 shares authorized as of June 30, 2021.

Stock Options. Stock options granted under the Plan generally vest based on continued service over four years and expire ten years from the date of grant.

A summary of stock option activity under the Plan and related information is as follows (in thousands, except share, price and year data):

	Shares available for grant	Outstanding Stock Options	Weighted-average exercise Price	Weighted-average remaining contractual life (years)	Aggregate intrinsic value
Balance as of December 31, 2018	168,770	1,996,010	$ 6.49	7.00	$ 5,273
Shares authorized	500,000				
Granted	(438,500)	438,500	9.26		
Exercised	—	—	—		
Cancelled	59,511	(59,511)	8.74		
Balance as of December 31, 2019	289,781	2,374,999	$ 6.94	6.53	$ 5,834
Vested and exercisable as of December 31, 2019		1,586,167	$ 6.10	5.37	$ 5,230
Shares authorized	750,000				
Granted	(921,426)	921,426	11.53		
Exercised	—	(5,037)	3.71		
Cancelled	122,017	(122,017)	9.60		
Balance as of December 31, 2020	240,372	3,169,371	$ 8.18	6.52	$ 36,889
Vested and exercisable as of December 31, 2020		1,963,368	$ 6.59	4.89	$ 25,980
Shares authorized (unaudited)	500,000				
Granted (unaudited)	(649,800)	649,800	22.87		
Exercised (unaudited)	—	(89,387)	2.20		
Cancelled (unaudited)	54,525	(54,525)	11.88		
Balance as of June 30, 2021 (unaudited)	145,097	3,675,259	$ 10.87	6.79	$ 93,135
Vested and exercisable as of June 30, 2021 (unaudited)		2,117,166	$ 7.12	5.01	$ 61,582

The weighted-average grant-date fair value of options granted was $4.26, $8.65 and $17.21 during the years ended December 31, 2019 and 2020 and six months ended June 30, 2021 (unaudited), respectively. The aggregate grant-date fair value of options vested was $1.4 million, $1.5 million and $1.5 million during the years ended December 31, 2019 and 2020 and six months ended June 30, 2021 (unaudited), respectively. Aggregate intrinsic value represents the difference between the exercise price of the options and the estimated fair value of the Company's common stock.

In June 2021, the Company issued full-recourse promissory notes to four employees of the Company for an aggregate principal amount of $48.0 thousand with an interest rate of 0.13% per annum. All of the principal was used to exercise options for 65,146 shares of the Company's common stock. As of June 30, 2021 (unaudited) the Company has accounted for the notes as a deduction from stockholders' deficit.

Note 14. Stock-Based Compensation

The following table summarizes the Black-Scholes option pricing model weighted-average assumptions used in estimating the fair value of stock options granted to employees during the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited):

	December 31,		June 30,	
	2019	2020	2020	2021
			(unaudited)	
Expected term (in years)	6.0	5.9	6.0	6.0
Expected volatility	46.0%	48.9%	48.6%	49.2%
Risk-free interest rate	1.97%	0.46%	0.41%	1.09%

Expected term. For stock options considered to be “plain vanilla” options, the Company estimates the expected term based on the simplified method, which is essentially the weighted average of the vesting period and contractual term, as the Company’s historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term.

Expected volatility. The Company performed an analysis using the average volatility of a peer group of representative public companies with sufficient trading history over the expected term to develop an expected volatility assumption.

Risk-free interest rate. Based upon quoted market yields for the United States Treasury debt securities for a term consistent with the expected life of the awards in effect at the time of grant.

Expected dividend yield. Because the Company has never paid and has no intention to pay cash dividends on common stock, the expected dividend yield is zero.

Fair value of underlying common stock. Because the Company’s common stock is not yet publicly traded, the Company must estimate the fair value of common stock. The Board considers numerous objective and subjective factors to determine the fair value of the Company’s common stock at each meeting in which awards are approved. The factors considered include, but are not limited to: (i) the results of contemporaneous independent third-party valuations of the Company’s common stock; (ii) the prices, rights, preferences, and privileges of the Company’s convertible preferred stock relative to those of its common stock; (iii) the lack of marketability of the Company’s common stock; (iv) actual operating and financial results; (v) current business conditions and projections; (vi) the likelihood of achieving a liquidity event, such as an initial public offering or sale of the Company, given prevailing market conditions; and (vii) precedent transactions involving the Company’s shares.

Stock-based compensation expense included in the statement of operations was as follows (in thousands):

	For the Year Ended December 31,		For the Six months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Cost of revenue	$ 130	$ 100	$ 23	$ 194
Research and development	549	750	341	911
Sales and marketing	546	670	249	568
General and administrative	162	359	130	490
Total stock-based compensation expense	$ 1,387	$ 1,879	$ 743	$ 2,163

During the years ended December 31, 2019 and 2020 and six months ended June 30, 2020 and 2021 (unaudited), the Company capitalized $0.1 million, $0.2 million, $0.1 million and $0.1 million, respectively, of stock-based compensation for the development of internal-use software. As of December 31, 2020, total compensation cost related to stock options not yet vested was $8.5 million, which will be recognized over a weighted-average period of 2.9 years. As of June 30, 2021 (unaudited), total compensation cost related to stock options not yet vested was approximately $16.9 million, which will be recognized over a weighted-average period of approximately 3.0 years.

During the years ended December 31, 2019 and 2020 and six months ended June 30, 2021 (unaudited), the Company's Board approved modifications to extend the exercise period of vested options for certain terminated employees by the earlier of five years from the employee's termination date or the option expiration date. The modification was effective upon the Board's approvals, which resulted in incremental stock-based compensation expense during both years. As a result, the Company recognized an incremental $0.2 million, $0.1 million and $0.1 million in stock-based compensation during the years ended December 31, 2019 and 2020 and the six months ended June 30, 2021 (unaudited), respectively. There were no modifications during the six months ended June 30, 2020 (unaudited).

Note 15. Net Loss per Share Attributable to Common Stockholders

Basic and diluted net loss per share attributable to common stockholders is presented in conformity with the two-class method required for participating securities. The Company considers its convertible preferred stock to be participating securities. Under the two-class method, the net loss attributable to common stockholders is not allocated to the convertible preferred stock as the holders of these participating securities do not have a contractual obligation to share in the losses of the Company.

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potentially dilutive common stock equivalents during the period. For purposes of this calculation, the Company's convertible preferred stock and stock options are considered to be potential common stock equivalents, but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share data):

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Numerator:				
Net loss attributable to common stockholders	$ (996)	$ (6,623)	$ (1,345)	$ (6,106)
Denominator for basic and diluted net loss per share:				
Weighted-average shares used in computing net loss per share attributable to common stockholders – basic and diluted	5,165,770	5,169,284	5,167,756	5,192,205
Net loss per share attributable to common stockholders – basic and diluted	$ (0.19)	$ (1.28)	$ (0.26)	$ (1.18)

Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been

antidilutive. The potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented because including them would have been antidilutive are as follows:

	For the Year Ended December 31,		For the Six Months Ended June 30,	
	2019	2020	2020	2021
			(unaudited)	
Convertible preferred stock	933,110	933,110	933,110	933,110
Stock options	2,374,999	3,169,371	2,765,173	3,675,259
Total	3,308,109	4,102,481	3,698,283	4,608,369

Note 16. Income Taxes

The following table presents the components of net loss before income taxes:

	For the Year Ended December 31,	
	2019	2020
United States	$(980)	$(6,618)
Loss before provision for income taxes	$(980)	$(6,618)

The provision for income taxes for the years ended were as follows (in thousands):

	As of December 31,	
	2019	2020
Current		
Federal	$—	$—
State	16	5
Total current	16	5
Deferred:	—	—
Federal	—	—
State	—	—
Total provision	$ 16	$ 5

The following table presents a reconciliation of the statutory federal rate and the Company's effective tax rate (in thousands, except percentages):

	For the Year Ended December 31,			
	2019		2020	
Statutory federal income (benefit) rate	$(206)	(21)%	$(1,390)	(21)%
Increase (decrease) resulting from:				
State income tax rate	(170)	(17)%	(436)	(7)%
Change in valuation allowance	472	48%	2,113	32%
Permanent items	158	16%	28	—
Tax credits	(461)	(47)%	(491)	(7)%
Stock-based compensation	261	27%	417	6%
Fixed assets	—	—	(414)	(6)%
Other	(38)	(4)%	178	3%
Effective tax rate	$ 16	2%	$ 5	—

The components of the Company's deferred tax assets and liabilities consisted of (in thousands):

	As of December 31, 2019	2020
Deferred tax assets:		
Net operating loss carryforwards	$ 5,759	$10,006
R&D credit carryforwards	2,097	2,919
Stock based compensation	295	287
Accruals and other	522	772
	8,673	13,984
Valuation allowance	(3,443)	(5,557)
Total deferred tax asset	5,230	8,427
Deferred tax liability:		
Fixed assets	(4,299)	(7,050)
Capitalized internal-use software	(931)	(1,377)
Total deferred tax liability	$(5,230)	$ (8,427)
Net deferred tax asset/(liability)	—	—

Deferred income taxes reflect the net tax effects of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Realization of net deferred tax assets is dependent upon future earnings, if any, the timing and amount of which are uncertain. ASC 740 requires that the tax benefit of net operating losses ("NOLs"), temporary differences and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." Realization of the future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. Management believes that realization of the deferred tax assets arising from the above-mentioned future tax benefits from operating loss carryforwards is currently not more likely than not and, accordingly, has provided a valuation allowance.

The valuation allowance increased by $2.1 million and $0.5 million during the years ended December 31, 2019 and 2020, respectively.

As of December 31, 2020, the Company had federal and state NOL carryforwards of $45.1 million and $8.5 million, respectively. The federal NOL carryforwards consisted of $16.0 million generated before January 1, 2018, which will begin to expire in 2034 but are able to offset 100% of taxable income and $29.1 million generated after December 31, 2017 that will carryforward indefinitely but will be subject to 80% taxable income limitation beginning in tax years after December 31, 2020 as provided by the CARES Act.

The Company has federal research and development ("R&D") credit carryforwards of $2.3 million which will begin to expire in 2032 and California R&D credit carryforwards of $1.3 million which do not expire. The Company also has $0.1 million of California enterprise zone credits which will begin to expire in 2028.

The utilization of NOLs and tax credit carryforwards to offset future taxable income may be subject to an annual limitation as a result of ownership changes that have occurred previously or may occur in the future. Under Sections 382 and 383 of the Internal Revenue Code ("IRC"), a corporation that undergoes an ownership change may be subject to limitations on its ability to utilize its pre-change NOLs and other tax attributes otherwise available to offset future taxable income and/or tax liability. An ownership change is defined as a cumulative change of 50% or more in the ownership positions of certain stockholders during a rolling three-year period. The Company has not completed a formal study to determine if any ownership changes within the meaning of IRC Sections 382 and 383 have occurred. If an ownership change has occurred, the Company's ability to use its NOLs or tax credit carryforwards may be restricted, which could require the Company to pay federal or state income taxes earlier than would be required if such limitations were not in effect.

On March 27, 2020, the CARES Act was signed into law. Among some of the items that the CARES Act affects are changes to NOL limitations, NOL carryforward and carryback periods, changes to interest limitations, and depreciation of qualified improvement property. The tax provisions under the CARES Act do not have a material impact on the income tax provision for the year ended December 31, 2020 given the existence of the full valuation allowance.

On June 29, 2020, California State Assembly Bill 85 (the “Trailer Bill”) was enacted which suspends the use of California NOL deductions and certain tax credits, including research and development tax credits, for the 2020, 2021, and 2022 tax years. The Trailer Bill did not have a material impact on the Company’s financial statements as of December 31, 2020.

On December 27, 2020, the Consolidated Appropriations Act of 2021 (“CAA”), a tax, funding, and spending bill was signed into law. The Company has reviewed the legislation and it does not believe the CAA will materially impact its 2020 income tax provision.

Uncertain Income Tax Positions

The total amount of unrecognized tax benefits as of December 31, 2020 was $0.6 million which related to federal and California R&D credits. If recognized, none of the unrecognized tax benefits would affect the effective tax rate. The following table summarizes the activity related to the Company’s unrecognized tax benefits (in thousands):

Balance at December 31, 2019	$421
Tax positions related to the current year:	
Additions	163
Reductions	—
Tax positions related to the prior year:	
Additions	—
Reductions	—
Settlements	—
Lapses in statute	—
Balance at December 31, 2020	$584

The Company’s policy is to account for interest and penalties as income tax expense. As of December 31, 2020, the Company had no interest related to unrecognized tax benefits. No amounts of penalties related to unrecognized tax benefits were recognized in the provision for income taxes. The Company does not anticipate any significant change within twelve months of this reporting date.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company is subject to U.S. federal and state income tax examination for calendar tax years beginning in 2007 due to NOLs that are being carried forward for tax purposes.

Six months Ended June 30, 2020 and 2021 (unaudited)

The Company is subject to U.S. federal and state income taxes as a corporation. The Company’s tax provision and the resulting effective tax rate for interim periods is determined based upon its estimated annual effective tax rate adjusted for the effect of discrete items arising in that quarter.

The effective tax rate for the six months ended June 30, 2020 and 2021 (unaudited) was zero as the Company has incurred continuous operating losses. The Company recorded a $0.1 million provision for income taxes during the six months ended June 30, 2021 (unaudited), which includes an immaterial out of period

correction of $0.2 million relating to the limitation of the NOLs as of December 31, 2020. The charge represents the limitation on post-2017 federal NOLs which are limited to 80% beginning in years after December 31, 2020.

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the financial reporting and tax basis of assets and liabilities using statutory rates. A valuation allowance is recorded against deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized. Due to the uncertainty surrounding the realization of the favorable tax attributes in future tax returns, we have recorded a full valuation allowance against our otherwise recognizable net deferred tax assets

Note 17. Subsequent Events

The Company has evaluated subsequent events through May 11, 2021, the date the financial statements for the years ended December 31, 2019 and 2020 were available to be issued, for both conditions existing and not existing at December 31, 2020, and concluded there were no subsequent events to disclose in the financial statements, except as follows:

Since December 31, 2020, the Company has entered into various capital lease agreements for acquiring infrastructure equipment to operate its core business. The Company's future minimum commitment under these agreements total approximately $5.0 million and extend through 2025.

During March 2021, the Company's Board approved an increase to the number of authorized shares under the Plan by 500,000. Following the increase, the Plan had 3,950,000 shares authorized.

During March 2021, the Company issued stock options with service-based vesting conditions to purchase 333,800 shares of common stock to its employees at an exercise price of $19.82. The service-based vesting condition for these awards is satisfied over four years with a cliff vesting period of one year and continued vesting thereafter. As of December 31, 2020, the Company estimates total unrecognized compensation cost related to these awards is approximately $3.1 million and will be recognized over four years.

During March 2021, the Company entered into an agreement with a certain lessor for the ability to lease additional equipment under similar terms as outstanding capital leases with the lessor. Currently, the total amount of leasing capacity with this lessor is approximately $10.0 million.

During April 2021, the Company entered into an amendment to its revolving credit agreement with HomeStreet Bank. See Note 11 for further details regarding this agreement.

Note 18. Subsequent Events (Unaudited)

In preparing the unaudited interim financial statements for the six months ended June 30, 2020 and 2021, the Company has evaluated subsequent events through September 17, 2021, the date the financial statements were available to be issued, for both conditions existing and not existing at June 30, 2021, and concluded there were no subsequent events to disclose in the financial statements, except as follows:

Since June 30, 2021, the Company has entered into various capital lease agreements for acquiring infrastructure equipment to operate its core business. The Company's future minimum commitment under these agreements total approximately $4.5 million and extend through 2024.

Since June 30, 2021, the Company has entered into an operating lease agreement for office space. The Company's future minimum commitment under the agreement totals approximately $1.4 million and extends through 2023.

During August 2021, the Company issued investors convertible notes (the “Security”) in the amount of $10.0 million. The Security is classified as a Simple Agreement for Future Equity agreement (“SAFE”). The convertible notes are automatically convertible into shares of the Company’s Class A common stock upon the completion of an initial public offering (or other liquidity event if sooner) at a discounted price to the value of its common stock at the time of such event. The discount shall initially be equal to 10% and shall increase by an additional 10% annually following the effective date, subject to a maximum discount of 50%. The discount shall be adjusted pro-rata on a monthly basis, increasing on the monthly anniversary of the effective date of the agreement. Interest shall accrue at the simple rate of 5% per annum of the outstanding amount commencing upon the effective date of the agreement and continuing until the outstanding principal amount has been paid in full or converted. The accrued interest shall be added to the purchased amount upon conversion into equity. If there is a change of control event prior to the termination of this SAFEs, the SAFEs will automatically become due.

During August 2021, the Company’s Board approved an increase to the number of authorized shares under the 2011 Stock Plan by 50,000. Following the increase, the 2011 Stock Plan had 4,000,000 shares authorized.

During August 2021, the Company issued 181,900 stock options with service-based vesting conditions to certain employees and non-employee directors. The service-based vesting condition for these awards is satisfied over four years with a cliff vesting period of one year and continued vesting thereafter.

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as underwriters and with respect to an unsold allotment or subscription.

Shares

Backblaze

Class A Common Stock

PRELIMINARY PROSPECTUS

Oppenheimer & Co. **William Blair** **Raymond James**

JMP Securities **B. Riley Securities**

Lake Street

, 2021

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table presents the costs and expenses, other than underwriting discounts and commissions, payable in connection with this offering. All amounts are estimates except the SEC registration fee, the FINRA filing fee, and the NASDAQ Global Market listing fee. Except as otherwise noted, all the expenses below will be paid by us.

SEC registration fee	$ 9,270
FINRA filing fee	15,500
NASDAQ Global Market listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees	*
Miscellaneous fees and expenses	*
Total	$ *

* To be completed by amendment.

Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers under certain circumstances and subject to certain limitations. The terms of Section 145 of the Delaware General Corporation Law are sufficiently broad to permit indemnification under certain circumstances for liabilities, including reimbursement of expenses incurred, arising under the Securities Act.

As permitted by the Delaware General Corporation Law, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain provisions relating to the limitation of liability and indemnification of directors and officers. Our Amended and Restated Certificate of Incorporation provides that our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- in respect of unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- for any transaction from which the director derives any improper personal benefit.

Our Amended and Restated Certificate of Incorporation also provides that if Delaware law is amended after the approval by our stockholders of the certificate of incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by Delaware law.

Our Amended and Restated Bylaws provide that we will indemnify our directors and officers to the fullest extent permitted by Delaware law, as it now exists or may in the future be amended, against all expenses and liabilities reasonably incurred in connection with their service for or on our behalf. Our Amended and

Restated Bylaws provide that we shall advance the expenses incurred by a director or officer in advance of the final disposition of an action or proceeding, and permit us to secure insurance on behalf of any director, officer, employee, or other enterprise agent for any liability arising out of his or her action in that capacity, whether or not Delaware law would otherwise permit indemnification.

We intend to enter into indemnification agreements with each of our directors and executive officers and certain other key employees, a form of which is included as Exhibit 10.1 to this registration statement. The form of agreement provides that we will indemnify each of our directors, executive officers and such other key employees against any and all expenses incurred by that director, executive officer, or other key employee because of his or her status as one of our directors, executive officers, or other key employees, to the fullest extent permitted by Delaware law, our restated certificate of incorporation and our Amended and Restated Bylaws. In addition, the form agreement provides that, to the fullest extent permitted by Delaware law, we will advance all expenses incurred by our directors, executive officers and other key employees in connection with a legal proceeding.

Reference is made to the underwriting agreement contained in Exhibit 1.1 to this registration statement, indemnifying our directors and officers against limited liabilities. In addition, Section 2.8 of our amended and restated investors' rights agreement (the IRA) contained in Exhibit 4.2 to this registration statement provides for indemnification of certain of our stockholders against liabilities described in our IRA.

We currently carry and intend to continue to carry liability insurance for our directors and officers.

Item 15. Recent Sales of Unregistered Securities

Since January 1, 2018 we have issued the following unregistered securities (after giving effect to the conversion of our common stock into Class B common stock):

We have granted to our non-employee directors, officers, employees, consultants, and other service providers an aggregate of 2,786,626 shares of our Class B common stock at a per share purchase prices ranging from $7.62 to $36.21 pursuant to exercises of options granted under our 2011 Plan, for an aggregate exercise price of approximately $40,915,891.

In August 2021, we issued $10.0 million of convertible notes (which we also refer to as a Simple Agreement for Future Equity agreement (SAFE)) in a private financing round. Upon the completion of this offering, the convertible notes will automatically convert into shares of Class A common stock of the Company at a per share price of $, which is the midpoint of the estimated price range set forth on the cover page of this prospectus.

None of the foregoing transactions involved any underwriters, underwriting discounts or commissions, or any public offering. We believe that the offers, sales, and issuances of the above securities were exempt from registration under the Securities Act by virtue of Section 4(a)(2) of the Securities Act or Regulation D promulgated thereunder as transactions by an issuer not involving any public offering, or in reliance on Rule 701 promulgated under Section 3(b) of the Securities Act because the transactions were pursuant to compensatory benefit plans or contracts relating to compensation as provided under Rule 701. The recipients of the securities in each of these transactions represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and appropriate legends were placed upon the stock certificates issued in these transactions. All recipients had adequate information about us or had adequate access, through their relationships with us, to information about us.

Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits. The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Description
1.1*	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation of Registrant, as currently in effect.
3.2	Form of Amended and Restated Certificate of Incorporation of Registrant, to be effective upon completion of this offering.
3.3	Bylaws of Registrant, as currently in effect.
3.4	Form of Amended and Restated Bylaws of Registrant, to be effective upon completion of this offering.
4.1*	Form of Registrant's common stock certificate.
4.2	Amended and Restated Investors' Rights Agreement, dated July 29, 2013 by and among the Registrant and the other parties thereto.
5.1*	Opinion of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP.
10.1	Form of Indemnification Agreement by and between the Registrant and each of its directors and executive officers.
10.2	2011 Stock Plan, as amended, and forms of agreements thereunder.
10.3*	2021 Equity Incentive Plan and form of agreements thereunder.
10.4*	2021 Employee Stock Purchase Plan.
10.5	Offer Letter, dated February 14, 2020, by and between the Company and Frank Patchel.
10.6†	Loan and Security Agreement, dated October 11, 2017, by and between the Company and HomeStreet Bank, as amended by that certain Amendment No. 1 to Loan and Security Agreement, dated November 26, 2019, that certain Amendment No. 2 to Loan and Security Agreement, dated December 19, 2020 and that certain Amendment No. 3 to Loan and Security Agreement, dated April 5, 2021.
10.7	Form of Simple Agreement for Future Equity, by and between the Company and certain of its investors.
23.1	Consent of BDO USA, LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on signature page).

* To be filed by amendment.

† Pursuant to Item 601(a)(10) of Regulation S-K, certain exhibits and schedules to this agreement have been omitted. The Company hereby agrees to furnish supplementally to the Securities and Exchange Commission, upon its request, any or all of such omitted exhibits and/or schedules.

(b) Financial Statement Schedules. All schedules have been omitted because the information required to be presented in them is not applicable or is shown in the financial statements or related notes.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the

registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Mateo, State of California, on this 18th day of October, 2021.

Backblaze, Inc.

/s/ Gleb Budman
Gleb Budman
Chief Executive Officer and Chairperson

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Gleb Budman, Frank Patchel and Tom MacMitchell, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments) and any registration statement related thereto filed pursuant to Rule 462(b) increasing the number of securities for which registration is sought, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Gleb Budman Gleb Budman	Chief Executive Officer and Chairperson *(Principal Executive Officer)*	October 18, 2021
/s/ Frank Patchel Frank Patchel	Chief Financial Officer *(Principal Financial and Accounting Officer)*	October 18, 2021
/s/ Brian Wilson Brian Wilson	Chief Technology Officer and Director	October 18, 2021
/s/ Timothy Nufire Timothy Nufire	Chief Cloud Officer and Director	October 18, 2021
/s/ Jocelyn Carter-Miller Jocelyn Carter-Miller	Director	October 18, 2021
/s/ Barbara Nelson Barbara Nelson	Director	October 18, 2021
/s/ Earl E. Fry Earl E. Fry	Director	October 18, 2021
/s/ Evelyn D’An Evelyn D’An	Director	October 18, 2021

Exhibit 3.1

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

BACKBLAZE, INC.

Backblaze, Inc., a corporation organized and existing under the laws of the State of Delaware (the "***Corporation***"), certifies that:

1. The name of the Corporation is Backblaze, Inc. The Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 20, 2007.

2. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

3. The text of the Certificate of Incorporation is amended and restated to read as set forth in EXHIBIT A attached hereto.

IN WITNESS WHEREOF, Backblaze, Inc. has caused this Amended and Restated Certificate of Incorporation to be signed by Gleb Budman, a duly authorized officer of the Corporation, on July 26, 2013.

/s/ Gleb Budman

Gleb Budman, CEO

ARTICLE I

The name of the Corporation is Backblaze, Inc.

ARTICLE II

The purpose of this corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE III

The address of the Corporation's registered office in the State of Delaware is 3500 South DuPont Highway, City of Dover, County of Kent. The name of the registered agent at such address is Incorporating Services LTD.

ARTICLE IV

The total number of shares of stock that the corporation shall have authority to issue is twelve million five hundred thousand (12,500,000), consisting of ten million (10,000,000) shares of Common Stock, $0.001 par value per share, and two million five hundred thousand (2,500,000) shares of Preferred Stock, $0.001 par value per share. The Preferred Stock authorized by this amended and Restated Certificate of Incorporation may be issued from time to time in one or more series. The first Series of Preferred Stock shall be designated "***Series 1 Preferred Stock***" and shall consist of seven hundred thousand (700,000) shares. The second Series of Preferred Stock shall be designated **"Series A Preferred Stock"** and shall consist of two hundred ninety five thousand five hundred ninety eight (295,598) shares. The third Series of Preferred Stock shall be designated ***"Series A-1 Preferred Stock"*** and shall consist of five hundred thirty eight thousand four hundred and fourteen (538,414) shares.

ARTICLE V

The terms and provisions of the Common Stock and Preferred Stock are as follows:

1. **Definitions.** For purposes of this ARTICLE V, the following definitions shall apply:

(a) "***Conversion Price***" shall mean $0.9503 per share for the Series 1 Preferred Stock, $4.23 per share for the Series A Preferred Stock, and $4.65 per share for the Series A-1 Preferred Stock (each subject to adjustment from time to time for Recapitalizations and as otherwise set forth elsewhere herein).

(b) "***Convertible Securities***" shall mean any evidences of indebtedness, shares or other securities convertible into or exchangeable for Common Stock.

(c) "***Corporation***" shall mean Backblaze, Inc.

(d) "***Distribution***" shall mean the transfer of cash or other property without consideration whether by way of dividend or otherwise, other than dividends on Common Stock payable in Common Stock, or the purchase or redemption of shares of the Corporation by the Corporation or its subsidiaries for cash or property other than: (i) repurchases of Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries upon termination of their employment or services pursuant

to agreements providing for the right of said repurchase, (ii) repurchases of Common Stock issued to or held by employees, officers, directors or consultants of the Corporation or its subsidiaries pursuant to rights of first refusal contained in agreements providing for such right, (iii) repurchase of capital stock of the Corporation in connection with the settlement of disputes with any stockholder, and (iv) any other repurchase or redemption of capital stock of the Corporation approved by the holders of the Common Stock and Preferred Stock of the Corporation, voting as separate classes.

(e) "***Dividend Rate***" shall mean an annual rate of $0.0761 per share for the Series 1 Preferred Stock, $0.2538 per share for the Series A Preferred Stock, and $0.279 per share for the Series A-1 Preferred Stock (each subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(f) "***Liquidation Preference***" shall mean $0.9503 per share for the Series 1 Preferred Stock, $4.23 per share for the Series A Preferred Stock, and $4.65 per share for the Series A-1 Preferred Stock (each subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(g) "***Options***" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(h) "***Original Issue Price***" shall mean $0.9503 per share for the Series 1 Preferred Stock, $4.23 per share for the Series A Preferred Stock, and $4.65 per share for the Series A-1 Preferred Stock (each subject to adjustment from time to time for Recapitalizations as set forth elsewhere herein).

(i) "***Preferred Stock***" shall mean the Series 1 Preferred Stock, the Series A Preferred Stock, and the Series A-1 Preferred Stock.

(j) "***Recapitalization***" shall mean any stock dividend, stock split, combination of shares, reorganization, recapitalization, reclassification or other similar event.

2. **Dividends.**

(a) ***Preferred Stock.*** The holders of shares of Preferred Stock shall be entitled to receive dividends, out of any assets legally available therefor, prior and in preference to any declaration or payment of any dividend (payable other than in Common Stock or other securities and rights convertible into or entitling the holder thereof to receive, directly or indirectly, additional shares of stock of this Corporation) on the Common Stock of this Corporation, at the applicable Dividend Rate, payable when, as and if declared by the Board of Directors. Such dividends shall not be cumulative. The holders of the outstanding Preferred Stock can waive any dividend preference that such holders shall be entitled to receive under this Section 2 upon affirmative vote or written consent of a majority of the shares of Preferred Stock then outstanding (voting together as a single class and not as separate series and on an as-converted basis).

(b) ***Additional Dividends.*** After the payment of such dividends, any additional dividends or distributions shall be distributed among all holders of Common Stock and Preferred Stock in proportion to the number of shares of Common Stock that would be held by each such holder if all shares of Preferred Stock were converted to Common Stock at the then effective Conversion Price.

(c) ***Non-Cash Distributions.*** Whenever a Distribution provided for in this Section 2 shall be payable in property other than cash, the value of such Distribution shall be deemed to be the fair market value of such property as determined in good faith by the Board of Directors.

3. **Liquidation Rights.**

(a) ***Liquidation Preference.*** In the event of any liquidation, dissolution or winding up of the Corporation, either voluntary or involuntary, the holders of the Preferred Stock shall be entitled to receive, prior and in preference to any Distribution of any of the assets of the Corporation to the holders of the Common Stock by reason of their ownership of such stock, an amount per share for each share of Preferred Stock held by them equal to the sum of (i) the Liquidation Preference specified for such share of Preferred Stock and (ii) all accrued but unpaid dividends (if any) on such share of Preferred Stock. If upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation legally available for distribution to the holders of the Preferred Stock are insufficient to permit the payment to such holders of the full amounts specified in this Section 3(a), then the entire assets of the Corporation legally available for distribution shall be distributed ratably among the holders of the Preferred Stock in proportion to the full amounts they would otherwise be entitled to receive pursuant to this Section 3(a) (collectively, a "***Liquidation Event***").

(b) ***Remaining Assets.*** After the payment to the holders of Preferred Stock of the full preferential amounts specified above, the entire remaining assets of the Corporation legally available for distribution by the Corporation shall be distributed among the holders of the Common Stock in proportion to the number of shares of Common Stock held by them.

(c) ***Shares not Treated as Both Preferred Stock and Common Stock in any Distribution.*** Shares of Preferred Stock shall not be entitled to be converted into shares of Common Stock in order to participate in any Distribution, or series of Distributions, as shares of Common Stock, without first foregoing participation in the Distribution, or series of Distributions, as shares of Preferred Stock.

(d) ***Acquisition.*** For purposes of this Section 3, a liquidation, dissolution or winding up of the Corporation shall be deemed to be occasioned by, or to include, (i) the acquisition of the Corporation by another entity by means of any transaction or series of related transactions to which the Corporation is party (including, without limitation, any stock acquisition, reorganization, merger or consolidation but excluding any sale of stock for capital raising purposes) other than a transaction or series of related transactions in which the holders of the voting securities of the Corporation outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, as a result of shares in the Corporation held by such holders prior to such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Corporation or such other surviving or resulting entity (or if the Corporation or such other surviving or resulting entity is a wholly-owned subsidiary immediately following such acquisition, its parent); (ii) a sale, lease or other disposition of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole by means of any transaction or series of related transactions, except where such sale, lease or other disposition is to a wholly-owned subsidiary of the Corporation; or (iii) any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary.

(e) ***Valuation of Non-Cash Consideration.*** If any assets of the Corporation distributed to stockholders in connection with any liquidation, dissolution, or winding up of the Corporation are other than cash, then the value of such assets shall be their fair market value as determined in good faith by the Board of Directors, *except that* any publicly-traded securities to be distributed to stockholders in a liquidation, dissolution, or winding up of the Corporation shall be valued as follows:

(i) if the securities are then traded on a national securities exchange, then the value of the securities shall be deemed to be the average of the closing prices of the securities on such exchange over the ten (10) trading day period ending five (5) trading days prior to the Distribution;

(ii) if the securities are actively traded over-the-counter, then the value of the securities shall be deemed to be the average of the closing bid prices of the securities over the ten (10) trading day period ending five (5) trading days prior to the Distribution.

For the purposes of this subsection 3(e), "***trading day***" shall mean any day which the exchange or system on which the securities to be distributed are traded is open and "***closing prices***" or "***closing bid prices***" shall be deemed to be: (i) for securities traded primarily on the New York Stock Exchange, the American Stock Exchange or a Nasdaq market, the last reported trade price or sale price, as the case may be, at 4:00 p.m., New York time, on that day and (ii) for securities listed or traded on other exchanges, markets and systems, the market price as of the end of the regular hours trading period that is generally accepted as such for such exchange, market or system. If, after the date hereof, the benchmark times generally accepted in the securities industry for determining the market price of a stock as of a given trading day shall change from those set forth above, the fair market value shall be determined as of such other generally accepted benchmark times.

4. **Conversion.** The holders of the Preferred Stock shall have conversion rights as follows:

(a) ***Right to Convert.*** Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for the Preferred Stock, into that number of fully-paid, nonassessable shares of Common Stock determined by dividing the Original Issue Price for the relevant series, plus any accrued but unpaid dividends on such shares, by the Conversion Price for such series (The number of shares of Common Stock into which each share of Preferred Stock of a series may be converted is hereinafter referred to as the "***Conversion Rate***" for each such series). Upon any decrease or increase in the Conversion Price for any series of Preferred Stock, as described in this Section 4, the Conversion Rate for such series shall be appropriately increased or decreased.

(b) ***Automatic Conversion.*** Each share of Preferred Stock shall automatically be converted into fully-paid, non-assessable shares of Common Stock at the then effective Conversion Rate for such share (i) immediately prior to the closing of a firm commitment underwritten initial public offering pursuant to an effective registration statement filed under the Securities Act of 1933, as amended (the "***Securities Act***"), covering the offer and sale of the Corporation's Common Stock, *provided* the aggregate gross proceeds to the Corporation are not less than $50,000,000, or (ii) upon the receipt by the Corporation of a written request for such conversion from the holders of a majority of the Preferred Stock then outstanding (voting as a single class and on an as-converted basis), or, if later, the effective date for conversion specified in such request (each of the events referred to in (i) and (ii) are referred to herein as an "***Automatic Conversion Event***").

(c) ***Mechanics of Conversion.*** No fractional shares of Common Stock shall be issued upon conversion of Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction multiplied by the then fair market value of a share of Common Stock as determined by the Board of Directors. For such purpose, all shares of Preferred Stock held by each holder of Preferred Stock shall be aggregated, and any resulting fractional share of Common Stock shall be paid in cash. Before any holder of Preferred Stock shall be entitled to convert the same into full shares of Common Stock, and to receive certificates therefor, he shall either (A) surrender the certificate or certificates therefor, duly endorsed, at the office of the Corporation or of any transfer agent for the Preferred Stock or (B) notify the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and execute an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates, and shall give written notice to the Corporation at such office that he elects to convert the same; *provided, however,* that on the date of an Automatic Conversion Event, the outstanding shares of Preferred Stock shall be converted automatically

without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent; *provided further*, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such Automatic Conversion Event unless either the certificates evidencing such shares of Preferred Stock are delivered to the Corporation or its transfer agent as provided above, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. On the date of the occurrence of an Automatic Conversion Event, each holder of record of shares of Preferred Stock shall be deemed to be the holder of record of the Common Stock issuable upon such conversion, notwithstanding that the certificates representing such shares of Preferred Stock shall not have been surrendered at the office of the Corporation, that notice from the Corporation shall not have been received by any holder of record of shares of Preferred Stock, or that the certificates evidencing such shares of Common Stock shall not then be actually delivered to such holder.

The Corporation shall, as soon as practicable after such delivery, or after such agreement and indemnification, issue and deliver at such office to such holder of Preferred Stock, a certificate or certificates for the number of shares of Common Stock to which the holder shall be entitled as aforesaid and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional shares of Common Stock. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Preferred Stock to be converted, and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock on such date; *provided, however,* that if the conversion is in connection with an underwritten offer of securities registered pursuant to the Securities Act or a merger, sale, financing, or liquidation of the Corporation or other event, the conversion may, at the option of any holder tendering Preferred Stock for conversion, be conditioned upon the closing of such transaction or upon the occurrence of such event, in which case the person(s) entitled to receive the Common Stock issuable upon such conversion of the Preferred Stock shall not be deemed to have converted such Preferred Stock until immediately prior to the closing of such transaction or the occurrence of such event.

(d) ***Adjustments to Conversion Price for Diluting Issues.***

(i) ***Special Definition.*** For purposes of this paragraph 4(d), "***Additional Shares of Common***" shall mean all shares of Common Stock issued (or, pursuant to paragraph 4(d)(iii), deemed to be issued) by the Corporation after the filing of this Amended and Restated Certificate of Incorporation, other than issuances or deemed issuances of (collectively, the "***Excluded Securities***"):

(1) shares of Common Stock upon the conversion of the Preferred Stock;

(2) shares of Common Stock and options, warrants or other rights to purchase Common Stock issued or issuable to employees, officers or directors of, or consultants or advisors to the Corporation or any subsidiary pursuant to stock grants, restricted stock purchase agreements, option plans, purchase plans, incentive programs or similar arrangements;

(3) shares of Common Stock upon the exercise or conversion of Options or Convertible Securities outstanding as of the date of the filing of this Amended and Restated Certificate of Incorporation;

(4) shares of Common Stock issued upon a stock split, stock dividend, or any subdivision of shares of Common Stock;

(5) shares of Common Stock issued or issuable as a dividend or distribution on Preferred Stock or pursuant to any event for which adjustment is made pursuant to paragraph 4(e), 4(f) or 4(g) hereof;

(6) shares of Common Stock issued or issuable to banks, equipment lessors, real property lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing, commercial leasing or real property leasing transaction approved by the Board of Directors;

(7) shares issued or issuable pursuant to an acquisition of another corporation or a joint venture agreement approved by the Board of Directors;

(8) shares issued or issuable in connection with any settlement approved by the Board of Directors;

(9) shares that are otherwise excluded by consent of the holders of more than 50% of the outstanding shares of the Preferred Stock;

(10) shares of Common Stock issued pursuant to that certain Stock Purchase Agreement, dated on or about the date hereof; and

(11) shares issued pursuant to an underwritten public offering.

(ii) ***No Adjustment of Conversion Price.*** No adjustment in the Conversion Price of a particular series of Preferred Stock shall be made in respect of the issuance of Additional Shares of Common unless the consideration per share (as determined pursuant to paragraph 4(d)(v)) for an Additional Share of Common issued or deemed to be issued by the Corporation is less than the Conversion Price in effect on the date of, and immediately prior to such issue, for such series of Preferred Stock.

(iii) ***Deemed Issue of Additional Shares of Common.*** In the event the Corporation at any time or from time to time after the date of the filing of this Amended and Restated Certificate of Incorporation shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities, the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options and the conversion or exchange of the underlying securities, shall be deemed to have been issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, *provided* that in any such case in which shares are deemed to be issued:

(1) no further adjustment in the Conversion Price of any series of Preferred Stock shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock in connection with the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Corporation or in the number of shares of Common Stock issuable upon the exercise, conversion or exchange thereof (other than a change pursuant to the anti-dilution provisions of such Options or Convertible Securities such as this Section 4(d) or pursuant to Recapitalization provisions of such Options or Convertible Securities such as Sections 4(e), 4(f) and 4(g) hereof), the Conversion Price of each series of Preferred Stock and any subsequent adjustments based thereon shall be recomputed to reflect such change as if such change had been in effect as of the original issue thereof (or upon the occurrence of the record date with respect thereto);

(3) no readjustment pursuant to clause (2) above shall have the effect of increasing the Conversion Price of a series of Preferred Stock to an amount above the Conversion Price that would have resulted from any other issuances of Additional Shares of Common and any other adjustments provided for herein between the original adjustment date and such readjustment date; and

(4) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Conversion Price which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Conversion Price shall be adjusted pursuant to this paragraph 4(d)(iii) as of the actual date of their issuance.

(iv) ***Adjustment of Conversion Price Upon Issuance of Additional Shares of Common.*** In the event this Corporation shall issue Additional Shares of Common (including Additional Shares of Common deemed to be issued pursuant to paragraph 4(d)(iii)) without consideration or for a consideration per share less than the applicable Conversion Price of the Series A Preferred Stock in effect on the date of and immediately prior to such issue, then, the Conversion Price of the Series A Preferred Stock shall be reduced, concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying such Conversion Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of shares which the aggregate consideration received by the Corporation for the total number of Additional Shares of Common so issued would purchase at such Conversion Price, and the denominator of which shall be the number of shares of Common Stock outstanding immediately prior to such issue plus the number of such Additional Shares of Common so issued. Notwithstanding the foregoing, the Conversion Price shall not be reduced at such time if the amount of such reduction would be less than $0.01, but any such amount shall be carried forward, and a reduction will be made with respect to such amount at the time of, and together with, any subsequent reduction which, together with such amount and any other amounts so carried forward, equal $0.01 or more in the aggregate. For the purposes of this Subsection 4(d)(iv), all shares of Common Stock issuable upon conversion of all outstanding shares of Preferred Stock and the exercise and/or conversion of any other outstanding Convertible Securities and all outstanding Options shall be deemed to be outstanding.

(v) ***Determination of Consideration.*** For purposes of this subsection 4(d), the consideration received by the Corporation for the issue (or deemed issue) of any Additional Shares of Common shall be computed as follows:

(1) ***Cash and Property.*** Such consideration shall:

(a) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation before deducting any reasonable discounts, commissions or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with such issuance;

(b) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors; and

(c) in the event Additional Shares of Common are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (a) and (b) above, as reasonably determined in good faith by the Board of Directors.

(2) ***Options and Convertible Securities.*** The consideration per share received by the Corporation for Additional Shares of Common deemed to have been issued pursuant to paragraph 4(d)(iii) shall be determined by dividing

(x) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(y) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(e) ***Adjustments for Subdivisions or Combinations of Common Stock.*** In the event the outstanding shares of Common Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Common Stock, the Conversion Price of each series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Common Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Common Stock, the Conversion Prices in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(f) ***Adjustments for Subdivisions or Combinations of Preferred Stock.*** In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be subdivided (by stock split, by payment of a stock dividend or otherwise), into a greater number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such subdivision shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding shares of Preferred Stock or a series of Preferred Stock shall be combined (by reclassification or otherwise) into a lesser number of shares of Preferred Stock, the Dividend Rate, Original Issue Price and Liquidation Preference of the affected series of Preferred Stock in effect immediately prior to such combination shall, concurrently with the effectiveness of such combination, be proportionately increased.

(g) ***Adjustments for Reclassification, Exchange and Substitution.*** Subject to Section 3, if the Common Stock issuable upon conversion of the Preferred Stock shall be changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then, in any such event, in lieu of the number of shares of Common Stock which the holders would otherwise have been entitled to receive each holder of such Preferred Stock shall have the right thereafter to convert such shares of Preferred Stock into a number of shares of such other class or classes of stock which a holder of the number of shares of Common Stock deliverable upon conversion of such series of Preferred Stock immediately before that change would have been entitled to receive in such reorganization or reclassification, all subject to further adjustment as provided herein with respect to such other shares.

(h) ***Certificate as to Adjustments.*** Upon the occurrence of each adjustment or readjustment of the Conversion Price pursuant to this Section 4, the Corporation at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, upon the written request at any time of any holder of Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of Preferred Stock.

(i) ***Waiver of Adjustment of Conversion Price.*** Notwithstanding anything herein to the contrary, any downward adjustment of the Conversion Price of the Series A Preferred Stock may be waived by the consent or vote of the holders of the majority of the outstanding shares of Series A Preferred Stock either before or after the issuance causing the adjustment. Any such waiver shall bind all future holders of shares of Series A Preferred Stock.

(j) ***Notices of Record Date.*** In the event that this Corporation shall propose at any time:

(i) to declare any Distribution upon its Common Stock, whether in cash, property, stock or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;

(ii) to effect any reclassification or recapitalization of its Common Stock outstanding involving a change in the Common Stock; or

(iii) to voluntarily liquidate or dissolve or to enter into any transaction deemed to be a liquidation, dissolution or winding up of the corporation pursuant to Section 3(d);

then, in connection with each such event, this Corporation shall send to the holders of the Preferred Stock at least 10 days' prior written notice of the date on which a record shall be taken for such Distribution (and specifying the date on which the holders of Common Stock shall be entitled thereto and, if applicable, the amount and character of such Distribution) or for determining rights to vote in respect of the matters referred to in (ii) and (iii) above.

Such written notice shall be given by first class mail (or express courier), postage prepaid, addressed to the holders of Preferred Stock at the address for each such holder as shown on the books of the Corporation and shall be deemed given on the date such notice is mailed.

The notice provisions set forth in this section may be shortened or waived prospectively or retrospectively by the consent or vote of the holders of a majority of the Preferred Stock, voting as a single class and on an as-converted basis.

(k) ***Reservation of Stock Issuable Upon Conversion.*** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Preferred Stock, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Preferred Stock, the Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

5. **Voting.**

(a) ***Restricted Class Voting.*** Except as otherwise expressly provided herein or as required by law, the holders of Preferred Stock and the holders of Common Stock shall vote together and not as separate classes.

(b) ***No Series Voting.*** Other than as provided herein or required by law, there shall be no series voting.

(c) ***Preferred Stock.*** Each holder of Preferred Stock shall be entitled to the number of votes equal to the number of shares of Common Stock into which the shares of Preferred Stock held by such holder could be converted as of the record date. The holders of shares of the Preferred Stock shall be entitled to vote on all matters on which the Common Stock shall be entitled to vote. Holders of Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation. Fractional votes shall not, however, be permitted and any fractional voting rights resulting from the above formula (after aggregating all shares into which shares of Preferred Stock held by each holder could be converted), shall be disregarded.

(d) ***Common Stock.*** Each holder of shares of Common Stock shall be entitled to one vote for each share thereof held.

(e) ***Election of Directors.*** Members of the Corporation's Board of Directors shall be elected by the holders of Common Stock and Preferred Stock, voting together as a single class. If a vacancy on the Board of Directors is to be filled by the Board of Directors, only directors elected by the same class or classes of stockholders as those who would be entitled to vote to fill such vacancy shall vote to fill such vacancy.

6. **Redemption.** The Preferred Stock is not redeemable at the option of the holder thereof.

7. **Amendments and Changes.** As long as any of the Preferred Stock shall be issued and outstanding, the Corporation shall not, without first obtaining the approval (by vote or written consent as provided by law) of the holders of more than 50% of the outstanding shares of the Preferred Stock:

(a) amend, alter or repeal any provision of the Certificate of Incorporation or bylaws of the Corporation (including pursuant to a merger) if such action would adversely alter the rights, preferences, privileges or powers of, or restrictions provided for the benefit of the Preferred Stock or any series thereof, or any other changes to the rights or preferences of the Series A Preferred Stock;

(b) increase or decrease (other than for decreases resulting from conversion of the Preferred Stock) the authorized number of shares of Preferred Stock or any series thereof;

(c) authorize or create (by reclassification, merger or otherwise) or issue or obligate itself to issue any new class or series of equity security (including any security convertible into or exercisable for any equity security) having rights, preferences or privileges with respect to dividends, redemption or payments upon liquidation senior to or on a parity with any series of Preferred Stock or having voting rights other than those granted to the Preferred Stock generally;

(d) reclassify, alter or amend any existing security that is junior to or on parity with the Preferred Stock, if such reclassification, alteration or amendment would render such other security senior to or on parity with the Preferred Stock; or

(e) declare distributions of cash or property on, or repurchases or redemptions of, any other series of preferred stock or Common Stock; provided, however, that payment of dividends at any time that is three years after the filing date of this Amended and Restated Certificate of Incorporation, shall not require such approval, so long as at that time all classes of stock receive equal dividends on per share basis; and provided further that no approval is required for the repurchase of shares of Common Stock from employees, officers, directors, consultants or other persons performing services pursuant to agreements under which the corporation has the option to repurchase such shares at cost upon the occurrence of certain events, such as termination of services.

8. **Notices.** Any notice required by the provisions of this ARTICLE V to be given to the holders of Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at such holder's address appearing on the books of the Corporation.

ARTICLE VI

The Corporation is to have perpetual existence.

ARTICLE VII

Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VIII

Unless otherwise set forth herein, the number of directors that constitute the Board of Directors of the Corporation shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

ARTICLE IX

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors of the Corporation is expressly authorized to adopt, amend or repeal the Bylaws of the Corporation.

ARTICLE X

1. To the fullest extent permitted by the General Corporation Law of Delaware as the same exists or as may hereafter be amended, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. If the General Corporation Law of Delaware is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of Delaware, as so amended. Neither any amendment nor repeal of this Article X, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article X, shall eliminate or reduce the effect of this Article X, in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article X, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

2. The Corporation shall have the power to indemnify, to the extent permitted by the General Corporation Law of Delaware, as it presently exists or may hereafter be amended from time to time, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "***Proceeding***") by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation or is or was

serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. A right to indemnification or to advancement of expenses arising under a provision of this Amended and Restated Certificate of Incorporation or a bylaw of the Corporation shall not be eliminated or impaired by an amendment to this Amended and Restated Certificate of Incorporation or the Bylaws of the Corporation after the occurrence of the act or omission that is the subject of the civil, criminal, administrative or investigative action, suit or proceeding for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of such act or omission explicitly authorizes such elimination or impairment after such action or omission has occurred.

ARTICLE XI

Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws may provide. The books of the Corporation may be kept (subject to any provision contained in the statutes) outside of the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

ARTICLE XII

To the extent permitted by law, the Corporation renounces any expectancy that a Covered Person offer the Corporation an opportunity to participate in a Specified Opportunity and waives any claim that the Specified Opportunity constitutes a corporate opportunity that should have been presented by the Covered Person to the Corporation; *provided, however*, that the Covered Person acts in good faith. A "***Covered Person***" is any member of the Board of Directors of the Corporation (who is not an employee of the Corporation or any of its subsidiaries) who is a partner, member or employee of a Fund. A "***Specified Opportunity***" is any transaction or other matter that is presented to the Covered Person in his or her capacity as a partner, member or employee of a Fund (and other than solely in connection with his or her service as a member of the Board of Directors of the Corporation) that may be an opportunity of interest for both the Corporation and the Fund. A "***Fund***" is an entity that is a holder of Preferred Stock and that is primarily in the business of investing in other entities, or an entity that manages such an entity.

ARTICLE XIII

To the extent one or more sections of any other state corporations code setting forth minimum requirements for the corporation's retained earnings and/or net assets are applicable to this corporation's repurchase of shares of Common Stock, such code sections shall not apply, to the greatest extent permitted by applicable law, in whole or in part with respect to repurchases by this corporation of its Common Stock from employees, officers, directors, advisors, consultants or other persons performing services for this corporation or any subsidiary pursuant to agreements under which this corporation has the right to repurchase such shares at cost upon the occurrence of certain events, such as the termination of employment. In the case of any such repurchases, distributions by the corporation may be made without regard to the "preferential dividends arrears amount" or any "preferential rights amount," as such terms may be defined in such other state's corporations code.

Exhibit 3.2

BACKBLAZE, INC.

RESTATED CERTIFICATE OF INCORPORATION

Backblaze, Inc., a Delaware corporation, hereby certifies as follows:

1. The name of this corporation is Backblaze, Inc. The date of the filing of its original Certificate of Incorporation with the Secretary of State was April 20, 2007.

2. The Restated Certificate of Incorporation of this corporation is attached hereto as Exhibit A, which is incorporated herein by this reference, and which restates, integrates and further amends the provisions of the Certificate of Incorporation of this corporation, as previously amended and/or restated. The Restated Certificate of Incorporation has been duly adopted by this corporation's Board of Directors and duly approved by the stockholders in accordance with Sections 242 and 245 and any other applicable sections of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, this corporation has caused this Restated Certificate of Incorporation to be signed by its duly authorized officer and the foregoing facts stated herein are true and correct.

Dated: , 2021

BACKBLAZE, INC.

By: _____
Name: Gleb Budman
Title: Chief Executive Officer

EXHIBIT A

BACKBLAZE, INC.
RESTATED CERTIFICATE OF INCORPORATION

ARTICLE I:
NAME

The name of this corporation is Backblaze, Inc. (the "***Corporation***").

ARTICLE II:
AGENT FOR SERVICE OF PROCESS

The address of the registered office of the Corporation in the State of Delaware is 251 Little Falls Drive, Wilmington, New Castle County, DE 19808, and the name of the registered agent of the Corporation in the State of Delaware at such address is Corporation Service Company.

ARTICLE III:
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (the "***General Corporation Law***").

ARTICLE IV:
AUTHORIZED STOCK

1. Total Authorized.

1.1 The total number of shares of all classes of stock that the Corporation has authority to issue is shares, consisting of three classes: shares of Class A Common Stock, $0.0001 par value per share ("***Class A Common Stock***"), shares of Class B Common Stock, $0.0001 par value per share ("***Class B Common Stock***" and together with the Class A Common Stock, the "***Common Stock***"), and shares of Preferred Stock, $0.0001 par value per share (the "***Preferred Stock***").

1.2 The number of authorized shares of Class A Common Stock or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, and no vote of the holders of the Class A Common Stock or Class B Common Stock voting separately as a class shall be required therefor.

2. Preferred Stock.

2.1 The Corporation's Board of Directors ("***Board of Directors***") is authorized, subject to any limitations prescribed by the law of the State of Delaware, by resolution or resolutions adopted from time to time, to provide for the issuance of shares of Preferred Stock in one or more series, and, by filing a certificate of designation pursuant to the applicable law of the State of Delaware ("***Certificate of Designation***"), to establish from time to time the number of shares to be included in each such series, to fix the designation, powers (including voting powers), preferences and relative, participating, optional or other special rights (and the qualifications, limitations or restrictions thereof) of the shares of each such series and, except where otherwise provided in the applicable Certificate of Designation, to increase (but not above the total number of authorized shares of the Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series. The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Preferred Stock, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law, unless a separate vote of the holders of one or more series of Preferred Stock is required pursuant to the terms of any Certificate of Designation.

2.2 Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, (i) any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Class A Common Stock, Class B Common Stock or the holders of Preferred Stock, or any series thereof, and (ii) any such new series may have powers, preferences and rights, including, without limitation, voting powers, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Class A Common Stock, Class B Common Stock, any series of the Preferred Stock, or any future class or series of capital stock of the Corporation.

3. Rights of Class A Common Stock and Class B Common Stock.

3.1 Equal Status. Except as otherwise provided in this Restated Certificate of Incorporation or required by applicable law, shares of Class A Common Stock and Class B Common Stock shall have the same rights and powers, rank equally (including as to dividends and distributions, and upon any liquidation, dissolution or winding up of the Corporation), share ratably and be identical in all respects and as to all matters.

3.2 Voting Rights.

3.2.1 Except as required by applicable law, each holder of Class A Common Stock shall have the right to one (1) vote per share of Class A Common Stock held of record by such holder and each holder of Class B Common Stock shall have the right to ten (10) votes per share of Class B Common Stock held of record by such holder.

3.2.2 Except as otherwise expressly provided by this Restated Certificate of Incorporation or as provided by applicable law, the holders of shares of Class A Common Stock and Class B Common Stock shall (a) at all times vote together as a single class on all matters (including the election of directors) submitted to a vote or for the consent (if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the stockholders of the Corporation, (b) be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation (as the same may be amended and/or restated from time to time, the "***Bylaws***") and (c) be entitled to vote upon such matters and in such manner as may be provided by applicable law; provided, however, that, except as otherwise required by applicable law, holders of shares of Class A Common Stock and Class B Common Stock shall not be entitled to vote on any amendment to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock).

3.3 **Dividends and Distribution Rights**. Shares of Class A Common Stock and Class B Common Stock shall be treated equally, identically and ratably, on a per share basis, with respect to any dividends or distributions as may be declared and paid from time to time by the Board of Directors out of any assets of the Corporation legally available therefor; provided, however, that in the event a dividend is paid in the form of shares of Class A Common Stock or Class B Common Stock (or rights to acquire such shares), then holders of Class A Common Stock shall receive shares of Class A Common Stock (or rights to acquire such shares, as the case may be) and holders of Class B Common Stock shall receive shares of Class B Common Stock (or rights to acquire such shares, as the case may be), with holders of shares of Class A Common Stock and Class B Common Stock receiving, on a per share basis, an identical number of shares of Class A Common Stock or Class B Common Stock, as applicable. Notwithstanding the foregoing, the Board of Directors may pay or make a disparate dividend or distribution per share of Class A Common Stock or Class B Common Stock (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if such disparate dividend or distribution is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.4 **Subdivisions, Combinations or Reclassifications**. Shares of Class A Common Stock or Class B Common Stock may not be subdivided, combined or reclassified unless the shares of the other class are concurrently therewith proportionately subdivided, combined or reclassified in a manner that maintains the same proportionate equity ownership between the holders of the outstanding Class A Common Stock and Class B Common Stock on the record date for such subdivision, combination or reclassification; provided, however, that shares of one such class may be subdivided, combined or reclassified in a different or disproportionate manner if such subdivision, combination or reclassification is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is

permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.5 **Liquidation, Dissolution or Winding Up**. Subject to the preferential or other rights of any holders of Preferred Stock then outstanding, upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, holders of Class A Common Stock and Class B Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders unless disparate or different treatment of the shares of each such class with respect to distributions upon any such liquidation, dissolution or winding up is approved in advance by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.6 **Merger or Consolidation**. In the case of any distribution or payment in respect of the shares of Class A Common Stock or Class B Common Stock upon the merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, such distribution or payment shall be made ratably on a per share basis among the holders of the Class A Common Stock and Class B Common Stock as a single class; provided, however, that shares of one such class may receive different or disproportionate distributions or payments in connection with such merger, consolidation or other transaction if (i) the only difference in the per share distribution to the holders of the Class A Common Stock and Class B Common Stock is that any securities distributed to the holder of a share Class B Common Stock have ten (10) times the voting power of any securities distributed to the holder of a share of Class A Common Stock, or (ii) such merger, consolidation or other transaction is approved by the affirmative vote (or written consent if action by written consent of stockholders is permitted at such time under this Restated Certificate of Incorporation) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

3.7 **Class B Protective Provisions**. So long as any shares of Class B Common Stock remain outstanding, the Corporation shall not, without the approval by vote or written consent of the holders of a majority of the voting power of the Class B Common Stock then outstanding, voting as a separate class, directly or indirectly, or whether by amendment, or through merger, recapitalization, consolidation or otherwise:

(i) amend, alter, or repeal any provision of the Certificate of Incorporation or the Bylaws that modifies the voting, conversion or other powers, preferences, or other special rights or privileges, or restrictions of the Class B Common Stock; or

(ii) reclassify any outstanding shares of Class A Common Stock of the Corporation into shares having rights as to dividends or liquidation that are senior to the Class B Common Stock or the right to more than one (1) vote for each share thereof.

ARTICLE V:
CLASS B COMMON STOCK CONVERSION

1. <u>Optional Conversion</u>. Each share of Class B Common Stock shall be convertible into one (1) fully paid and nonassessable share of Class A Common Stock at the option of the holder thereof at any time upon written notice to the Corporation. Before any holder of Class B Common Stock shall be entitled to convert any of such holder's shares of such Class B Common Stock into shares of Class A Common Stock, such holder shall deliver an instruction, duly signed and authenticated in accordance with any procedures set forth in the Bylaws or any policies of the Corporation then in effect, at the principal corporate office of the Corporation or of any transfer agent for the Class B Common Stock, and shall give written notice to the Corporation at its principal corporate office of such holder's election to convert the same and shall state therein the name or names in which the shares of Class A Common Stock issuable on conversion thereof are to be registered on the books of the Corporation. The Corporation shall, as soon as practicable thereafter, register on the Corporation's books ownership of the number of shares of Class A Common Stock to which such record holder of Class B Common Stock, or to which the nominee or nominees of such record holder, shall be entitled as aforesaid. Such conversion shall be deemed to have occurred immediately prior to the close of business on the date such notice of the election to convert is received by the Corporation, and the person or persons entitled to receive the shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Class A Common Stock as of such date.

2. <u>Automatic Conversion of all Outstanding Class B Common Stock</u>. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock immediately prior to the close of business on the earliest to occur of: (i) the date that is seven (7) years after the Initial Public Offering Closing (as defined below), (ii) the date on which the outstanding shares of Class B Common Stock represent less than ten (10%) of the aggregate number of shares of Class A Common Stock and Class B Common Stock then outstanding, or (iii) the date specified by the affirmative vote of the holders of Class B Common Stock representing a majority of the outstanding shares of Class B Common Stock, voting as a separate class (each event referred to in (i), (ii) and (iii) is referred to herein as a "***Final Automatic Conversion***"). The Corporation shall provide notice of the Final Automatic Conversion of shares of Class B Common Stock pursuant to this Section 2 of Article V to record holders of such shares of Class B Common Stock as soon as practicable following the Final Automatic Conversion. Such notice shall be provided by any means then permitted by the General Corporation Law; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the Final Automatic Conversion. Upon and after the Final Automatic Conversion, the person registered on the Corporation's books as the record holder of the shares of Class B Common Stock so converted immediately prior to the Final Automatic Conversion shall be registered on the Corporation's books as the record holder of the shares of Class A Common Stock issued upon the Final Automatic Conversion of such shares of Class B Common Stock, without further action on the part of the record holder thereof. Immediately upon the effectiveness of the Final Automatic Conversion, the rights of the holders of shares of Class B Common Stock as such shall cease, and the holders shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock into which such shares of Class B Common Stock were converted.

3. **Conversion on Transfer**. Each share of Class B Common Stock shall automatically, without further action by the Corporation or the holder thereof, be converted into one (1) fully paid and nonassessable share of Class A Common Stock, upon the occurrence of (i) a Transfer (as defined below), other than a Permitted Transfer (as defined below), of such share of Class B Common Stock or (ii) the death of the holder of such share if such holder is a natural person.

4. **Policies and Procedures**. The Corporation may, from time to time, as it may deem necessary or advisable, establish such policies and procedures, not in violation of applicable law or this Restated Certificate of Incorporation or the Bylaws, relating to the conversion of shares of the Class B Common Stock into shares of Class A Common Stock. If the Corporation has reason to believe that a Transfer that is not a Permitted Transfer has occurred, the Corporation may request that the purported transferor furnish affidavits or other evidence to the Corporation as it reasonably deems necessary to determine whether a Transfer that is not a Permitted Transfer has occurred, and if such transferor does not within ten (10) days after the date of such request furnish sufficient evidence to the Corporation (in the manner provided in the request) to enable the Corporation to determine that no such Transfer has occurred, any such shares of Class B Common Stock, to the extent not previously converted, shall be automatically converted into shares of Class A Common Stock at the close of business on the tenth (10th) day following such request, and such conversion shall thereupon be registered on the books and records of the Corporation. In connection with any action of stockholders taken at a meeting, the stock ledger of the Corporation shall be presumptive evidence as to who are the stockholders entitled to vote in person or by proxy at any meeting of stockholders and the classes of shares held by each such stockholder and the number of shares of each class held by such stockholder.

5. **Definitions**.

(a) "***Change in Control Transaction***" shall mean the occurrence of any of the following events:

(i) the sale, lease, exchange, encumbrance or other disposition (other than licenses that do not constitute an effective disposition of all or substantially all of the assets of the Corporation and its subsidiaries taken as a whole, and the grant of security interests in the ordinary course of business) by the Corporation of all or substantially all of the Corporation's assets; or

(ii) the merger or consolidation of the Corporation with or into any other entity, other than a merger or consolidation that would result in the Class B Common Stock of the Corporation outstanding immediately prior thereto representing (either by remaining outstanding or by being converted into voting securities of the surviving entity or its sole parent entity) more than fifty percent (50%) of the total voting power represented by the voting securities of the Corporation or such surviving entity or its sole parent entity outstanding immediately after such merger or consolidation.

(b) "***Convertible Security***" shall mean any evidences of indebtedness or other securities (other than shares of Class B Common Stock) convertible into or exchangeable for Class B Common Stock, either directly or indirectly.

(c) "***Securities Act***" shall mean the Securities Act of 1933, as amended.

(d) "***Family Member***" shall mean with respect to any natural person who is a Qualified Stockholder, the spouse, domestic partner, parents, grandparents, lineal descendants, siblings and lineal descendants of siblings of such Qualified Stockholder. Lineal descendants shall include adopted persons, but only so long as they are adopted while a minor.

(e) "***Incapacity***" shall mean, with respect to an individual, that such individual is incapable of managing his or her financial affairs under the criteria set forth in the applicable probate code, that can be expected to result in death, or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months as determined by a licensed medical practitioner. In the event of a dispute regarding whether an individual has suffered an Incapacity, no Incapacity of such individual will be deemed to have occurred unless and until an affirmative ruling regarding such Incapacity has been made by a court of competent jurisdiction.

(f) "***Independent Directors***" shall mean members of the Board of Directors that are not officers or otherwise employees of the Corporation or its subsidiaries; provided that a director shall not be considered an officer or employee of the Corporation solely due to such director's position as a member of the Board of Directors or the board of directors or similar governing body of one or more subsidiaries of the Corporation or such director's service as a non-executive chairman, lead independent director or in any similar capacity.

(g) "***Initial Public Offering Closing***" shall mean the closing of the Corporation's initial public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of Class A Common Stock to the public.

(h) "***IPO Date***" means , 2021.

(i) "***Option***" shall mean rights, options, restricted stock units or warrants to subscribe for, purchase or otherwise acquire Class B Common Stock or Convertible Securities (as defined above).

(j) "***Parent***" of an entity shall mean any entity that directly or indirectly owns or controls a majority of the voting power of the voting securities of such entity.

(k) "***Permitted Entity***" shall mean with respect to a Qualified Stockholder: (a) a Permitted Trust solely for the benefit of (1) such Qualified Stockholder, (2) one or more Family Members of such Qualified Stockholder, or (3) any other Permitted Entity of such Qualified Stockholder; or (b) any general partnership, limited partnership, limited liability company, corporation or other entity exclusively owned by (1) such Qualified Stockholder, (2) one or more Family Members of such Qualified Stockholder, or (3) any other Permitted Entity of such Qualified Stockholder.

(l) "***Permitted Transfer***" shall mean, and be restricted to, any Transfer of a share of Class B Common Stock:

(i) by a Qualified Stockholder to (A) one or more Family Members of such Qualified Stockholder, (B) any Permitted Entity of such Qualified Stockholder, or (C) to such Qualified Stockholder's revocable living trust, which revocable living trust is itself both a Permitted Trust and a Qualified Stockholder; or

(ii) by a Permitted Entity of a Qualified Stockholder to (A) such Qualified Stockholder or one or more Family Members of such Qualified Stockholder, or (B) any other Permitted Entity of such Qualified Stockholder.

(m) "***Permitted Transferee***" shall mean a transferee of shares of Class B Common Stock received in a Permitted Transfer.

(n) "***Permitted Trust***" shall mean a bona fide trust where each trustee is (i) a Qualified Stockholder, (ii) a Family Member, or (iii) a professional in the business of providing trustee services, including private professional fiduciaries, trust companies and bank trust departments.

(o) "***Person***" shall mean a natural person, corporation, limited liability company, partnership, joint venture, trust, unincorporated association or other legal entity.

(p) "***Qualified Stockholder***" shall mean: (a) the record holder of a share of Class B Common Stock as of the IPO Date; (b) the initial registered holder of any shares of Class B Common Stock that are originally issued by the Corporation after the IPO Date pursuant to the exercise or conversion of any Option or Convertible Security that, in each case, was outstanding as of the IPO Date; (c) each natural person who, prior to the IPO Date, Transferred shares of capital stock of the Corporation to a Permitted Entity that is or becomes a Qualified Stockholder; (d) each natural person who Transferred shares of, or equity awards for, Class B Common Stock (including any Option exercisable or Convertible Security exchangeable for or convertible into shares of Class B Common Stock) to a Permitted Entity that is or becomes a Qualified Stockholder; and (e) a Permitted Transferee.

(q) "***Transfer***" of a share of Class B Common Stock shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law, including, without limitation, a transfer of a share of Class B Common Stock to a broker or other nominee (regardless of whether there is a corresponding change in beneficial ownership), the transfer of, or entering into a binding agreement with respect to, Voting Control over such share by proxy, or the transfer of a share of Class B Common Stock to certain charities and trusts established by a holder of Class B Common Stock, so long as such holder of Class B Common Stock has sole dispositive power and exclusive Voting Control with respect to the shares of Class B Common Stock held by such entity or otherwise; provided, however, that the following shall not be considered a "***Transfer***" within the meaning of this Section 5 of Article V:

(i) the granting of a revocable proxy to officers or directors of the Corporation at the request of the Board of Directors in connection with actions to be taken at an annual or special meeting of stockholders;

(ii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) solely with stockholders who are holders of Class B Common Stock that (A) is disclosed either in a Schedule 13D filed with the Securities and Exchange Commission or in writing to the Secretary of the Corporation, (B) either has a term not exceeding one (1) year or is terminable by the holder of the shares subject thereto at any time and (C) does not involve any payment of cash, securities, property or other consideration to the holder of the shares subject thereto other than the mutual promise to vote shares in a designated manner;

(iii) entering into a voting trust, agreement or arrangement (with or without granting a proxy) pursuant to a written agreement to which the Corporation is a party;

(iv) the pledge of shares of Class B Common Stock by a stockholder that creates a mere security interest in such shares pursuant to a bona fide loan or indebtedness transaction for so long as such stockholder continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such shares or other similar action by the pledgee shall constitute a Transfer unless such foreclosure or similar action qualifies as a Permitted Transfer;

(v) the fact that, as of the IPO Date or at any time after the IPO Date, the spouse of any holder of Class B Common Stock possesses or obtains an interest in such holder's shares of Class B Common Stock arising solely by reason of the application of the community property laws of any jurisdiction, so long as no other event or circumstance shall exist or have occurred that constitutes a Transfer of such shares of Class B Common Stock; provided that any transfer of shares by any holder of shares of Class B Common Stock to such holder's spouse, including a transfer in connection with a divorce proceeding, domestic relations order or similar legal requirement, shall constitute a "***Transfer***" of such shares of Class B Common Stock unless otherwise exempt from the definition of Transfer;

(vi) entering into a trading plan pursuant to Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***"), with a broker or other nominee; provided, however, that a sale of such shares of Class B Common Stock pursuant to such plan shall constitute a "***Transfer***" at the time of such sale; or

(vii) in connection with a merger or consolidation of the Corporation with or into any other entity, or in the case of any other transaction having an effect on stockholders substantially similar to that resulting from a merger or consolidation, that has been approved by the Board of Directors, the entering into a support, voting, tender or similar agreement or arrangement (in each case, with or without the grant of a proxy) that has also been approved by the Board of Directors.

A Transfer shall also be deemed to have occurred with respect to a share of Class B Common Stock beneficially held by (i) an entity that is a Permitted Entity, if there occurs any act or circumstance that causes such entity to no longer be a Permitted Entity or (ii) an entity that is

a Qualified Stockholder, if, in either case, there occurs a Transfer on a cumulative basis, from and after the IPO Date, of a majority of the voting power of the voting securities of such entity or any direct or indirect Parent of such entity, other than a Transfer to parties that are, as of the IPO Date, holders of voting securities of any such entity or Parent of such entity.

(r) "***Voting Control***" shall mean, with respect to a share of Class B Common Stock, the power (whether exclusive or shared) to vote or direct the voting of such share by proxy, voting agreement or otherwise.

6. **Immediate Effect and Status of Converted Stock**. In the event of a conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to Section 3 of this Article V, or upon the date of the Final Automatic Conversion, such conversion(s) shall be deemed to have been made at the time that the Transfer of shares occurred or immediately at 11:59 p.m. Pacific Time on the date of the Final Automatic Conversion, as applicable. In the event any shares of Class B Common Stock are converted into shares of Class A Common Stock pursuant to this Article V, the shares of Class B Common Stock so converted shall be retired and shall not be reissued by the Corporation.

7. **Effect of Conversion on Payment of Dividends**. Notwithstanding anything to the contrary in Sections 1, 2 or 3 of this Article V, if the date on which any share of Class B Common Stock is converted into Class A Common Stock pursuant to the provisions of Sections 1, 2 or 3 of this Article V occurs after the record date for the determination of the holders of Class B Common Stock entitled to receive any dividend or distribution to be paid on the shares of Class B Common Stock, the holder of such shares of Class B Common Stock as of such record date will be entitled to receive such dividend or distribution on such payment date; provided, that, notwithstanding any other provision of this Restated Certificate of Incorporation, to the extent that any such dividend or distribution is payable in shares of Class B Common Stock, such dividend or distribution shall be deemed to have been declared, and shall be payable in, shares of Class A Common Stock and no shares of Class B Common Stock shall be issued in payment thereof.

8. **Reservation**. The Corporation shall at all times reserve and keep available, out of its authorized and unissued shares of Class A Common Stock, solely for the purpose of effecting conversions of shares of Class B Common Stock into Class A Common Stock, such number of duly authorized shares of Class A Common Stock as shall from time to time be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock. If at any time the number of authorized and unissued shares of Class A Common Stock shall not be sufficient to effect the conversion of all then-outstanding shares of Class B Common Stock, the Corporation shall promptly take such corporate action as may be necessary to increase its authorized but unissued shares of Class A Common Stock to such number of shares as shall be sufficient for such purpose, including, without limitation, obtaining the requisite stockholder approval of any necessary amendment to this Restated Certificate of Incorporation. All shares of Class A Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable shares. The Corporation shall take all such action as may be necessary to ensure that all such shares of Class A Common Stock may be so issued without violation of any applicable law or regulation.

9. **No Further Issuances**. Except for the issuance of Class B Common Stock issuable upon exercise of Rights outstanding at the Effective Time or a dividend payable in accordance with Article IV, Section 3.3, the Corporation shall not at any time after the Effective Time issue any additional shares of Class B Common Stock, unless such issuance is approved by the affirmative vote of the holders of a majority of the outstanding shares of Class B Common Stock. After the Final Conversion Date, the Corporation shall not issue any additional shares of Class B Common Stock.

ARTICLE VI:
AMENDMENT OF BYLAWS

The Board of Directors shall have the power to adopt, amend or repeal the Bylaws. Any adoption, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the Whole Board. For purposes of this Restated Certificate of Incorporation, the term "***Whole Board***" shall mean the total number of authorized directors, whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws; provided, however, that, notwithstanding any other provision of this Restated Certificate of Incorporation or any provision of law that might otherwise permit a lesser or no vote, but in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal any provision of the Bylaws; provided, further, however, that, in the case of any proposed adoption, amendment or repeal of any provisions of the Bylaws that is approved by the Board of Directors and submitted to the stockholders for adoption thereby, if directors representing two-thirds (2/3) of the Whole Board have approved such adoption, amendment or repeal of any provisions of the Bylaws, then, in addition to any vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation, only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to adopt, amend or repeal such provision of the Bylaws.

ARTICLE VII:
MATTERS RELATING TO THE BOARD OF DIRECTORS

1. **Director Powers**. Except as otherwise provided by the General Corporation Law or this Certificate of Incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. **Number of Directors**. Subject to the special rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, the total number of directors constituting the Whole Board shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. **Classified Board**. Subject to the special rights of the holders of one or more series of Preferred Stock to elect directors, the directors shall be divided, with respect to the time for which they severally hold office, into three classes designated as Class I, Class II and Class III, respectively (the "***Classified Board***"). The Board of Directors is authorized to assign members of the Board of Directors to such classes of the Classified Board. The number of directors in each class shall be divided as nearly equal as is practicable. The initial term of office of the Class I directors shall expire on 2022, the initial term of office of the Class II directors shall expire on 2023, and the initial term of office of the Class III directors shall expire on 2024. At each annual meeting of stockholders, directors elected to succeed those directors of the class whose terms then expire shall be elected for a term of office expiring at the third succeeding annual meeting of stockholders after their election.

4. **Term and Removal**. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission. For the first twelve (12) months after the date a director first joins (by appointment or election) the Board of Directors, subject to the special rights of the holders of any series of Preferred Stock to elect directors, each such director may be removed with or without cause by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class. After twelve (12) months from the date a director first joins (by appointment or election) the Board of Directors, subject to the special rights of the holders of any series of Preferred Stock to elect directors, no director may be removed from the Board of Directors except for cause and only by the affirmative vote of the holders of a majority of the voting power of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, voting together as a single class. Subject to the special rights of the holders of any series of Preferred Stock to elect directors, in the event of any increase or decrease in the authorized number of directors, (a) each director then serving as such shall nevertheless continue as a director of the class of which he or she is a member and (b) the newly created or eliminated directorships resulting from such increase or decrease shall be apportioned by the Board of Directors among the classes of directors so as to make all classes as nearly equal in number as is practicable. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

5. **Vacancies and Newly Created Directorships**. Subject to the special rights of the holders of any series of Preferred Stock to elect directors, any vacancy occurring in the Board of Directors for any reason, and any newly created directorship resulting from any increase in the authorized number of directors, shall be filled only by the affirmative vote of a majority of the directors then in office, even if less than a quorum, or by a sole remaining director, and shall not be filled by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders at which the term of office of the class, if any, to which the director has been assigned expires and until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation, disqualification or removal.

6. Additional Directors Elected by the Preferred Stock. During any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof (including any Certificate of Designation) (any such director, a "**Preferred Stock Director**"), and upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such number of Preferred Stock Directors that the holders of any series of Preferred Stock have a right to elect, and the holders of such Preferred Stock shall be entitled to elect the additional Preferred Stock Directors so provided for or fixed pursuant to said provisions; and (ii) each such Preferred Stock Director shall serve until his or her successor shall have been duly elected and qualified, or until his or her right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. In case any vacancy shall occur among the Preferred Stock Directors, a successor Preferred Stock Director may be elected by the holders of Preferred Stock pursuant to said provisions. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), whenever the holders of any series of Preferred Stock having such right to elect an additional Preferred Stock Director are divested of such right pursuant to said provisions, the terms of office of such Preferred Stock Director elected by the holders of such Preferred Stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional Preferred Stock Director, shall forthwith terminate (in which case such person shall cease to be qualified as a director and shall cease to be a director) and the total authorized number of directors of the Corporation shall be automatically reduced accordingly.

7. Vote by Ballot. Election of directors need not be by written ballot unless the Bylaws shall so provide.

8. No Cumulative Voting. No stockholder will be permitted to cumulate votes at any election of directors.

ARTICLE VIII:
DIRECTOR LIABILITY

1. Limitation of Liability. To the fullest extent permitted by law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law, as so amended.

2. Change in Rights. Neither any amendment nor repeal of this Article VIII, nor the adoption of any provision of this Restated Certificate of Incorporation inconsistent with this Article VIII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation or any rights or protections of any officer or director of the Corporation under this Article VIII with respect to acts or omissions occurring prior to the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE IX:
MATTERS RELATING TO STOCKHOLDERS

1. **No Action by Written Consent of Stockholders**. Subject to the rights of any series of Preferred Stock then outstanding, (i) no action shall be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders, and (ii) no action shall be taken by the stockholders of the Corporation by written consent in lieu of a meeting.

2. **Special Meeting of Stockholders**. Special meetings of the stockholders of the Corporation may be called only by a majority of our Board of Directors, stockholders holding at least shares of our Class B Common Stock or the Chairperson of our Board of Directors.

3. **Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings**. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws. Business transacted at special meetings of stockholders shall be limited to the purpose or purposes stated in the notice of meeting.

ARTICLE X:
SEVERABILITY

If any provision of this Restated Certificate of Incorporation shall be held to be invalid, illegal, or unenforceable, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of this Restated Certificate of Incorporation (including without limitation, all portions of any section of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal, or unenforceable, which is not invalid, illegal, or unenforceable) shall remain in full force and effect.

ARTICLE XI:
AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION

1. **General**. The Corporation reserves the right to amend or repeal any provision contained in this Restated Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; provided, however, that, notwithstanding any provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote (other than Sections 1.2 and 2 of Article IV hereof), but in addition to any vote of the holders of any class or series of the stock of the Corporation required by applicable law or by this Restated Certificate of Incorporation (including any Certificate of Designation), and subject to Sections 1.2 and 2 of Article IV, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the

election of directors, voting together as a single class, shall be required to amend or repeal, or adopt any provision inconsistent with, this Section 1 of this Article XI, Sections 1.2 and 2 of Article IV, or Article V, Article VI, Article VII, Article VIII, Article IX, Article X or Article XII (the "***Specified Provisions***"); provided, further, that if directors representing two-thirds (2/3) of the Whole Board have approved such amendment or repeal of, or any provision inconsistent with, the Specified Provisions, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class (in addition to any other vote of the holders of any class or series of stock of the Corporation required by applicable law or by this Certificate of Incorporation), shall be required to approve such amendment or repeal of, or the adoption of such provision inconsistent with, the Specified Provisions.

2. Changes to or Inconsistent with Section 3 of Article IV. Notwithstanding any other provision of this Restated Certificate of Incorporation (including any Certificate of Designation) or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of any class or series of the stock of the Corporation required by law or by this Restated Certificate of Incorporation (including any Certificate of Designation), the affirmative vote of the holders of Class A Common Stock representing at least two-thirds (2/3) of the voting power of the then-outstanding shares of Class A Common Stock, voting separately as a single class, and the affirmative vote of the holders of Class B Common Stock representing at least two-thirds (2/3) of the voting power of the then-outstanding shares of Class B Common Stock, each voting separately as single classes, shall be required to amend or repeal, or to adopt any provision inconsistent with, Section 3 of Article IV or this Section 2 of this Article XI.

ARTICLE XII:
CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim against the Corporation arising pursuant to any provision of the General Corporation Law, this Restated Certificate of Incorporation or the Bylaws or as to which the General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; (d) any action to interpret, apply, enforce or determine the validity of this Restated Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Corporation governed by the internal affairs doctrine. This Article XII shall not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

To the fullest extent permitted by law, unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act.

Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XII.

Exhibit 3.3

BYLAWS OF

BACKBLAZE, INC.

(A DELAWARE CORPORATION)

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BYLAWS
OF
BackBlaze, Inc.

ARTICLE I
OFFICES

1.1 **Registered Office**. The registered office shall be in the City of Dover, County of Kent, State of Delaware.

1.2 **Offices**. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

2.1 **Location**. All meetings of the stockholders for the election of directors shall be held in the City of Menlo Park, State of California, at such place as may be fixed from time to time by the Board of Directors, or at such other place either within or without the State of Delaware as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting; provided, however, that the Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211 of the Delaware General Corporations Law ("DGCL"). Meetings of stockholders for any other purpose may be held at such time and place, if any, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof, or a waiver by electronic transmission by the person entitled to notice.

2.2 **Timing**. Annual meetings of stockholders, commencing with the year 2008, shall be held at such date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a Board of Directors, and transact such other business as may properly be brought before the meeting.

2.3 **Notice of Meeting**. Written notice of any stockholder meeting stating the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting, shall be given to each stockholder entitled to vote at such meeting not fewer than ten (10) nor more than sixty (60) days before the date of the meeting.

2.4 **Stockholders' Record**s. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address (but not the electronic address or other electronic contact information) of each stockholder and the number of shares registered in the name of each

stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

2.5 **Special Meetings**. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the president and shall be called by the president or secretary at the request in writing of a majority of the Board of Directors, or at the request in writing of stockholders owning at least ten percent (10%) in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

2.6 **Notice of Meeting**. Written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not fewer than ten (10) nor more than sixty (60) days before the date of the meeting, to each stockholder entitled to vote at such meeting. The means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting shall also be provided in the notice.

2.7 **Business Transacted at Special Meeting**. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

2.8 **Quorum; Meeting Adjournment; Presence by Remote Means**.

(a) *Quorum; Meeting Adjournment*. The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) *Presence by Remote Means*. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication:

(1) participate in a meeting of stockholders; and

(2) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

2.9 **Voting Thresholds**. When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation, a different vote is required, in which case such express provision shall govern and control the decision of such question.

2.10 **Number of Votes Per Share**. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote by such stockholder or by proxy for each share of the capital stock having voting power held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

2.11 **Action by Written Consent of Stockholders; Electronic Consent; Notice of Action**.

(a) *Action by Written Consent of Stockholders.* Unless otherwise provided by the certificate of incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken, is signed in a manner permitted by law by the holders of outstanding stock having not less than the number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Written stockholder consents shall bear the date of signature of each stockholder who signs the consent in the manner permitted by law and shall be delivered to the corporation as provided in subsection (b) below. No written consent shall be effective to take the action set forth therein unless, within sixty (60) days of the earliest dated consent delivered to the corporation in the manner provided above, written consents signed by a sufficient number of stockholders to take the action set forth therein are delivered to the corporation in the manner provided above.

(b) *Electronic Consent*. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder or proxyholder, or a person or persons authorized to act for a stockholder or proxyholder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (1) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder or proxyholder or by a person or persons authorized to act for the stockholder or proxyholder and (2) the date on which such stockholder or proxyholder or authorized person or persons transmitted such telegram, cablegram or electronic transmission. The date on which such telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by telegram, cablegram or other electronic transmission may be otherwise delivered to the principal place of business of the corporation or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded if, to the extent and in the manner provided by resolution of the Board of Directors of the corporation.

(c) *Notice of Action*. Prompt notice of any action taken pursuant to this Section 2.11 shall be provided to the stockholders in accordance with Section 228(e) of the DGCL.

ARTICLE III
DIRECTORS

3.1 **Authorized Directors**. The number of directors that shall constitute the whole Board of Directors shall be determined by resolution of the Board of Directors or by the stockholders at the annual meeting of the stockholders, except as provided in Section 3.2 of this Article, and each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

3.2 **Vacancies**. Unless otherwise provided in the corporation's certificate of incorporation, as it may be amended, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of

the whole Board of Directors (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

3.3 **Board Authority**. The business of the corporation shall be managed by or under the direction of its Board of Directors, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these bylaws directed or required to be exercised or done by the stockholders.

3.4 **Location of Meetings**. The Board of Directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

3.5 **First Meeting**. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the stockholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected directors in order to legally constitute the meeting, provided a quorum shall be present. In the event of the failure of the stockholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the stockholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the directors.

3.6 **Regular Meetings**. Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board of Directors.

3.7 **Special Meetings**. Special meetings of the Board of Directors may be called by the president upon notice to each director; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two (2) directors unless the Board of Directors consists of only one director, in which case special meetings shall be called by the president or secretary in like manner and on like notice on the written request of the sole director. Notice of any special meeting shall be given to each director at his business or residence in writing, or by telegram, facsimile transmission, telephone communication or electronic transmission (provided, with respect to electronic transmission, that the director has consented to receive the form of transmission at the address to which it is directed). If mailed, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) days before such meeting. If by telegram, such notice shall be deemed adequately delivered when the telegram is delivered to the telegraph company at least twenty-four (24) hours before such meeting. If by facsimile transmission or other electronic transmission, such notice shall be transmitted at least twenty-four (24) hours before such meeting. If by telephone, the notice shall be given at least twelve (12) hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice of such meeting, except for amendments to these Bylaws as provided under Section 8.1 of Article VIII hereof. A meeting may be held at any time without notice if all the directors are present (except as otherwise provided by law) or if those not present waive notice of the meeting in writing, either before or after such meeting.

3.8 **Quorum**. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business and any act of a majority of the directors present at any meeting at which there is a quorum shall be an act of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.9 **Action Without a Meeting**. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing, writings, electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

3.10 **Telephonic Meetings**. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or any committee, by means of conference telephone or other means of communication by which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at the meeting.

3.11 **Committees**. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it, but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval or (ii) adopting, amending or repealing any provision of these bylaws.

3.12 **Minutes of Meetings**. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

3.13 **Compensation of Directors**. Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.14 **Removal of Directors**. Unless otherwise provided by the certificate of incorporation or these bylaws, any director or the entire Board of Directors may be removed, with or without cause, by the holders of a majority of shares entitled to vote at an election of directors.

ARTICLE IV
NOTICES

4.1 **Notice**. Unless otherwise provided in these bylaws, whenever, under the provisions of the statutes or of the certificate of incorporation or of these bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

4.2 **Waiver of Notice**. Whenever any notice is required to be given under the provisions of the statutes or of the certificate of incorporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

4.3 **Electronic Notice**.

(a) *Electronic Transmission*. Without limiting the manner by which notice otherwise may be given effectively to stockholders and directors, any notice to stockholders or directors given by the corporation under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder or director to whom the notice is given. Any such consent shall be revocable by the stockholder or director by written notice to the corporation. Any such consent shall be deemed revoked if (1) the corporation is unable to deliver by electronic transmission two consecutive notices given by the corporation in accordance with such consent and (2) such inability becomes known to the secretary or an assistant secretary of the corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(b) *Effective Date of Notice*. Notice given pursuant to subsection (a) of this section shall be deemed given: (1) if by facsimile telecommunication, when directed to a number at which the stockholder or director has consented to receive notice; (2) if by electronic mail, when directed to an electronic mail address at which the stockholder or director has consented to receive notice; (3) if by a posting on an electronic network together with separate notice to the stockholder or director of such specific posting, upon the later of (i) such posting and (ii) the giving of such separate notice; and (4) if by any other form of electronic transmission, when directed to the stockholder or director. An affidavit of the secretary or an assistant secretary or of the transfer agent or other agent of the corporation that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

(c) *Form of Electronic Transmission*. For purposes of these bylaws, “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

ARTICLE V
OFFICERS

5.1 **Required and Permitted Officers**. The officers of the corporation shall be chosen by the Board of Directors and shall be a president, treasurer and a secretary. The Board of Directors may elect from among its members a Chairman of the Board and a Vice-Chairman of the Board. The Board of Directors may also choose one or more vice-presidents, assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these bylaws otherwise provide.

5.2 **Appointment of Required Officers**. The Board of Directors at its first meeting after each annual meeting of stockholders shall choose a president, a treasurer, and a secretary and may choose vice-presidents.

5.3 **Appointment of Permitted Officers**. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

5.4 **Officer Compensation**. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

5.5 **Term of Office; Vacancies**. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the corporation shall be filled by the Board of Directors.

THE CHAIRMAN OF THE BOARD

5.6 **Chairman Presides**. The Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present. he or she shall have and may exercise such powers as are, from time to time, assigned to him by the Board of Directors and as may be provided by law.

5.7 **Absence of Chairman**. In the absence of the Chairman of the Board, the Vice-Chairman of the Board, if any, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present. He or she shall have and may exercise such powers as are, from time to time, assigned to him by the Board of Directors and as may be provided by law.

THE PRESIDENT AND VICE-PRESIDENTS

5.8 **Powers of President**. The president shall be the chief executive officer of the corporation; in the absence of the Chairman and Vice-Chairman of the Board he or she shall preside at all meetings of the stockholders and the Board of Directors; he or she shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect.

5.9 **President's Signature Authority**. The president shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the corporation.

5.10 **Absence of President**. In the absence of the president or in the event of his inability or refusal to act, the vice-president, if any, (or in the event there be more than one vice-president, the vice-presidents in the order designated by the directors, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

5.11 **Duties of Secretary**. The secretary shall attend all meetings of the Board of Directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he or she shall be. He or she shall have custody of the corporate seal of the corporation and he or she, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

5.12 **Duties of Assistant Secretary**. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

5.13 **Duties of Treasurer**. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.

5.14 **Disbursements and Financial Reports**. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

5.15 **Treasurer's Bond**. If required by the Board of Directors, the treasurer shall give the corporation a bond (which shall be renewed every six years) in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

5.16 **Duties of Assistant Treasurer**. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors (or if there be no such determination, then in the order of their election) shall, in the absence of the treasurer or in the event of the treasurer's inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE VI
CERTIFICATE OF STOCK

6.1 **Stock Certificates**. Every holder of stock in the corporation shall be entitled to have a certificate, signed by or in the name of the corporation by, the Chairman or Vice-Chairman of the Board of Directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualification, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

6.2 **Facsimile Signatures**. Any or all of the signatures on the certificate may be facsimile. In the event that any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if such officer, transfer agent or registrar were still acting as such at the date of issue.

6.3 **Lost Certificates**. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

6.4 **Transfer of Stock**. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

6.5 **Fixing a Record Date**. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

6.6 **Registered Stockholders**. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, to vote as such owner, to hold liable for calls and assessments a person registered on its books as the owner of shares and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII
GENERAL PROVISIONS

7.1 **Dividends**. Dividends upon the capital stock of the corporation, if any, subject to the provisions of the certificate of incorporation, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

7.2 **Reserve for Dividends**. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their sole discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purposes as the directors think conducive to the interests of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

7.3 **Checks**. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

7.4 **Fiscal Year**. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

7.5 **Corporate Seal**. The Board of Directors may adopt a corporate seal having inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

7.6 **Indemnification**. The corporation shall, to the fullest extent authorized under the laws of the State of Delaware, as those laws may be amended and supplemented from time to time, indemnify any director made, or threatened to be made, a party to an action or proceeding, whether criminal, civil, administrative or investigative, by reason of being a director of the corporation or a predecessor corporation or a director or officer of another corporation, if such person served in such position at the request of the corporation; provided, however, that the corporation shall indemnify any such director or officer in connection with a proceeding initiated by such director or officer only if such proceeding was authorized by the Board of Directors of the corporation. The indemnification provided for in this Section 7.6 shall: (i) not be deemed

exclusive of any other rights to which those indemnified may be entitled under these bylaws, agreement or vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, (ii) continue as to a person who has ceased to be a director, and (iii) inure to the benefit of the heirs, executors and administrators of a person who has ceased to be a director. The corporation's obligation to provide indemnification under this Section 7.6 shall be offset to the extent of any other source of indemnification or any otherwise applicable insurance coverage under a policy maintained by the corporation or any other person.

Expenses incurred by a director of the corporation in defending a civil or criminal action, suit or proceeding by reason of the fact that he or she is or was a director of the corporation (or was serving at the corporation's request as a director or officer of another corporation) shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized by relevant sections of the DGCL. Notwithstanding the foregoing, the corporation shall not be required to advance such expenses to an agent who is a party to an action, suit or proceeding brought by the corporation and approved by a majority of the Board of Directors of the corporation that alleges willful misappropriation of corporate assets by such agent, disclosure of confidential information in violation of such agent's fiduciary or contractual obligations to the corporation or any other willful and deliberate breach in bad faith of such agent's duty to the corporation or its stockholders.

The foregoing provisions of this Section 7.6 shall be deemed to be a contract between the corporation and each director who serves in such capacity at any time while this bylaw is in effect, and any repeal or modification thereof shall not affect any rights or obligations then existing with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought based in whole or in part upon any such state of facts.

The Board of Directors in its sole discretion shall have power on behalf of the corporation to indemnify any person, other than a director, made a party to any action, suit or proceeding by reason of the fact that he or she, his testator or intestate, is or was an officer or employee of the corporation.

To assure indemnification under this Section 7.6 of all directors, officers and employees who are determined by the corporation or otherwise to be or to have been "fiduciaries" of any employee benefit plan of the corporation that may exist from time to time, Section 145 of the DGCL shall, for the purposes of this Section 7.6, be interpreted as follows: an "other enterprise" shall be deemed to include such an employee benefit plan, including without limitation, any plan of the corporation that is governed by the Act of Congress entitled "Employee Retirement Income Security Act of 1974," as amended from time to time; the corporation shall be deemed to have requested a person to serve the corporation for purposes of Section 145 of the DGCL, as administrator of an employee benefit plan where the performance by such person of his duties to the corporation also imposes duties on, or otherwise involves services by, such person to the plan or participants or beneficiaries of the plan; excise taxes assessed on a person with respect to an employee benefit plan pursuant to such Act of Congress shall be deemed "fines."

CERTIFICATE OF INCORPORATION GOVERNS

7.7 **Conflicts with Certificate of Incorporation**. In the event of any conflict between the provisions of the corporation's certificate of incorporation and these bylaws, the provisions of the certificate of incorporation shall govern.

ARTICLE VIII
AMENDMENTS

8.1 These bylaws may be altered, amended or repealed, or new bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the certificate of incorporation at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal bylaws is conferred upon the Board of Directors by the certificate of incorporation, it shall not divest or limit the power of the stockholders to adopt, amend or repeal bylaws.

ARTICLE IX
LOANS TO OFFICERS

9.1 The corporation may lend money to, or guarantee any obligation of or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in these bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

ARTICLE X
RECORDS AND REPORTS

10.1 The application and requirements of Section 1501 of the California General Corporation Law are hereby expressly waived to the fullest extent permitted thereunder.

CERTIFICATE OF SECRETARY OF

BACKBLAZE, Inc.

The undersigned, Brian Wilson, hereby certifies that he or she is the duly elected and acting Secretary of BackBlaze, Inc., a Delaware corporation (the "Corporation"), and that the Bylaws attached hereto constitute the Bylaws of said Corporation as duly adopted by Action by Written Consent by the Directors on April 21, 2007.

IN WITNESS WHEREOF, the undersigned has hereunto subscribed his name this 21st day of April, 2007.

/s/ Brian Wilson
Secretary

Exhibit 3.4

BACKBLAZE, INC.
(a Delaware corporation)

AMENDED AND RESTATED BYLAWS

As Adopted , 2021 and
As Effective , 2021

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BACKBLAZE, INC.
(a Delaware corporation)

AMENDED AND RESTATED BYLAWS
As Adopted , 2021 and
As Effective , 2021

ARTICLE I
STOCKHOLDERS

Section 1.1 Annual Meetings. If required by applicable law or as otherwise determined by the Board of Directors (the "***Board***") of Backblaze, Inc. (the "***Corporation***"), an annual meeting of stockholders shall be held for the election of directors at such date and time as the Board shall each year fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the "***DGCL***"), or by means of remote communication as the Board in its sole discretion may determine. Any other proper business may be transacted at the annual meeting. The Corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board.

Section 1.2 Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Restated Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the "***Certificate of Incorporation***"). The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting. The Corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board.

Section 1.3 Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for stockholders entitled to notice of the meeting). In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting.

Section 1.4 Adjournments. Notwithstanding Section 1.5 of these Bylaws, the chairperson of the meeting shall have the power to recess or adjourn any meeting of

stockholders, annual or special, to another time, date and place (if any) regardless of whether a quorum is present, at any time and for any reason. Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such adjourned meeting if the time, date and place (if any) thereof and the means of remote communication (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if (x) the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting or (y) after the adjournment, a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If a quorum is present at the original meeting, it shall also be deemed present at the adjourned meeting. To the fullest extent permitted by law, the Board may postpone, reschedule or cancel at any time and for any reason any previously scheduled special or annual meeting of stockholders before it is to be held, regardless of whether any notice or public disclosure with respect to any such meeting has been sent or made pursuant to Section 1.3 hereof or otherwise, in which case notice shall be provided to the stockholders of the new date, time and place, if any, of the meeting as provided in Section 1.3 above.

Section 1.5 Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; *provided*, *however*, that where a separate vote by a class or classes or series of stock is required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the voting power of the shares entitled to vote who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided*, *however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.6 Organization. Meetings of stockholders shall be presided over by (a) such person as the Board may designate, or (b) in the absence of such a person, the Chairperson of the Board, or (c) in the absence of such person, the Chief Executive Officer of the Corporation, or

(d) in the absence of such person, the General Counsel (or Chief Legal Officer) of the Corporation, or (e) in the absence of such person, the Lead Independent Director, or (f) in the absence of such person, by a Vice President. The Secretary of the Corporation shall generally act as secretary of the meeting or other person designated by the Board, Chairperson of the Board (if not designated by the Board), or Chief Executive Officer (if not designated by the Board or Chairperson of the Board), but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7 Voting; Proxies. Each stockholder of record entitled to vote at a meeting of stockholders, or to take corporate action by written consent without a meeting, may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, at all meetings of stockholders for the election of directors at which a quorum is present, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. At all meetings of stockholders at which a quorum is present, unless a different or minimum vote is required by applicable law, rule or regulation applicable to the Corporation or its securities, the rules or regulations of any stock exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, in which case such different or minimum vote shall be the applicable vote on the matter, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each class or series, the holders of a majority of the voting power of the shares of stock of that class or series present in person or represented by proxy at the meeting voting for or against such matter).

Section 1.8 Fixing Date for Determination of Stockholders of Record.

1.8.1 Meetings. In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If the Board so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

1.8.2 Stockholder Action by Written Consent. If stockholders are permitted to act by written consent pursuant to the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board pursuant to the first sentence of this Section 1.8.2, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting (if stockholders are permitted to act by written consent pursuant to the Certificate of Incorporation), when no prior action by the Board is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or to any officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. If no record date has been fixed by the Board pursuant to the first sentence of this Section 1.8.2, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting if prior action by the Board is required by applicable law shall be at the close of business on the date on which the Board adopts the resolution taking such prior action.

1.8.3 Dividends, Distributions, or Rights. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at 5:00 p.m. Pacific Time on the day on which the Board adopts the resolution relating thereto.

Section 1.9 List of Stockholders Entitled to Vote. The Corporation shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting (*provided*, *however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network as permitted by applicable law (*provided* that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a location where stockholders may attend in person, a list of stockholders entitled to vote at the meeting shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then

the list shall be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.9 or to vote in person or by proxy at any meeting of stockholders.

Section 1.10 Inspectors of Elections.

1.10.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by applicable law, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies pursuant to Section 211(a)(2)b.(i) of the DGCL, or in accordance with Sections 211(e) or 212(c)(2) of the DGCL,

ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.11 Conduct of Meetings. The Board may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the person presiding over any meeting of stockholders shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted to questions or comments by participants; (vi) restricting the use of audio/video recording devices and cell phones; and (vii) complying with any state and local laws and regulations concerning safety and security. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 1.12 Notice of Stockholder Business; Nominations.

1.12.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders may be made at an annual meeting of stockholders only: (i) pursuant to the Corporation's notice of such meeting (or any supplement thereto), (ii) by or at the direction of the Board or any committee thereof or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.12 (the "***Record Stockholder***"), who is entitled to vote at such meeting and who complies with the notice and other procedures set forth in this Section

1.12 in all applicable respects. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "***Exchange Act***")), at an annual meeting of stockholders, and such stockholder must fully comply with the notice and other procedures set forth in this Section 1.12 to make such nominations or propose business before an annual meeting.

(b) For nominations or other business to be properly brought before an annual meeting by a Record Stockholder pursuant to Section 1.12.1(a) of these Bylaws:

(i) the Record Stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and provide any updates or supplements to such notice at the times and in the forms required by this Section 1.12;

(ii) such other business (other than the nomination of persons for election to the Board) must otherwise be a proper matter for stockholder action;

(iii) if the Proposing Person (as defined below) has provided the Corporation with a Solicitation Notice (as defined below), such Proposing Person must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such Proposing Person to be sufficient to elect the nominee or nominees proposed to be nominated by such Record Stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.12, the Proposing Person proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.12. To be timely, a Record Stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than 5:00 p.m. Pacific Time on the ninetieth (90th) day nor earlier than 5:00 p.m. Pacific Time on the one hundred and twentieth (120th) day prior to the first anniversary of the preceding year's annual meeting (which date shall, for purposes of the Corporation's first annual meeting of stockholders after its shares of Common Stock (as defined in the Restated Certificate of Incorporation) are first publicly traded, be deemed to have occurred on June 1, 2021); *provided*, *however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than seventy (70) days after such anniversary date, notice by the Record Stockholder to be timely must be so delivered (A) no earlier than 5:00 p.m. Pacific Time on the one hundred and twentieth (120th) day prior to such annual meeting and (B) no later than 5:00 p.m. Pacific Time on the later of the ninetieth (90th) day prior to such annual meeting or 5:00 p.m. Pacific Time on the tenth (10th) day following the day on which Public Announcement (as defined below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for providing the Record Stockholder's notice.

(c) As to each person whom the Record Stockholder proposes to nominate for election or reelection as a director, in addition to the matters set forth in paragraph (e) below, such Record Stockholder's notice shall set forth:

(i) the name, age, business address and residence address of such person;

(ii) the principal occupation or employment of such nominee;

(iii) the class, series and number of any shares of stock of the Corporation that are beneficially owned or owned of record by such person or any Associated Person (as defined in Section 1.12.4(c));

(iv) the date or dates such shares were acquired and the investment intent of such acquisition;

(v) all other information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(vi) such person's written consent to being named in the Corporation's proxy statement as a nominee, to the public disclosure of information regarding or related to such person provided to the Corporation by such person or otherwise pursuant to this Section 1.12 and to serving as a director if elected;

(vii) whether such person meets the independence requirements of the stock exchange upon which the Corporation's Class A Common Stock (or Common Stock) is primarily traded;

(viii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three (3) years, and any other material relationships, between or among such Proposing Person or any of its respective affiliates and associates, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, on the other hand, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Proposing Person or any of its respective affiliates and associates were the "registrant" for purposes of such rule and the nominee were a director or executive officer of such registrant; and

(ix) a completed and signed questionnaire, representation and agreement required by Section 1.12.2 of these Bylaws.

(d) As to any business other than the nomination of a director or directors that the Record Stockholder proposes to bring before the meeting, in addition to the matters set forth in paragraph (e) below, such Record Stockholder's notice shall set forth:

(i) brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such Proposing Person, including any anticipated benefit to any Proposing Person therefrom; and

(ii) description of all agreements, arrangements and understandings between or among any such Proposing Person and any of its respective affiliates or associates, on the one hand, and any other person or persons, on the other hand, (including their names) in connection with the proposal of such business by such Proposing Person;

(e) As to each Proposing Person giving the notice, such Record Stockholder's notice shall set forth:

(i) the current name and address of such Proposing Person, including, if applicable, their name and address as they appear on the Corporation's stock ledger, if different;

(ii) the class or series and number of shares of stock of the Corporation that are directly or indirectly owned of record or beneficially owned by such Proposing Person, including any shares of any class or series of the Corporation as to which such Proposing Person has a right to acquire beneficial ownership at any time in the future;

(iii) whether and the extent to which any derivative interest in the Corporation's equity securities (including without limitation any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of shares of the Corporation or otherwise, and any cash-settled equity swap, total return swap, synthetic equity position or similar derivative arrangement (any of the foregoing, a "***Derivative Instrument***"), as well as any rights to dividends on the shares of any class or series of shares of the Corporation that are separated or separable from the underlying shares of the Corporation) or any short interest in any security of the Corporation (for purposes of this Bylaw a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any increase or decrease in the value of the subject security, including through performance-related fees) is held directly or indirectly by or for the benefit of such Proposing Person, including without limitation whether and the extent to which any ongoing hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement, arrangement or understanding (including without limitation any short position or any borrowing or lending of

shares) has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such Proposing Person with respect to any share of stock of the Corporation (any of the foregoing, a "***Short Interest***");

(iv) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Proposing Person or any of its respective affiliates or associates is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership;

(v) any direct or indirect material interest in any material contract or agreement with the Corporation, any affiliate of the Corporation or any Competitor (as defined below) (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement);

(vi) any significant equity interests or any Derivative Instruments or Short Interests in any Competitor held by such Proposing Person and/or any of its respective affiliates or associates;

(vii) any other material relationship between such Proposing Person, on the one hand, and the Corporation, any affiliate of the Corporation or any Competitor, on the other hand;

(viii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such a statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such Proposing Person and/or any of its respective affiliates or associates;

(ix) any other information relating to such Proposing Person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with solicitations of proxies or consents by such Proposing Person in support of the business proposed to be brought before the meeting pursuant to Section 14(a) (or any successor provision) under the Exchange Act and the rules and regulations thereunder;

(x) such Proposing Person's written consent to the public disclosure of information provided to the Corporation pursuant to this Section 1.12;

(xi) a complete written description of any agreement, arrangement or understanding (whether oral or in writing) (including any knowledge that another person or entity is Acting in Concert (as defined in Section 1.12.4(c)) with such Proposing Person) between or among such Proposing Person, any of its respective affiliates or associates and any other person Acting in Concert with any of the foregoing persons;

(xii) a representation that the Record Stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination;

(xiii) a representation whether such Proposing Person intends (or is part of a group that intends) to deliver a proxy statement or form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "***Solicitation Notice***"); and

(xiv) any proxy, contract, arrangement, or relationship pursuant to which the Proposing Person has a right to vote, directly or indirectly, any shares of any security of the Corporation.

The disclosures to be made pursuant to the foregoing clauses (ii), (iii), (iv) and (vi) shall not include any information with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proposing Person solely as a result of being the stockholder directed to prepare and submit the notice required by these Bylaws on behalf of a beneficial owner.

(f) A stockholder providing written notice required by this Section 1.12 shall update such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for determining the stockholders entitled to notice of the meeting and (ii) 5:00 p.m. Pacific Time on the tenth (10th) business day prior to the meeting or any adjournment or postponement thereof. In the case of an update pursuant to clause (i) of the foregoing sentence, such update shall be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to notice of the meeting, and in the case of an update and supplement pursuant to clause (ii) of the foregoing sentence, such update and supplement shall be received by the Secretary of the Corporation at the principal executive office of the Corporation not later than eight (8) business days prior to the date for the meeting, and, if practicable, any adjournment or postponement thereof (and, if not practicable, on the first practicable date prior to the date to which the meeting has been adjourned or postponed). For the avoidance of doubt, the obligation to update as set forth in this paragraph shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders.

(g) Notwithstanding anything in Section 1.12 or any other provision of the Bylaws to the contrary, any person who has been determined by a majority of the Whole Board to have violated Section 2.11 of these Bylaws or a Board Confidentiality Policy (as defined below) while serving as a director of the Corporation in the preceding five (5) years shall be ineligible to be nominated or be qualified to serve as a member of the Board, absent a prior waiver for such nomination or qualification approved by two-thirds of the Whole Board.

1.12.2 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee of any stockholder for election or reelection as a director of the

Corporation, the person proposed to be nominated must deliver (in accordance with the time periods prescribed for delivery of notice under Section 1.12 of these Bylaws) to the Secretary at the principal executive offices of the Corporation a completed and signed questionnaire in the form required by the Corporation (which form the stockholder shall request in writing from the Secretary of the Corporation and which the Secretary shall provide to such stockholder within ten days of receiving such request) with respect to the background and qualification of such person to serve as a director of the Corporation and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made and a signed representation and agreement (in the form available from the Secretary upon written request) that such person: (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a "***Voting Commitment***") that has not been disclosed to the Corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the Corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any Compensation Arrangement (as defined below) that has not been disclosed therein, (c) if elected as a director of the Corporation, will comply with all informational and similar requirements of applicable insurance policies and laws and regulations in connection with service or action as a director of the Corporation, (d) if elected as a director of the Corporation, will comply with all corporate governance, conflict of interest, stock ownership requirements, confidentiality and trading policies and guidelines of the Corporation publicly disclosed from time to time, (e) if elected as a director of the Corporation, will act in the best interests of the Corporation and its stockholders and not in the interests of individual constituencies, (f) consents to being named as a nominee in the Corporation's proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Corporation and agrees to serve if elected as a director and (g) intends to serve as a director for the full term for which such individual is to stand for election.

1.12.3 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or any committee thereof or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice and other procedures set forth in this Section 1.12 in all applicable respects. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 1.12.1(b) of these Bylaws shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred and twentieth (120th) day prior to such special meeting and (ii) no later than 5:00 p.m. Pacific Time on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for providing such notice.

1.12.4 General.

(a) Except as otherwise expressly provided in any applicable rule or regulation promulgated under the Exchange Act, only such persons who are nominated in accordance with the procedures set forth in this Section 1.12 shall be eligible to be elected at a meeting of stockholders and serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.12. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.12 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 1.12, unless otherwise required by law, if the stockholder (or a Qualified Representative of the stockholder (as defined below)) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation.

(b) Notwithstanding the foregoing provisions of this Section 1.12, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.12 shall be deemed to affect any rights of (a) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

1.12.5 For purposes of these Bylaws the following definitions shall apply:

(A) a person shall be deemed to be "***Acting in Concert***" with another person if such person knowingly acts (whether or not pursuant to an express agreement, arrangement or understanding) in concert with, or toward a common goal relating to the management, governance or control of the Corporation in substantial parallel with, such other person where (1) each person is conscious of the other person's conduct or intent and this awareness is an element in their decision-making processes and (2) at least one additional factor suggests that such persons intend to act in concert or in substantial parallel, which such additional factors may include, without limitation, exchanging information (whether publicly or privately), attending meetings, conducting discussions or making or soliciting invitations to act in concert or in substantial parallel; provided that a person shall not be deemed to be Acting in Concert (i) with any other person solely as a result of the solicitation or receipt of revocable proxies or consents from such other person in response to a solicitation made pursuant to, and in accordance with, Section 14(a) (or any successor provision) of the Exchange Act by way of a proxy or consent solicitation statement filed on Schedule 14A, or (ii) if such person is a holder of Class B Common Stock acting with another holder of Class B Common Stock. A person Acting in Concert with another person shall be deemed to be Acting in Concert with any third party who is also Acting in Concert with such other person;

(B) "***affiliate***" and "***associate***" shall have the meanings ascribed thereto in Rule 405 under the Securities Act of 1933, as amended (the "***Securities Act***"); provided, however, that the term "partner" as used in the definition of "associate" shall not include any limited partner that is not involved in the management of the relevant partnership;

(C) "***Associated Person***" shall mean with respect to any subject stockholder or other person (including any proposed nominee) (1) any person directly or indirectly controlling, controlled by or under common control with such stockholder or other person, (2) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such stockholder or other person, (3) any associate of such stockholder or other person, and (4) any person directly or indirectly controlling, controlled by or under common control or Acting in Concert with any such Associated Person;

(D) "***Compensation Arrangement***" shall mean any direct or indirect compensatory payment or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, including any agreement, arrangement or understanding with respect to any direct or indirect compensation, reimbursement or indemnification in connection with candidacy, nomination, service or action as a nominee or as a director of the Corporation;

(E) "***Competitor***" shall mean any entity that provides products or services that compete with or are alternatives to the principal products produced or services provided by the Corporation or its affiliates;

(F) "***Proposing Person***" shall mean (1) the Record Stockholder providing the notice of business proposed to be brought before an annual meeting or nomination of persons for election to the Board at a stockholder meeting, (2) the beneficial owner or beneficial owners, if different, on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made, and (3) any Associated Person on whose behalf the notice of business proposed to be brought before the annual meeting or nomination of persons for election to the Board at a stockholder meeting is made;

(G) "***Public Announcement***" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act; and

(H) to be considered a "***Qualified Representative***" of a stockholder, a person must be a duly authorized officer, manager, trustee or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as a proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction thereof, at the meeting. The Secretary of the Corporation, or any other person who shall be appointed to serve as secretary of the meeting, may require, on behalf of the Corporation, reasonable and appropriate documentation to verify the status of a person purporting to be a "Qualified Representative" for purposes hereof.

Section 1.13 **Action by Written Consent of Stockholders.** No stockholder action may be taken except at a duly called annual or special meeting of stockholders of the Corporation and stockholders of the Corporation may not take any action by written consent in lieu of a meeting.

Section 1.14 **Delivery to the Corporation.** Whenever this Article I requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), unless the Corporation elects otherwise, such document or information shall be in writing exclusively (and not in an electronic transmission) and shall be delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested, and the Corporation shall not be required to accept delivery of any document not in such written form or so delivered.

ARTICLE II
BOARD OF DIRECTORS

Section 2.1 **Number; Qualifications.** The total number of directors constituting the Whole Board shall be fixed from time to time in the manner set forth in the Certificate of Incorporation and the term "Whole Board" shall have the meaning specified in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Whole Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2 **Election; Resignation; Removal; Vacancies.** Election of directors need not be by written ballot. Unless otherwise provided by the Certificate of Incorporation and subject to the special rights of holders of any series of Preferred Stock to elect directors, the Board shall be divided into three classes, designated as Class I, Class II and Class III. The number of directors in each class shall be divided as nearly equal as is practicable. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

Section 2.3 **Regular Meetings.** Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4 Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the Chief Executive Officer, the Lead Independent Director or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission; *provided*, *however*, that if, under the circumstances, the Chairperson of the Board, the Lead Independent Director or the Chief Executive Officer calling a special meeting deems that more immediate action is necessary or appropriate, notice may be delivered on the day of such special meeting. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5 Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6 Quorum; Vote Required for Action. At all meetings of the Board, directors representing a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7 Organization. Meetings of the Board shall be presided over by (a) the Chairperson of the Board, or (b) in the absence of such person, the Lead Independent Director, or (c) in such person's absence, by the Chief Executive Officer, or (d) in such person's absence, by a chairperson chosen by the Board at the meeting. Unless otherwise determined by the Board, the Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8 Unanimous Action by Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and any consent may be documented, signed and delivered in any manner permitted by Section 116 of the DGCL. After an action is taken, the consent or consents relating thereto shall be filed with the minutes of proceedings of the Board or committee, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9 **Powers.** Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

Section 2.10 **Compensation of Directors.** Members of the Board, as such, may receive, pursuant to a duly approved director compensation policy or other resolution of the Board or duly authorized committee of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

ARTICLE III
COMMITTEES

Section 3.1 **Committees.** The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2 **Committee Rules.** Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules, each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

ARTICLE IV
OFFICERS; CHAIRPERSON; LEAD INDEPENDENT DIRECTOR

Section 4.1 **Generally.** The officers of the Corporation shall consist of a Chief Executive Officer, a Chief Financial Officer, a Secretary and a Treasurer and may consist of such other officers as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided*, *however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chief Executive Officer, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, by the Certificate of Incorporation

or these Bylaws, each officer shall hold office until such officer's successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal.

Section 4.2 Chief Executive Officer. Except as may be otherwise determined by the Board from time to time and subject to the provisions of these Bylaws, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) to act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) subject to Section 1.6 of these Bylaws, to preside at all meetings of the stockholders;

(c) subject to Section 1.2 of these Bylaws, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper;

(d) to affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation (if any); and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation; and

(e) all other duties and powers that are commonly incident to the office of the Chief Executive Officer.

Section 4.3 Chairperson of the Board. Subject to the provisions of Section 2.7 of these Bylaws, the Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe. The Chairperson of the Board may or may not be an officer of the Corporation.

Section 4.4 Lead Independent Director. The Board may, in its discretion, elect a lead independent director from among its members that are Independent Directors (as defined

below) (such director, the "***Lead Independent Director***"). The Lead Independent Director shall preside at all meetings at which the Chairperson of the Board is not present and shall exercise such other powers and duties as may from time to time be assigned to him or her by the Board or as prescribed by these Bylaws. For purposes of these Bylaws, "***Independent Director***" has the meaning ascribed to such term under the rules of the exchange upon which the Corporation's Class A Common Stock is primarily traded.

Section 4.5 President. Unless otherwise determined by the Board, the person holding the office of Chief Executive Officer shall be the President of the Corporation to the extent such position is deemed necessary or advisable with respect to any corporate requirements or similar governance matters. Subject to the provisions of these Bylaws and as otherwise may be determined by the Board, the President shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.6 Chief Financial Officer. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.7 Treasurer. The person holding the office of Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another person as the Treasurer of the Corporation. The person holding the office of Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board, the Chief Executive Officer or the Chief Financial Officer may from time to time prescribe.

Section 4.8 Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President or that are delegated to him or her by the Board or the Chief Executive Officer.

Section 4.9 Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.10 Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer of the Corporation to any other officers or agents of the Corporation, notwithstanding any provision hereof.

Section 4.11 Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; *provided* that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

Section 4.12 **Voting Shares in Other Business Entities**. The Chairperson, the Chief Executive Officer, the Chief Financial Officer, the Secretary, or any other person authorized by the Board may vote, and otherwise exercise on behalf of the Corporation any and all rights and powers incident to the ownership of, any and all shares of stock or other equity interest held by the Corporation in any other corporation or other business entity. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by the person having such authority.

Section 4.13 **Execution of Corporate Contracts and Instruments**. Except as otherwise determined by the Board or otherwise provided in these Bylaws, the Chief Executive Officer, Chief Financial Officer, Secretary and General Counsel, and any other officers, employees or agents of the Corporation designated by the Board or Chief Executive Officer, or other officers, employees or agents of the Corporation specifically delegated authority by the foregoing authorized persons, shall have power to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such delegation may be by resolution or otherwise and the authority granted shall be general or confined to specific matters. In the absence of such designation referred to above, the officers of the Corporation shall have such power to the extent incident to the normal performance of their duties.

ARTICLE V
STOCK

Section 5.1 **Certificates; Uncertificated Shares.** The shares of capital stock of the Corporation shall be uncertificated shares; *provided*, *however*, that the resolution of the Board that the shares of capital stock of the Corporation shall be uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the foregoing, the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation by, any two authorized officers of the Corporation (it being understood that each of the Chairperson of the Board, the Vice-Chairperson of the Board, the Chief Executive Officer, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, and any Assistant Secretary shall be an authorized officer for such purpose), representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2 **Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares.** The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the

certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3 **Other Regulations.** Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

ARTICLE VI
INDEMNIFICATION

Section 6.1 **Indemnification of Officers and Directors.** Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or any other type whatsoever (a "***Proceeding***"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "***Indemnitee***"), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of these Bylaws, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2 **Advance of Expenses.** The Corporation shall pay all expenses (including attorneys' fees) incurred by an Indemnitee in defending any Proceeding in advance of its final disposition; *provided*, *however*, that if the DGCL then so requires, the advancement of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3 Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4 Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5 Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 of these Bylaws.

6.5.1 Right to Bring Suit. If a claim under Section 6.1 or 6.2 of these Bylaws is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard of conduct which makes it permissible under the DGCL (or other applicable law) for the Corporation to indemnify the Indemnitee for the amount claimed.

6.5.2 Effect of Determination. The absence of a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law shall not create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 Burden of Proof. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6 **Nature of Rights.** The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI with respect to any Proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, repeal or modification. Any reference to an officer of the Corporation in this Article VI shall be deemed to refer exclusively to the Chief Executive Officer, President, Treasurer, Chief Financial Officer, and Secretary of the Corporation appointed pursuant to Article IV of these Bylaws, and to any Vice President, Assistant Secretary, Assistant Treasurer or other officer of the Corporation appointed by the Board of Directors or by the Chief Executive Officer pursuant to Article IV of these Bylaws, and any reference to an officer of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other entity pursuant to the certificate of incorporation and bylaws or equivalent organizational documents of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, but not an officer thereof as described in the preceding sentence, has been given or has used the title of "Vice President" or any other title that could be construed to suggest or imply that such person is or may be such an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall not result in such person being constituted as, or being deemed to be, such an officer of the Corporation or of such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for purposes of this Article VI.

Section 6.7 **Insurance.** The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII
NOTICES

Section 7.1 **Notice**.

7.1.1 Form and Delivery. Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 of these Bylaws) or by applicable law, all notices required to be given pursuant to these Bylaws may (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid, or by courier service or electronic mail in the

manner provided in Section 232 of the DGCL or, if specifically consented to by the stockholder as described in Section 7.1.2 of these Bylaws, by sending such notice by a form of electronic transmission other than electronic mail in the manner prescribed by Section 232 of the DGCL. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in (i) the case of delivery by overnight express courier to a director, when dispatched or (ii) the case of delivery by courier service to a stockholder, the earlier of when the notice is received or left at such stockholder's address, and (d) in (i) the case of delivery by electronic mail, when directed to the director's or stockholder's electronic mail address unless, in the case of a stockholder, the stockholder has notified the corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by the last sentence of Section 7.1.2 of these Bylaws or (ii) the case of delivery via facsimile or other form of electronic transmission (other than electronic mail) at the time provided in Section 7.1.2 of these Bylaws.

7.1.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission (other than electronic mail) consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iii) if by any other form of electronic transmission (other than electronic mail), when directed to the stockholder. Notwithstanding the foregoing, a notice may not be given to stockholders by an electronic transmission from and after the time that (a) the Corporation is unable to deliver by such electronic transmission two (2) consecutive notices given by the Corporation, (b) such inability becomes known to the Secretary or an Assistant Secretary or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to discover such inability shall not invalidate any meeting or other action.

7.1.3 Affidavit of Giving Notice. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2 Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or

convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII
INTERESTED DIRECTORS

Section 8.1 **Interested Directors.** No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders, or (d) such matter was handled in accordance with other policies or procedures otherwise approved by the Board or applicable committee in accordance with applicable law, including, without limitation, Title 8, Section 144 of the Delaware General Corporation Law.

Section 8.2 **Quorum.** Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX
MISCELLANEOUS

Section 9.1 **Fiscal Year.** The fiscal year of the Corporation shall be the calendar year, unless otherwise determined by resolution of the Board.

Section 9.2 **Seal.** The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3 **Form of Records.** Any records administered by or on behalf of the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of any other information storage device, method or one or more electronic networks or databases (including one or more distributed electronic networks or databases), electronic or otherwise, *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time and otherwise comply with the DGCL. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4 **Reliance Upon Books and Records.** A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon the books and records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5 **Certificate of Incorporation Governs.** In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6 **Severability.** If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

Section 9.7 **Time Periods.** In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X
AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, and any adoption of new Bylaws, shall require the approval of the Board or the stockholders of the Corporation as expressly provided in the Certificate of Incorporation.

CERTIFICATION OF AMENDED AND RESTATED BYLAWS
OF
BACKBLAZE, INC.

(a Delaware corporation)

I, Tom MacMitchell certify that I am Secretary of Backblaze, Inc., a Delaware corporation (the "***Corporation***"), that I am duly authorized to make and deliver this certification, that the attached Bylaws are a true and complete copy of the Amended and Restated Bylaws of the Corporation in effect as of the date of this certificate.

Dated: , 2021

Tom MacMitchell
Secretary

Exhibit 4.2

AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

BY AND BETWEEN

BACKBLAZE, INC.

AND

TMT INVESTMENTS PLC

JULY 29, 2013

AMENDED AND RESTATED

INVESTORS' RIGHTS AGREEMENT

THIS AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT is made as of the 29th day of July, 2013, by and among Backblaze, Inc., a Delaware corporation (the "**Company**"), TMT Investments PLC, a company organized under the laws of Jersey, which is referred to in this Agreement as an "**Investor**".

RECITALS

WHEREAS, the Company and the Investor are parties to the Series A-1 Stock Purchase Agreement of even date herewith (the "**Purchase Agreement**");

WHEREAS, the Company and Investor are parties to that certain Investors' Rights Agreement, dated as of July 24, 2012 (the "**Prior Agreement**"); and

WHEREAS, in order to induce the Company to enter into the Purchase Agreement and to induce the Investor to invest funds in the Company pursuant to the Purchase Agreement, the Investor and the Company hereby agree that this Agreement shall govern the rights of the Investor to cause the Company to register shares of Common Stock issuable to the Investor, to receive certain information from the Company, and to participate in future equity offerings by the Company, and shall govern certain other matters as set forth in this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and certain other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, Key Holders and Investor agree to amend and restate the Prior Agreement in its entirety as set forth herein, and the parties further agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer or director of such Person or any venture capital fund now or hereafter existing that is controlled by one or more general partners or managing members of, or shares the same management company with, such Person.

1.2 "**Common Stock**" means shares of the Company's common stock, par value $0.001.

1.3 "**Competitor**" means a Person engaged, directly or indirectly (including through any partnership, limited liability company, corporation, joint venture or similar arrangement (whether now existing or formed hereafter)), in information online backup and storage business, but shall not include any financial investment firm or collective investment vehicle that, together with its Affiliates, holds less than 20% of the outstanding equity of any Competitor and does not, nor do any of its Affiliates, have a right to designate any members of the Board of Directors of any Competitor.

1.4 “**Damages**” means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.5 “**Derivative Securities**” means any securities or rights convertible into, or exercisable or exchangeable for (in each case, directly or indirectly), Common Stock, including options and warrants.

1.6 “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.7 “**Excluded Registration**” means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

1.8 “**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.9 “**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.10 “**GAAP**” means generally accepted accounting principles in the United States.

1.11 “**Holder**” means any holder of Registrable Securities who is a party to this Agreement.

1.12 “**Immediate Family Member**” means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

1.13 “**Initiating Holders**” means, collectively, Holders who properly initiate a registration request under this Agreement.

1.14 “**IPO**” means the Company’s first underwritten public offering of its Common Stock under the Securities Act.

1.15 “**New Securities**” means, collectively, equity securities of the Company, whether or not currently authorized, as well as rights, options, or warrants to purchase such equity securities, or securities of any type whatsoever that are, or may become, convertible or exchangeable into or exercisable for such equity securities; provided, however, that Excluded Securities, as defined in the Company’s Amended and Restated Certificate of Incorporation, shall not constitute New Securities.

1.16 “**Person**” means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.17 “**Registrable Securities**” means (i) any Common Stock, or any Common Stock issued or issuable (directly or indirectly) upon conversion and/or exercise of any other securities of the Company, acquired by the Investor after the date hereof; (ii) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clause (i) above; excluding in all cases, however, any Registrable Securities sold by a Person in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 6.1, and excluding for purposes of Section 2 any shares for which registration rights have terminated pursuant to Subsection 2.13 of this Agreement.

1.18 “**Registrable Securities then outstanding**” means the number of shares determined by adding the number of shares of outstanding Common Stock that are Registrable Securities and the number of shares of Common Stock issuable (directly or indirectly) pursuant to then exercisable and/or convertible securities that are Registrable Securities.

1.19 “**Restricted Securities**” means the securities of the Company required to bear the legend set forth in Subsection 2.12(b) hereof.

1.20 “**SEC**” means the Securities and Exchange Commission.

1.21 “**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

1.22 “**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

1.23 “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.24 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Subsection 2.6.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Demand Registration.

(a) Form S-1 Demand. If at any time after the earlier of (i) five (5) years after the date of this Agreement or (ii) one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Holders of thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-1 registration statement with respect to at least forty percent (40%) of the Registrable Securities then outstanding or a lesser percent if the anticipated aggregate offering price, net of Selling Expenses, would exceed $15 million), then the Company shall (i) within ten (10) days after the date such request is given, give notice thereof (the "**Demand Notice**") to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within sixty (60) days after the date such request is given by the Initiating Holders, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that the Initiating Holders requested to be registered and any additional Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsection 2.1(c) and Subsection 2.3.

(b) Form S-3 Demand. If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from Holders of at least thirty percent (30%) of the Registrable Securities then outstanding that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holders having an anticipated aggregate offering price, net of Selling Expenses, of at least $5 million, then the Company shall (i) within ten (10) days after the date such request is given, give a Demand Notice to all Holders other than the Initiating Holders; and (ii) as soon as practicable, and in any event within forty-five (45) days after the date such request is given by the Initiating Holders, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by any other Holders, as specified by notice given by each such Holder to the Company within twenty (20) days of the date the Demand Notice is given, and in each case, subject to the limitations of Subsection 2.1(c) and Subsection 2.3.

(c) Notwithstanding the foregoing obligations, if the Company furnishes to Holders requesting a registration pursuant to this Subsection 2.1 a certificate signed by the Company's chief executive officer stating that in the good faith judgment of the Company's Board of Directors it would be materially detrimental to the Company and its stockholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or

(iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company shall have the right to defer taking action with respect to such filing for a period of not more than thirty (30) days after the request of the Initiating Holders is given. Provided, however, that the Company may not invoke this right more than once in any twelve (12) month period; and provided further that the Company shall not register any securities for its own account or that of any other stockholder during such thirty (30) day period other than (i) pursuant to a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; (iii) or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

(d) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(a)(i) during the period that is sixty (60) days before the Company's good faith estimate of the date of filing of, and ending on a date that is one hundred eighty (180) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; (ii) after the Company has effected one registration pursuant to Subsection 2.1(a); or (iii) if the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Subsection 2.1(b). The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to Subsection 2.1(b) (i) during the period that is thirty (30) days before the Company's good faith estimate of the date of filing of, and ending on a date that is ninety (90) days after the effective date of, a Company-initiated registration, provided, that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Subsection 2.1(b) within the twelve (12) month period immediately preceding the date of such request. A registration shall not be counted as "effected" for purposes of this Subsection 2.1(c) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holders withdraw their request for such registration, elect not to pay the registration expenses therefor, and forfeit their right to one demand registration statement pursuant to Subsection 2.6, in which case such withdrawn registration statement shall be counted as "effected" for purposes of this Subsection 2.1(c).

2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its securities under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Subsection 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.6.

2.3 Underwriting Requirements.

(a) If, pursuant to Subsection 2.1, the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to Subsection 2.1, and the Company shall include such information in the Demand Notice. The underwriter(s) will be selected by the Company and shall be reasonably acceptable to a majority in interest of the Initiating Holders. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Subsection 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Subsection 2.3, if the underwriter(s) advise(s) the Initiating Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be allocated among such Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting.

(b) In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Subsection 2.2, the Company shall not be required to include any of the Holders' Registrable Securities in such underwriting unless the Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below twenty percent (20%) of the total number of securities included in such offering, unless such offering is the IPO, in which case the selling Holders may be excluded further if the underwriters make the determination described above and no other stockholder's securities are included in such offering

or (iii) notwithstanding (ii) above. For purposes of the provision in this Subsection 2.3(a) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, stockholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, shall be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

2.4 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such one hundred twenty (120) day period shall be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120) day period shall be extended for up to one hundred twenty (120) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

In addition, the Company shall ensure that, at all times after any registration statement covering a public offering of securities of the Company under the Securities Act shall have become effective, its insider trading policy shall provide that the Company's directors may implement a trading program under Rule 10b5-1 of the Exchange Act.

2.5 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of one counsel for the selling Holders not to exceed $30,000 ("**Selling Holder Counsel**"), shall be borne and paid by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Subsection 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the

Registrable Securities to be registered (in which case all selling Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Subsection (a) or Subsection (b), as the case may be; provided further that if, at the time of such withdrawal, the Holders shall have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders shall not be required to pay any of such expenses and shall not forfeit their right to one registration pursuant to Subsection (a) or Subsection (b). All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by the Holders pro rata on the basis of the number of Registrable Securities registered on their behalf.

2.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and stockholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with

such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.8(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by any Holder by way of indemnity or contribution under Subsections 2.8(b) and 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Subsection 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement,

and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall a Holder's liability pursuant to this Subsection 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Subsection 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of willful misconduct or fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.8 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies); (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company; and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder (i) to include such securities in any registration unless, under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the number of the Registrable Securities of the Holders that are included, or (ii) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder; provided that this limitation shall not apply to any additional Investor who becomes a party to this Agreement in accordance with Subsection 6.9.

2.11 "Market Stand-off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), or (y) ninety (90) days in the case of any registration other than the IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.11 shall apply only to the IPO, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any trust for the direct or indirect benefit of the Holder or the immediate family of the Holder, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, and shall be applicable to the Holders only if all officers and directors are subject to the same restrictions. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.11 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.11 or that are necessary to give further effect thereto.

2.12 Restrictions on Transfer.

(a) The Common Stock and the Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Common Stock and the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate or instrument representing (i) the Common Stock, (ii) the Registrable Securities, and (iii) any other securities issued in respect of the securities referenced in clauses (i) and (ii), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.12(c)) be stamped or otherwise imprinted with a legend substantially in the following form:

> THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.
>
> THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.12.

(c) The holder of each certificate representing Restricted Securities, by acceptance thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any

other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a legal opinion or "no action" letter (x) in any transaction in compliance with SEC Rule 144 or (y) in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; provided that each transferee agrees in writing to be subject to the terms of this Subsection 2.12. Each certificate or instrument evidencing the Restricted Securities transferred as above provided shall bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.12(b), except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.13 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsection 2.1 or Subsection 2.2 shall terminate upon the earliest to occur of:

(a) the closing of a Liquidation Event (as defined in the Company's Amended and Restated Certificate of Incorporation, as amended from time to time);

(b) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; and

(c) the third anniversary of the IPO.

3. Information Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to the Investor:

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Investor to calculate its percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) upon each request by Investor (each such request shall be deemed a request for a single month's materials to be provided pursuant to this Section 3.1(d)) as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(e) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), approved by the Board of Directors, and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as the Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or (ii) the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit the Investor, at such Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information Rights. The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO or a Liquidation Event, or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act.

3.4 Confidentiality. The Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.4 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective purchaser agrees to be bound by the provisions of this Section 3.4; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law, provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

3.5 Observation Rights. As long as Investor owns at least 150,000 Registrable Securities, a representative of the Investor shall receive copies of notices, consents and minutes provided to the Board of Directors, and shall be invited to attend regularly scheduled board meetings as a board observer, so long as no other investor is entitled to nominate a representative to the Board of Directors; provided, however, that such representative shall agree to hold in confidence and trust and to act in a fiduciary manner with respect to all information so provided; and, provided further, that the Company reserves the right to withhold any information and to exclude such representative from any meeting or portion thereof if access to such information or attendance at such meeting could adversely affect the attorney client privilege between the Company and its counsel or would result in disclosure of trade secrets to such representative or if such Investor or its representative is or is affiliated with a Competitor. Furthermore, the Company will nominate a representative of the Investor to its Board of Directors as soon as it becomes obligated to nominate a representative of any other investor to its Board of Directors.

3.6 Stock Transfer Restrictions. The Company agrees that Investor may transfer 350,000 or more of the Shares of Company capital stock to any third party without prior consent of the Company; provided, however, that the parties agree that TMT may not transfer less than 350,000 of its total shares of Company capital stock to any third party not affiliated with Investor without first obtaining the written consent from the Company.

3.7 Equity Matters. The Company shall not issue any compensatory stock options if such issuance will increase the total number of shares of Company Common Stock outstanding after such issuance (calculated on a fully diluted, as-converted basis) by ten percent (10%) or more in any given calendar year, as compared to the total number of shares of Common stock outstanding (calculated on a fully diluted, as-converted basis), at the end of the prior calendar year, prior to such new compensatory stock option issuance. Further, the Company shall not issue any compensatory stock options to Gleb Budman, Brian Wilson, Casey Jones, Tim Nufire, or Billy Ng without the prior approval of Investor.

3.8 Termination of Certain Covenants. The covenants set forth in Sections 3.5, 3.6 and 3.7 shall terminate and be of no further force or effect upon the consummation of (a) the IPO or (b) a Liquidation Event.

4. Rights to Future Stock Issuances.

4.1 Right of First Offer. Subject to the terms and conditions of this Subsection 4.1 and applicable securities laws, if the Company proposes to offer or sell any New Securities, the Company shall first offer such New Securities to the Investor. The Investor shall be entitled to apportion the right of first offer hereby granted to it in such proportions as it deems appropriate, among (i) itself and (ii) its Affiliates as such term is defined in Rule 13d-3 promulgated under the Exchange Act, of such Investor ("**Investor Beneficial Owners**"); provided that, each such Affiliate: (x) is not a Competitor, unless such party's purchase of New Securities is otherwise consented to by the Board of Directors, and (y) agrees to enter into this Agreement and the Right of First Refusal and Co-Sale Agreement of even date herewith among the Company, the Investor and the other parties named therein, as an "Investor" under each such agreement.

(a) The Company shall give notice (the "**Offer Notice**") to the Investor, stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By notification to the Company within twenty (20) days after the Offer Notice is given, the Investor may elect to purchase or otherwise acquire, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the Common Stock issued and held, or issuable (directly or indirectly) upon conversion and/or exercise, as applicable, of any other Derivative Securities then held, by such Investor bears to the total Common Stock of the Company then outstanding (assuming full conversion and/or exercise, as applicable, of all Derivative Securities). The closing of any sale pursuant to this Subsection 4.1(b) shall occur within the later of ninety (90) days of the date that the Offer Notice is given and the date of initial sale of New Securities pursuant to Subsection 4.1(c).

(c) If all New Securities referred to in the Offer Notice are not elected to be purchased or acquired as provided in Subsection 4.1(b), the Company may, during the ninety (90) day period following the expiration of the periods provided in Subsection 4.1(b), offer and sell the remaining unsubscribed portion of such New Securities to any Person or Persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the Investor in accordance with this Subsection 4.1.

(d) Notwithstanding any provision hereof to the contrary, in lieu of complying with the provisions of this Subsection 4.1, the Company may elect to give notice to the Investor within thirty (30) days after the issuance of New Securities. Such notice shall describe the type, price, and terms of the New Securities. The Investor shall have twenty (20) days from the date notice is given to elect to purchase up to the number of New Securities that would, if purchased by such Investor, maintain such Investor's percentage-ownership position, calculated as set forth in Subsection 4.1(b) before giving effect to the issuance of such New Securities. The closing of such sale shall occur within sixty (60) days of the date notice is given to the Investor.

4.2 Termination. The covenants set forth in Subsection 4.1 shall terminate and be of no further force or effect upon the earlier to occur of: (i) immediately before the consummation of the IPO or a Liquidation Event, or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act.

5. Additional Covenants.

5.1 Employee Agreements. The Company will cause each person now or hereafter employed by it or by any subsidiary (or engaged by the Company or any subsidiary as a consultant/independent contractor) with access to confidential information and/or trade secrets to enter into a nondisclosure and proprietary rights assignment agreement.

5.2 Termination of Covenants. The covenant set forth in Section 5.1, shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO or a Liquidation Event or (ii) when the Company first becomes subject to the periodic reporting requirements of Section 12(g) or 15(d) of the Exchange Act.

6. Miscellaneous.

6.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; or (iii) after such transfer, holds at least 350,000 shares of Registrable Securities

(subject to appropriate adjustment for stock splits, stock dividends, combinations, and other recapitalizations); provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.11. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee (1) that is an Affiliate or stockholder of a Holder; (2) who is a Holder's Immediate Family Member; or (3) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member shall be aggregated together and with those of the transferring Holder; provided further that all transferees who would not qualify individually for assignment of rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices, or taking any action under this Agreement. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

6.2 Governing Law. This Agreement shall be governed by the internal law of the State of California, without regard to its conflict of laws provisions.

6.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including PDF) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

6.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

6.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth in Section 6.6 of the Purchase Agreement, or to the principal office of the Company and to the attention of the Chief Executive Officer, in the case of the Company, or to such email address, facsimile number, or address as subsequently modified by written notice given in accordance with this Subsection 6.5.

6.6 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the Investor; provided that the Company may in its sole discretion waive compliance with Subsection 2.12(c); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived with respect to the Investor without the written consent of the Investor. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

6.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

6.8 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

6.9 Additional Investor. Notwithstanding anything to the contrary contained herein, if the Company issues additional securities after the date hereof, whether pursuant to the Purchase Agreement or otherwise, any purchaser of such securities may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement, and thereafter shall be deemed an "Investor" for all purposes hereunder. No action or consent by the Investor shall be required for such joinder to this Agreement by such additional Investor, so long as such additional Investor has agreed in writing to be bound by all of the obligations as an "Investor" hereunder.

6.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled. Upon the effectiveness of this Agreement, the Prior Agreement shall be superseded and replaced in its entirety by this Agreement and shall be of no further force or effect.

6.11 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of California and to the jurisdiction of the United States District Court for the Northern District of California for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of California or the United States District Court for the Northern District of California, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

6.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6.13 Acknowledgment. The Company acknowledges that the Investor are in the business of venture capital investing and therefor review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investor from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Investor Rights Agreement as of the date first written above.

Backblaze, Inc.

By: /s/ Gleb Budman
Name: Gleb Budman
Title: Chief Executive Officer

TMT Investments PLC:

By: /s/ Alexander Selegenev
Name: Alexander Selegenev
Title: Executive Director

Exhibit 10.1

BACKBLAZE, INC.
INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "Agreement") dated as of , is made by and between Backblaze, Inc., a Delaware corporation (the "Company"), and ("Indemnitee").

RECITALS:

A. The Company desires to attract and retain the services of highly qualified individuals as directors, officers, employees and agents.

B. The Company's certificate of incorporation, as amended (the "Certificate of Incorporation") authorizes the Company to indemnify its directors, officers, employees and agents as set forth therein.

C. The Company's bylaws (the "Bylaws") require that the Company indemnify its directors, and empowers the Company to indemnify its officers, employees and agents, as authorized by the Delaware General Corporation Law, as amended (the "Code"), under which the Company is organized and such Bylaws expressly provide that the indemnification provided therein is not exclusive and contemplates that the Company may enter into separate agreements with its directors, officers and other persons to set forth specific indemnification provisions.

D. Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and available insurance as adequate under the present circumstances, and the Company has determined that Indemnitee and other directors, officers, employees and agents of the Company may not be willing to serve or continue to serve in such capacities without additional protection.

E. The Company desires and has requested Indemnitee to serve or continue to serve as a director, officer, employee or agent of the Company, as the case may be, and has proffered this Agreement to Indemnitee as an additional inducement to serve in such capacity.

F. Indemnitee is willing to serve, or to continue to serve, as a director, officer, employee or agent of the Company, as the case may be, if Indemnitee is furnished the indemnity provided for herein by the Company.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

(a) Agent. For purposes of this Agreement, the term "agent" of the Company means any person who: (i) is or was a director, officer, employee or other fiduciary of the Company or a subsidiary of the Company; or (ii) is or was serving at the request or for the

convenience of, or representing the interests of, the Company or a subsidiary of the Company, as a director, officer, employee or other fiduciary of a foreign or domestic corporation, partnership, joint venture, trust or other enterprise.

(b) Change in Control. For purposes of this Agreement, the term "change in control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) is or becomes the Beneficial Owner (as defined below), directly or indirectly, of securities of the Company representing fifteen percent (15%) or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Company's board of directors, and any new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(i), 1(b)(iii) or 1(b)(iv)) whose election by the board of directors or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Company's board of directors;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving entity;

(iv) *Liquidation.* The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets; and

(v) *Other Events.* Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement, except the completion of the Company's initial public offering shall not be considered a change in control.

For purposes of this Section 1(b), the following terms shall have the following meanings: (A) "*Person*" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended; *provided, however,* that "*Person*" shall exclude (i) the

Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, and (B) "*Beneficial Owner*" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended; *provided, however,* that "*Beneficial Owner*" shall exclude any Person otherwise becoming a Beneficial Owner by reason of (i) the stockholders of the Company approving a merger of the Company with another entity or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

(c) Disinterested Director. For purposes of this Agreement, the term "disinterested director" shall be a director of the Company who is not and was not a party to the proceeding in respect of which indemnification is sought by Indemnitee.

(d) Expenses. For purposes of this Agreement, the term "expenses" shall be broadly construed and shall include, without limitation, all direct and indirect costs of any type (including, without limitation, all reasonable attorneys', witness, or other professional fees and related disbursements, and other reasonable out-of-pocket costs), actually and reasonably incurred by Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification under this Agreement, the Code or otherwise, and amounts paid in settlement by or on behalf of Indemnitee, but shall not include any judgments, fines or penalties actually levied against Indemnitee for such individual's violations of law. The term "expenses" shall also include reasonable compensation for time spent by Indemnitee for which Indemnitee is not compensated by the Company or any subsidiary or third party (i) for any period during which Indemnitee is not an agent, in the employment of, serving as a director of the Company or its parent entity or subsidiary, or providing services for compensation to, the Company or its parent entity or subsidiary; and (ii) if the rate of compensation and estimated time involved is approved by the directors of the Company who are not parties to any action with respect to which expenses are incurred, for Indemnitee while an agent of, employed by, or providing services for compensation to, the Company or any subsidiary.

(e) Proceedings. For purposes of this Agreement, the term "proceeding" shall be broadly construed and shall include, without limitation, any threatened, pending, or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, and whether formal or informal in any case, in which Indemnitee was, is or will be involved as a party or otherwise by reason of: (i) the fact that Indemnitee is or was a director or officer of the Company; (ii) the fact that any action taken by Indemnitee or of any action on Indemnitee's part while acting as director, officer, employee or agent of the Company; or (iii) the fact that Indemnitee is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and in any such case described above, whether or not serving in any such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses may be provided under this Agreement.

(f) Subsidiary. For purposes of this Agreement, the term “subsidiary” means any corporation or limited liability company of which more than 50% of the outstanding voting securities or equity interests are owned, directly or indirectly, by the Company and one or more of its subsidiaries, and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent or fiduciary.

(g) Independent Counsel. For purposes of this Agreement, the term “independent counsel” means a law firm, or a partner (or, if applicable, member) of such a law firm, that is experienced in the matters relevant to the issue(s) concerning such indemnification claims, and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “independent counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

2. Agreement to Serve. Indemnitee will serve, or continue to serve, as a director, officer, employee or agent of the Company or any subsidiary, as the case may be, faithfully and to the best of his or her ability, at the will of such corporation (or under separate agreement, if such agreement exists), in the capacity Indemnitee currently serves as an agent of such corporation, so long as Indemnitee is duly appointed or elected and qualified in accordance with the applicable provisions of the Bylaws or other applicable charter documents of such corporation, or until such time as Indemnitee tenders his or her resignation in writing; provided, however, that nothing contained in this Agreement is intended as an employment agreement between Indemnitee and the Company or any of its subsidiaries or to create any right to continued employment of Indemnitee with the Company or any of its subsidiaries in any capacity.

The Company acknowledges that it has entered into this Agreement and assumes the obligations imposed on it hereby, in addition to and separate from its obligations to Indemnitee under the Bylaws, to induce Indemnitee to serve, or continue to serve, as a director, officer, employee or agent of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee or agent of the Company.

3. Indemnification.

(a) Indemnification in Third Party Proceedings. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding, for any and all expenses, actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement or appeal of such proceeding.

(b) Indemnification in Derivative Actions and Direct Actions by the Company. Subject to Section 10 below, the Company shall indemnify Indemnitee to the fullest extent permitted by the Code, as the same may be amended from time to time (but, only to the extent that such amendment permits Indemnitee to broader indemnification rights than the Code permitted prior to adoption of such amendment), if Indemnitee is a party to or threatened to be made a party to or otherwise involved in any proceeding by or in the right of the Company to procure a judgment in its favor, against any and all expenses actually and reasonably incurred by Indemnitee in connection with the investigation, defense, settlement, or appeal of such proceedings.

4. Indemnification of Expenses of Successful Party. To the extent that Indemnitee is a party to or a participant in and is successful (on the merits or otherwise) in defense of any proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. To the extent permitted by applicable law, if Indemnitee is not wholly successful in such proceeding but is successful, on the merits or otherwise, in defense of one or more but less than all claims, issues or matters in such proceeding, the Company shall indemnify Indemnitee against all expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with (a) each successfully resolved claim, issue or matter and (b) any claim, issue or matter related to any such successfully resolved claim, issue or matter. For purposes of this section, the termination of any claim, issue or matter in such a proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses actually and reasonably incurred by Indemnitee in the investigation, defense, settlement or appeal of a proceeding, but is precluded by applicable law or the specific terms of this Agreement to indemnification for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Advancement of Expenses. To the extent not prohibited by law, the Company shall advance the expenses incurred by Indemnitee in connection with any proceeding, and such advancement shall be made as soon as practicable but no more than forty-five (45) days after the receipt by the Company of a statement or statements requesting such advances (which shall include invoices received by Indemnitee in connection with such expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured, interest free and without regard to Indemnitee's ability to repay the expenses. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. Advances shall include any and all expenses actually and reasonably incurred by Indemnitee pursuing an action to enforce Indemnitee's right to indemnification under this Agreement, or otherwise and this right of advancement, including expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee acknowledges that the execution and delivery of this Agreement shall

constitute an undertaking providing that Indemnitee shall, to the fullest extent required by law, repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. The right to advances under this Section shall continue until final disposition of any proceeding, including any appeal therein. This Section 6 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 10(b).

7. Notice and Other Indemnification Procedures.

(a) Notification of Proceeding. Indemnitee will notify the Company in writing promptly upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any proceeding or matter which may be subject to indemnification or advancement of expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise.

(b) Request for Indemnification and Indemnification Payments. Indemnitee shall notify the Company promptly in writing upon receiving notice of any demand, judgment or other requirement for payment that Indemnitee reasonably believes to the subject to indemnification under the terms of this Agreement and shall request payment thereof by the Company. Indemnification payments requested by Indemnitee under Section 3 hereof shall be made by the Company as soon as practicable but no later than forty-five (45) days after receipt of the written request of Indemnitee. Claims for advancement of expenses shall be made under the provisions of Section 6 herein.

(c) Application for Enforcement. In the event the Company fails to make timely payments as set forth in Sections 6 or 7(b) above, Indemnitee shall have the right to apply to any court of competent jurisdiction for the purpose of enforcing Indemnitee's right to indemnification or advancement of expenses pursuant to this Agreement. In such an enforcement hearing or proceeding, the burden of proof shall be on the Company to prove by that indemnification or advancement of expenses to Indemnitee is not required under this Agreement or permitted by applicable law. Any determination by the Company (including its board of directors, stockholders or independent counsel) that Indemnitee is not entitled to indemnification hereunder, shall not be a defense by the Company to the action nor create any presumption that Indemnitee is not entitled to indemnification or advancement of expenses hereunder.

(d) Procedures Upon Application for Indemnification.

(i) Upon written request by Indemnitee for indemnification herein, a determination with respect to Indemnitee's entitlement thereto shall be made as follows, provided that a change in control shall not have occurred: (i) by a majority vote of the disinterested directors, even if less than a quorum of the Company's board of directors; (ii) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even if less than a quorum of the Company's board of directors; (iii) if there are no such disinterested directors or, if such disinterested directors so direct, by independent counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee; or (iv) if so directed by the Company's board of directors, by the Company's stockholders.

(ii) If a change in control shall have occurred, a determination with respect to Indemnitee's entitlement to indemnification shall be made by independent counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

(iii) In the event the determination of entitlement to indemnification is to be made by independent counsel, the independent counsel shall be selected as provided below and consistent with the requirements of an independent counsel as set forth in Section 1. If a change in control shall not have occurred, the independent counsel shall be selected by the Company's board of directors, with the consent of the Indemnitee (which consent shall not be unreasonably withheld). If a change in control shall have occurred, the independent counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply, or in the event that there are multiple indemnitees relating to the same indemnification claims without a conflict of interest, in which case such indemnitees shall endeavor to unanimously appoint a single independent counsel), with the consent of the Company (which consent shall not be unreasonably withheld). The Company shall pay the reasonable fees and expenses of any independent counsel relating to the indemnification matters contemplated herein consistent with the terms of this Agreement.

(e) Cooperation. Indemnitee shall provide the Company such information and cooperation in connection with any proceeding as may be reasonably appropriate.

8. Assumption of Defense. In the event the Company may be obligated to make any indemnity to Indemnitee contemplated hereunder in connection with any proceeding, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, or to participate to the extent permissible in such proceeding, with counsel reasonably acceptable to Indemnitee. Upon assumption of the defense by the Company and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of counsel subsequently incurred by Indemnitee with respect to the same proceeding, provided that Indemnitee shall have the right to employ separate counsel in such proceeding at Indemnitee's sole cost and expense. Notwithstanding the foregoing, if Indemnitee's counsel delivers a written notice to the Company stating that such counsel has reasonably concluded that there is, or is reasonably likely to be, a conflict of interest between the Company and Indemnitee in the conduct of any such defense or the Company shall not have employed counsel or otherwise actively pursued the defense of such proceeding within a reasonable time, then in any such event the reasonable fees and expenses of Indemnitee's counsel to defend such proceeding shall be subject to the indemnification and advancement of expenses provisions of this Agreement.

9. Insurance. To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Company or of any subsidiary ("D&O Insurance"), Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all commercially reasonable or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

10. Exceptions.

(a) Certain Matters. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee on account of any proceeding with respect to (i) remuneration paid to Indemnitee if it is determined by final judgment or other final adjudication that such remuneration was in violation of law (and, in this respect, both the Company and Indemnitee have been advised that the Securities and Exchange Commission believes that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication, as indicated in Section 10(d) below); (ii) a final judgment rendered against Indemnitee for an accounting, disgorgement or repayment of profits made from the purchase or sale by Indemnitee of securities of the Company against Indemnitee or in connection with a settlement by or on behalf of Indemnitee to the extent it is acknowledged by Indemnitee and the Company that such amount paid in settlement resulted from Indemnitee's conduct from which Indemnitee received monetary personal profit pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934, as amended, or other provisions of any federal, state or local statute or rules and regulations thereunder; (iii) a final judgment or other final adjudication that Indemnitee's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct (but only to the extent of such specific determination); or (iv) on account of conduct that is established by a final judgment as constituting a breach of Indemnitee's duty of loyalty to the Company or resulting in any personal profit or advantage to which Indemnitee is not legally entitled. For purposes of the foregoing sentence, a final judgment or other adjudication may be reached in either the underlying proceeding or action in connection with which indemnification is sought or a separate proceeding or action to establish rights and liabilities under this Agreement.

(b) Claims Initiated by Indemnitee. Any provision herein to the contrary notwithstanding, the Company shall not be obligated to indemnify or advance expenses to Indemnitee with respect to proceedings or claims initiated or brought by Indemnitee against the Company or its directors, officers, employees or other agents and not by way of defense, except (i) with respect to proceedings brought to establish or enforce a right to indemnification under

this Agreement or under any other agreement, provision in the Bylaws or Certificate of Incorporation or applicable law, or (ii) with respect to any other proceeding initiated by Indemnitee that is either approved by the Company's board of directors or Indemnitee's participation is required by applicable law. However, indemnification or advancement of expenses may be provided by the Company in specific cases if the Company's board of directors determines it to be appropriate.

(c) Unauthorized Settlements. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee under this Agreement for any amounts paid in settlement of a proceeding effected without the Company's written consent. The Company shall not, without the Indemnitee's prior written consent, enter into any such settlement of any proceeding contemplated by this Agreement (in whole or in part) unless such settlement (i) provides for a full and final release of all claims asserted against Indemnitee and (ii) does not impose any expense, judgment, fine, penalty or limitation on Indemnitee. Neither the Company nor Indemnitee shall unreasonably withhold consent to any proposed settlement; provided, however, that the Company may in any event decline to consent to (or to otherwise admit or agree to any liability for indemnification hereunder in respect of) any proposed settlement if the Company is also a party in such proceeding and determines in good faith that such settlement is not in the best interests of the Company and its stockholders.

(d) Securities Act Liabilities. Any provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee or otherwise act in violation of any undertaking appearing in and required by the rules and regulations promulgated under the Securities Act of 1933, as amended (the "Act"), or in any registration statement filed with the SEC under the Act. Indemnitee acknowledges that paragraph (h) of Item 512 of Regulation S-K currently generally requires the Company to undertake in connection with any registration statement filed under the Act to submit the issue of the enforceability of Indemnitee's rights under this Agreement in connection with any liability under the Act on public policy grounds to a court of appropriate jurisdiction and to be governed by any final adjudication of such issue. Indemnitee specifically agrees that any such undertaking shall supersede the provisions of this Agreement and to be bound by any such undertaking.

(e) No Duplication of Payment. The Company shall not be obligated under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision or otherwise.

11. Nonexclusivity; Priority of Payment and Survival of Rights.

(a) The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which Indemnitee may at any time be entitled under any provision of applicable law, the Company's Certificate of Incorporation, Bylaws or other agreements, both as to action in Indemnitee's official capacity and Indemnitee's action as an agent of the Company, in any court in which a proceeding is

brought, and Indemnitee's rights hereunder shall continue after Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors, administrators and assigns of Indemnitee. The obligations and duties of the Company to Indemnitee under this Agreement shall be binding on the Company and its successors and assigns until terminated in accordance with its terms. The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(b) No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her corporate status prior to such amendment, alteration or repeal. To the extent that a change in the Code, whether by statute or judicial decision, permits greater indemnification or advancement of expenses than would be afforded currently under the Company's Certificate of Incorporation, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, by Indemnitee shall not prevent the concurrent assertion or employment of any other right or remedy by Indemnitee.

12. Term. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or and/or officer, employee or agent of the Company; or (b) one (1) year after the final termination of any proceeding, including any appeal, then pending, in respect to which Indemnitee was granted, or otherwise may be entitled to, rights of indemnification or advancement of expenses hereunder.

No legal action shall be brought and no cause of action shall be asserted by or in the right of the Company against an Indemnitee or an Indemnitee's estate, spouse, heirs, executors or personal or legal representatives after the expiration of five (5) years from the date of accrual of such cause of action, and any claim or cause of action of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within such five-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such cause of action, such shorter period shall govern.

13. Subrogation. In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who, at the request of the Company, shall execute all papers required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

14. Interpretation of Agreement. It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification to Indemnitee to the fullest extent now or hereafter permitted by law.

15. Severability. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, (a) the validity, legality and enforceability of the remaining provisions of the Agreement (including without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 14 hereof.

16. Amendment and Waiver. No supplement, modification, amendment, or cancellation of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

17. Notice. Except as otherwise provided herein, any notice or demand which, by the provisions hereof, is required or which may be given to or served upon the parties hereto shall be in writing and, if by telegram, telecopy or telex, shall be deemed to have been validly served, given or delivered when sent, if by overnight delivery, courier or personal delivery, shall be deemed to have been validly served, given or delivered upon actual delivery and, if mailed, shall be deemed to have been validly served, given or delivered three (3) business days after deposit in the United States mail, as registered or certified mail, with proper postage prepaid and addressed to the party or parties to be notified at the addresses set forth on the signature page of this Agreement (or such other address(es) as a party may designate for itself by like notice). If to the Company, notices and demands shall be delivered to the attention of the General Counsel of the Company, with a copy via email to legal@backblaze.com.

18. Governing Law. This Agreement shall be governed exclusively by and construed according to the laws of the State of California, as applied to contracts between California residents entered into and to be performed entirely within California.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute but one and the same Agreement. Only one such counterpart need be produced to evidence the existence of this Agreement.

20. Headings. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

21. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, written and oral, between the parties with respect to the subject matter of this Agreement; provided, however, that this Agreement is a supplement to and in furtherance of the Company’s Certificate of Incorporation, Bylaws, the Code and any other applicable law, and shall not be deemed a substitute therefor, and does not diminish or abrogate any rights of Indemnitee thereunder.

22. Amendment and Restatement of Prior Agreement. Upon the effectiveness of this Agreement, the Prior Agreement shall be amended and restated in its entirety and be of no further force and effect, and shall be superseded and replaced in its entirety by this Agreement.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement effective as of the date set forth in the first paragraph hereof.

COMPANY

BACKBLAZE, INC.

Signature: _____

Print Name: _____

Title: _____

Address: 500 Ben Franklin Court
San Mateo, California 94401

INDEMNITEE

Signature: _____

Print Name: _____

Address: _____

_____

Exhibit 10.2

BACKBLAZE, INC.

2011 STOCK PLAN

ADOPTED ON SEPTEMBER 20, 2011

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BACKBLAZE, INC. 2011 STOCK PLAN

SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of this Plan is to offer persons selected by the Company an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, by acquiring Shares of the Company's Stock. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may be ISOs intended to qualify under Code Section 422 or Nonstatutory Options which are not intended to so qualify.

Capitalized terms are defined in Section 12.

SECTION 2. ADMINISTRATION.

(a) Committees of the Board of Directors. The Plan may be administered by one or more Committees. Each Committee shall consist, as required by applicable law, of one or more members of the Board of Directors who have been appointed by the Board of Directors. Each Committee shall have such authority and be responsible for such functions as the Board of Directors has assigned to it. If no Committee has been appointed, the entire Board of Directors shall administer the Plan. Any reference to the Board of Directors in the Plan shall be construed as a reference to the Committee (if any) to whom the Board of Directors has assigned a particular function.

(b) Authority of the Board of Directors. Subject to the provisions of the Plan, the Board of Directors shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Notwithstanding anything to the contrary in the Plan, with respect to the terms and conditions of awards granted to Participants outside the United States, the Board of Directors may vary from the provisions of the Plan to the extent it determines it necessary and appropriate to do so; provided that it may not vary from those Plan terms requiring stockholder approval pursuant to Section 11(d) below. All decisions, interpretations and other actions of the Board of Directors shall be final and binding on all Purchasers, all Optionees and all persons deriving their rights from a Purchaser or Optionee.

SECTION 3. ELIGIBILITY.

(a) General Rule. Only Employees, Outside Directors and Consultants shall be eligible for the grant of Nonstatutory Options or the direct award or sale of Shares. Only Employees shall be eligible for the grant of ISOs.

(b) Ten-Percent Stockholders. A person who owns more than 10% of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries shall not be eligible for the grant of an ISO unless (i) the Exercise Price is at least 110% of the Fair Market Value of a Share on the Date of Grant and (ii) such ISO by its

terms is not exercisable after the expiration of five years from the Date of Grant. For purposes of this Subsection (b), in determining stock ownership, the attribution rules of Code Section 424(d) shall be applied.

SECTION 4. STOCK SUBJECT TO PLAN.

(a) Basic Limitation. Not more than 200,000 Shares may be issued under the Plan, subject to Subsection (b) below and Section 8(a).[1] All of these Shares may be issued upon the exercise of ISOs. The number of Shares that are subject to Options or other rights outstanding at any time under the Plan may not exceed the number of Shares that then remain available for issuance under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. Shares offered under the Plan may be authorized but unissued Shares or treasury Shares.

(b) Additional Shares. In the event that Shares previously issued under the Plan are reacquired by the Company, such Shares shall be added to the number of Shares then available for issuance under the Plan. In the event that Shares that otherwise would have been issuable under the Plan are withheld by the Company in payment of the Purchase Price, Exercise Price or withholding taxes, such Shares shall remain available for issuance under the Plan. In the event that an outstanding Option or other right for any reason expires or is canceled, the Shares allocable to the unexercised portion of such Option or other right shall be added to the number of Shares then available for issuance under the Plan.

SECTION 5. TERMS AND CONDITIONS OF AWARDS OR SALES.

(a) Stock Grant or Purchase Agreement. Each award of Shares under the Plan shall be evidenced by a Stock Grant Agreement between the Grantee and the Company. Each sale of Shares under the Plan (other than upon exercise of an Option) shall be evidenced by a Stock Purchase Agreement between the Purchaser and the Company. Such award or sale shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan and which the Board of Directors deems appropriate for inclusion in a Stock Grant Agreement or Stock Purchase Agreement. The provisions of the various Stock Grant Agreements and Stock Purchase Agreements entered into under the Plan need not be identical.

(b) Duration of Offers and Nontransferability of Rights. Any right to purchase Shares under the Plan (other than an Option) shall automatically expire if not exercised by the Purchaser within 30 days (or such other period as may be specified in the Award Agreement) after the grant of such right was communicated to the Purchaser by the Company. Such right is not transferable and may be exercised only by the Purchaser to whom such right was granted.

(c) Purchase Price. The Board of Directors shall determine the Purchase Price of Shares to be offered under the Plan at its sole discretion. The Purchase Price shall be payable in a form described in Section 7.

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[1] Please refer to Exhibit A for a schedule of the initial share reserve and any subsequent increases in the reserve.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Stock Option Agreement. Each grant of an Option under the Plan shall be evidenced by a Stock Option Agreement between the Optionee and the Company. The Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Board of Directors deems appropriate for inclusion in a Stock Option Agreement. The provisions of the various Stock Option Agreements entered into under the Plan need not be identical.

(b) Number of Shares. Each Stock Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 8. The Stock Option Agreement shall also specify whether the Option is an ISO or a Nonstatutory Option.

(c) Exercise Price. Each Stock Option Agreement shall specify the Exercise Price. The Exercise Price of an Option shall not be less than 100% of the Fair Market Value of a Share on the Date of Grant, and in the case of an ISO a higher percentage may be required by Section 3(b). Subject to the preceding sentence, the Exercise Price shall be determined by the Board of Directors at its sole discretion. The Exercise Price shall be payable in a form described in Section 7. This Subsection (c) shall not apply to an Option granted pursuant to an assumption of, or substitution for, another option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(d) Exercisability. Each Stock Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. No Option shall be exercisable unless the Optionee (i) has delivered an executed copy of the Stock Option Agreement to the Company or (ii) otherwise agrees to be bound by the terms of the Stock Option Agreement. The Board of Directors shall determine the exercisability provisions of the Stock Option Agreement at its sole discretion.

(e) Basic Term. The Stock Option Agreement shall specify the term of the Option. The term shall not exceed 10 years from the Date of Grant, and in the case of an ISO, a shorter term may be required by Section 3(b). Subject to the preceding sentence, the Board of Directors at its sole discretion shall determine when an Option is to expire.

(f) Termination of Service (Except by Death). If an Optionee's Service terminates for any reason other than the Optionee's death, then the Optionee's Options shall expire on the earliest of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability, or such earlier or later date as the Board of Directors may determine (but in no event earlier than 30 days after the termination of the Optionee's Service); or

(iii) The date six months after the termination of the Optionee's Service by reason of Disability, or such later date as the Board of Directors may determine.

The Optionee may exercise all or part of the Optionee's Options at any time before the expiration of such Options under the preceding sentence, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination). The balance of such Options shall lapse when the Optionee's Service terminates. In the event that the Optionee dies after the termination of the Optionee's Service but before the expiration of the Optionee's Options, all or part of such Options may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination) and the underlying Shares had vested before the Optionee's Service terminated (or vested as a result of the termination).

(g) Leaves of Absence. For purposes of Subsection (f) above, Service shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company in writing and if continued crediting of Service for this purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company).

(h) Death of Optionee. If an Optionee dies while the Optionee is in Service, then the Optionee's Options shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (e) above; or

(ii) The date 12 months after the Optionee's death, or such earlier or later date as the Board of Directors may determine (but in no event earlier than six months after the Optionee's death).

All or part of the Optionee's Options may be exercised at any time before the expiration of such Options under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired such Options directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that such Options had become exercisable before the Optionee's death (or became exercisable as a result of the death) and the underlying Shares had vested before the Optionee's death (or vested as a result of the Optionee's death). The balance of such Options shall lapse when the Optionee dies.

(i) Pre-Exercise Restrictions on Transfer of Options or Shares. An Option shall be transferable by the Optionee only by (i) a beneficiary designation, (ii) a will or (iii) the laws of descent and distribution, except as provided in the next sentence. If the applicable Stock Option Agreement so provides, a Nonstatutory Option shall also be transferable by gift or domestic relations order to a Family Member of the Optionee. An ISO may be

exercised during the lifetime of the Optionee only by the Optionee or by the Optionee's guardian or legal representative. In addition, an Option shall comply with all conditions of Rule 12h-1(f)(1) under the Exchange Act until the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act. Such conditions include, without limitation, the transferability restrictions set forth in Rule 12h-1(f)(1)(iv) and (v) under the Exchange Act, which shall apply to an Option and, prior to exercise, to the Shares to be issued upon exercise of such Option during the period commencing on the Date of Grant and ending on the earlier of (i) the date when the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or (ii) the date when the Company makes a determination that it will cease to rely on the exemption afforded by Rule 12h-1(f)(1) under the Exchange Act. During such period, an Option and, prior to exercise, the Shares to be issued upon exercise of such Option shall be restricted as to any pledge, hypothecation or other transfer by the Optionee, including any short position, any "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) or any "call equivalent position" (as defined in Rule 16a-1(b) under the Exchange Act).

(j) No Rights as a Stockholder. An Optionee, or a transferee of an Optionee, shall have no rights as a stockholder with respect to any Shares covered by the Optionee's Option until such person becomes entitled to receive such Shares by filing a notice of exercise and paying the Exercise Price pursuant to the terms of such Option.

(k) Modification, Extension and Assumption of Options. Within the limitations of the Plan, the Board of Directors may modify, extend or assume outstanding Options or may accept the cancellation of outstanding Options (whether granted by the Company or another issuer) in return for the grant of new Options or a different type of award for the same or a different number of Shares and at the same or a different Exercise Price (if applicable). The foregoing notwithstanding, no modification of an Option shall, without the consent of the Optionee, impair the Optionee's rights or increase the Optionee's obligations under such Option.

(l) Company's Right to Cancel Certain Options. Any other provision of the Plan or a Stock Option Agreement notwithstanding, the Company shall have the right at any time to cancel an Option that was not granted in compliance with Rule 701 under the Securities Act. Prior to canceling such Option, the Company shall give the Optionee not less than 30 days' notice in writing. If the Company elects to cancel such Option, it shall deliver to the Optionee consideration with an aggregate Fair Market Value equal to the excess of (i) the Fair Market Value of the Shares subject to such Option as of the time of the cancellation over (ii) the Exercise Price of such Option. The consideration may be delivered in the form of cash or cash equivalents, in the form of Shares, or a combination of both. If the consideration would be a negative amount, such Option may be cancelled without the delivery of any consideration.

SECTION 7. PAYMENT FOR SHARES.

(a) General Rule. The entire Purchase Price or Exercise Price of Shares issued under the Plan shall be payable in cash or cash equivalents at the time when such Shares are purchased, except as otherwise provided in this Section 7. In addition, the Board of Directors in its sole discretion may also permit payment through any of the methods described in (b) through (g) below:

(b) Services Rendered. Shares may be awarded under the Plan in consideration of services rendered to the Company, a Parent or a Subsidiary prior to the award.

(c) Promissory Note. All or a portion of the Purchase Price or Exercise Price (as the case may be) of Shares issued under the Plan may be paid with a full-recourse promissory note. The Shares shall be pledged as security for payment of the principal amount of the promissory note and interest thereon. The interest rate payable under the terms of the promissory note shall not be less than the minimum rate (if any) required to avoid the imputation of additional interest under the Code. Subject to the foregoing, the Board of Directors (at its sole discretion) shall specify the term, interest rate, amortization requirements (if any) and other provisions of such note.

(d) Surrender of Stock. All or any part of the Exercise Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when the Option is exercised.

(e) Exercise/Sale. If the Stock is publicly traded, all or part of the Exercise Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company.

(f) Net Exercise. An Option may permit exercise through a “net exercise” arrangement pursuant to which the Company will reduce the number of Shares issued upon exercise by the largest whole number of Shares having an aggregate Fair Market Value (determined by the Board of Directors as of the exercise date) that does not exceed the aggregate Exercise Price or the sum of the aggregate Exercise Price plus all or a portion of the minimum amount required to be withheld under applicable tax law (with the Company accepting from the Optionee payment of cash or cash equivalents to satisfy any remaining balance of the aggregate Exercise Price and, if applicable, any additional withholding obligation not satisfied through such reduction in Shares); *provided* that to the extent Shares subject to an Option are withheld in this manner, the number of Shares subject to the Option following the net exercise will be reduced by the sum of the number of Shares withheld and the number of Shares delivered to the Optionee as a result of the exercise.

(g) Other Forms of Payment. To the extent that an Award Agreement so provides, the Purchase Price or Exercise Price of Shares issued under the Plan may be paid in any other form permitted by the Delaware General Corporation Law, as amended.

SECTION 8. ADJUSTMENT OF SHARES.

(a) General. In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a combination or consolidation of the outstanding Stock into a lesser number of Shares, a reclassification, or any other increase or decrease in the number of issued shares of Stock effected without receipt of consideration by the Company, proportionate adjustments shall automatically be made in each of (i) the number and kind of Shares available for future grants under Section 4, (ii) the number and kind of Shares covered by

each outstanding Option and any outstanding and unexercised right to purchase Shares that has not yet expired pursuant to Section 5(b), (iii) the Exercise Price under each outstanding Option and the Purchase Price applicable to any unexercised stock purchase right described in clause (ii) above, and (iv) any repurchase price that applies to Shares granted under the Plan pursuant to the terms of a Company repurchase right under the applicable Award Agreement. In the event of a declaration of an extraordinary dividend payable in a form other than Shares in an amount that has a material effect on the Fair Market Value of the Stock, a recapitalization, a spin-off, or a similar occurrence, the Board of Directors at its sole discretion may make appropriate adjustments in one or more of the items listed in clauses (i) through (iv) above; provided, however, that the Board of Directors shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code. No fractional Shares shall be issued under the Plan as a result of an adjustment under this Section 8(a), although the Board of Directors in its sole discretion may make a cash payment in lieu of fractional Shares.

(b) Corporate Transactions. In the event that the Company is a party to a merger or consolidation, or in the event of a sale of all or substantially all of the Company's stock or assets, all Shares acquired under the Plan and all Options and other Plan awards outstanding on the effective date of the transaction shall be treated in the manner described in the definitive transaction agreement (or, in the event the transaction does not entail a definitive agreement to which the Company is party, in the manner determined by the Board of Directors in its capacity as administrator of the Plan, with such determination having final and binding effect on all parties), which agreement or determination need not treat all Options and awards (or all portions of an Option or an award) in an identical manner. The treatment specified in the transaction agreement may include (without limitation) one or more of the following with respect to each outstanding Option or award:

(i) Continuation of the Option or award by the Company (if the Company is the surviving corporation).

(ii) Assumption of the Option by the surviving corporation or its parent in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(iii) Substitution by the surviving corporation or its parent of a new option for the Option in a manner that complies with Code Section 424(a) (whether or not the Option is an ISO).

(iv) Cancellation of the Option and a payment to the Optionee with respect to each Share subject to the portion of the Option that is vested as of the transaction date equal to the excess of (A) the value, as determined by the Board of Directors in its absolute discretion, of the property (including cash) received by the holder of a share of Stock as a result of the transaction, over (B) the per-Share Exercise Price of the Option (such excess, the "Spread"). Such payment shall be made in the form of cash, cash equivalents, or securities of the surviving corporation or its parent having a value equal to the Spread. In addition, any escrow, holdback, earn-out or similar provisions in the transaction agreement may apply to such payment to the same extent and in the same manner

as such provisions apply to the holders of Stock. If the Spread applicable to an Option is zero or a negative number, then the Option may be cancelled without making a payment to the Optionee.

(v) Cancellation of the Option without the payment of any consideration; provided that the Optionee shall be notified of such treatment and given an opportunity to exercise the Option (to the extent the Option is vested or becomes vested as of the effective date of the transaction) during a period of not less than five (5) business days preceding the effective date of the transaction, unless (A) a shorter period is required to permit a timely closing of the transaction and (B) such shorter period still offers the Optionee a reasonable opportunity to exercise the Option. Any exercise of the Option during such period may be contingent upon the closing of the transaction.

(vi) Suspension of the Optionee's right to exercise the Option during a limited period of time preceding the closing of the transaction if such suspension is administratively necessary to permit the closing of the transaction.

(vii) Termination of any right the Optionee has to exercise the Option prior to vesting in the Shares subject to the Option (i.e., "early exercise"), such that following the closing of the transaction the Option may only be exercised to the extent it is vested.

For the avoidance of doubt, the Board of Directors has discretion to accelerate, in whole or part, the vesting and exercisability of an Option or other Plan award in connection with a corporate transaction covered by this Section 8(b).

(c) Reservation of Rights. Except as provided in this Section 8, a Participant shall have no rights by reason of (i) any subdivision or consolidation of shares of stock of any class, (ii) the payment of any dividend or (iii) any other increase or decrease in the number of shares of stock of any class. Any issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares subject to an Option. The grant of an Option pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell or transfer all or any part of its business or assets.

SECTION 9. PRE-EXERCISE INFORMATION REQUIREMENT.

(a) Application of Requirement. This Section 9 shall apply only during a period that (i) commences when the Company begins to rely on the exemption described in Rule 12h-1(f)(1) under the Exchange Act, as determined by the Company in its sole discretion, and (ii) ends on the earlier of (A) the date when the Company ceases to rely on such exemption, as determined by the Company in its sole discretion, or (B) the date when the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act. In addition, this Section 9 shall in no event apply to an Optionee after he or she has fully exercised all of his or her Options.

(b) Scope of Requirement. The Company shall provide to each Optionee the information described in Rule 701(e)(3), (4) and (5) under the Securities Act. Such information shall be provided at six-month intervals, and the financial statements included in such information shall not be more than 180 days old. The foregoing notwithstanding, the Company shall not be required to provide such information unless the Optionee has agreed in writing, on a form prescribed by the Company, to keep such information confidential.

SECTION 10. MISCELLANEOUS PROVISIONS.

(a) Securities Law Requirements. Shares shall not be issued under the Plan unless, in the opinion of counsel acceptable to the Board of Directors, the issuance and delivery of such Shares comply with (or are exempt from) all applicable requirements of law, including (without limitation) the Securities Act, the rules and regulations promulgated thereunder, state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded. The Company shall not be liable for a failure to issue Shares as a result of such requirements.

(b) No Retention Rights. Nothing in the Plan or in any right or Option granted under the Plan shall confer upon the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Participant) or of the Participant, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) Treatment as Compensation. Any compensation that an individual earns or is deemed to earn under this Plan shall not be considered a part of his or her compensation for purposes of calculating contributions, accruals or benefits under any other plan or program that is maintained or funded by the Company, a Parent or a Subsidiary.

(d) Governing Law. The Plan and all awards, sales and grants under the Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

(e) Conditions and Restrictions on Shares. Shares issued under the Plan shall be subject to such forfeiture conditions, rights of repurchase, rights of first refusal, other transfer restrictions and such other terms and conditions as the Board of Directors may determine. Such conditions and restrictions shall be set forth in the applicable Award Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally. In addition, Shares issued under the Plan shall be subject to conditions and restrictions imposed either by applicable law or by Company policy, as adopted from time to time, designed to ensure compliance with applicable law or laws with which the Company determines in its sole discretion to comply including in order to maintain any statutory, regulatory or tax advantage.

(f) Tax Matters.

(i) As a condition to the award, grant, issuance, vesting, purchase, exercise or transfer of any award, or Shares issued pursuant to any award, granted under this Plan, the Participant shall make such arrangements as the Board of Directors may require or permit for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such event.

(ii) Unless otherwise expressly set forth in an Award Agreement, it is intended that awards granted under the Plan shall be exempt from Code Section 409A, and any ambiguity in the terms of an Award Agreement and the Plan shall be interpreted consistently with this intent. To the extent an award is not exempt from Code Section 409A (any such award, a "**409A Award**"), any ambiguity in the terms of such award and the Plan shall be interpreted in a manner that to the maximum extent permissible supports the award's compliance with the requirements of that statute. Notwithstanding anything to the contrary permitted under the Plan, in no event shall a modification of an Award not already subject to Code Section 409A be given effect if such modification would cause the Award to become subject to Code Section 409A unless the parties explicitly acknowledge and consent to the modification as one having that effect. A 409A Award shall be subject to such additional rules and requirements as specified by the Board of Directors from time to time in order for it to comply with the requirements of Code Section 409A. In this regard, if any amount under a 409A Award is payable upon a "separation from service" to an individual who is considered a "specified employee" (as each term is defined under Code Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the Participant's separation from service or (ii) the Participant's death, but only to the extent such delay is necessary to prevent such payment from being subject to Section 409A(a)(1). In addition, if a transaction subject to Section 8(b) constitutes a payment event with respect to any 409A Award, then the transaction with respect to such award must also constitute a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Code Section 409A.

(iii) Neither the Company nor any member of the Board of Directors shall have any liability to a Participant in the event an award held by the Participant fails to achieve its intended characterization under applicable tax law.

SECTION 11. DURATION AND AMENDMENTS; STOCKHOLDER APPROVAL.

(a) Term of the Plan. The Plan, as set forth herein, shall become effective on the date of its adoption by the Board of Directors, subject to approval of the Company's stockholders under Subsection (d) below. The Plan shall terminate automatically 10 years after the later of (i) the date when the Board of Directors adopted the Plan or (ii) the date when the Board of Directors approved the most recent increase in the number of Shares reserved under Section 4 that was also approved by the Company's stockholders. The Plan may be terminated on any earlier date pursuant to Subsection (b) below.

(b) Right to Amend or Terminate the Plan. Subject to Subsection (d) below, the Board of Directors may amend, suspend or terminate the Plan at any time and for any reason.

(c) Effect of Amendment or Termination. No Shares shall be issued or sold and no Option granted under the Plan after the termination thereof, except upon exercise of an Option (or any other right to purchase Shares) granted under the Plan prior to such termination. The termination of the Plan, or any amendment thereof, shall not affect any Share previously issued or any Option previously granted under the Plan.

(d) Stockholder Approval. To the extent required by applicable law, the Plan will be subject to approval of the Company's stockholders within 12 months of its adoption date. To the extent required by applicable law, any amendment of the Plan will be subject to the approval of the Company's stockholders within 12 months of the amendment date if it (i) increases the number of Shares available for issuance under the Plan (except as provided in Section 8), or (ii) materially changes the class of persons who are eligible for the grant of ISOs. In addition, an amendment effecting any other material change to the Plan terms will be subject to approval of the Company's stockholder only if required by applicable law. Stockholder approval shall not be required for any other amendment of the Plan.

SECTION 12. DEFINITIONS.

(a) "**Award Agreement**" means a Stock Grant Agreement, Stock Option Agreement or Stock Purchase Agreement.

(b) "**Board of Directors**" means the Board of Directors of the Company, as constituted from time to time.

(c) "**Code**" means the Internal Revenue Code of 1986, as amended.

(d) "**Committee**" means a committee of the Board of Directors, as described in Section 2(a).

(e) "**Company**" means Backblaze, Inc., a Delaware corporation.

(f) "**Consultant**" means a person, excluding Employees and Outside Directors, who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(g) "**Date of Grant**" means the date of grant specified in the applicable Stock Option Agreement, which date shall be the later of (i) the date on which the Board of Directors resolved to grant the Option or (ii) the first day of the Optionee's Service.

(h) "**Disability**" means that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) "**Employee**" means any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(j) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

(k) "**Exercise Price**" means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Board of Directors in the applicable Stock Option Agreement.

(l) "**Fair Market Value**" means the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(m) "**Family Member**" means (i) any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, (ii) any person sharing the Optionee's household (other than a tenant or employee), (iii) a trust in which persons described in Clause (i) or (ii) have more than 50% of the beneficial interest, (iv) a foundation in which persons described in Clause (i) or (ii) or the Optionee control the management of assets and (v) any other entity in which persons described in Clause (i) or (ii) or the Optionee own more than 50% of the voting interests.

(n) "**Grantee**" means a person to whom the Board of Directors has awarded Shares under the Plan.

(o) "**ISO**" means an Option that qualifies as an incentive stock option as described in Code Section 422(b). Notwithstanding its designation as an ISO, an Option that does not qualify as an ISO under applicable law shall be treated for all purposes as a Nonstatutory Option.

(p) "**Nonstatutory Option**" means an Option that does not qualify as an incentive stock option as described in Code Section 422(b) or 423(b).

(q) "**Option**" means an ISO or Nonstatutory Option granted under the Plan and entitling the holder to purchase Shares.

(r) "**Optionee**" means a person who holds an Option.

(s) "**Outside Director**" means a member of the Board of Directors who is not an Employee.

(t) "**Parent**" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes

of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be considered a Parent commencing as of such date.

(u) "**Participant**" means a Grantee, Optionee or Purchaser.

(v) "**Plan**" means this Backblaze, Inc. 2011 Stock Plan.

(w) "**Purchase Price**" means the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option), as specified by the Board of Directors.

(x) "**Purchaser**" means a person to whom the Board of Directors has offered the right to purchase Shares under the Plan (other than upon exercise of an Option).

(y) "**Securities Act**" means the Securities Act of 1933, as amended.

(z) "**Service**" means service as an Employee, Outside Director or Consultant.

(aa) "**Share**" means one share of Stock, as adjusted in accordance with Section 8 (if applicable).

(bb) "**Stock**" means the Common Stock of the Company.

(cc) "**Stock Grant Agreement**" means the agreement between the Company and a Grantee who is awarded Shares under the Plan that contains the terms, conditions and restrictions pertaining to the award of such Shares.

(dd) "**Stock Option Agreement**" means the agreement between the Company and an Optionee that contains the terms, conditions and restrictions pertaining to the Optionee's Option.

(ee) "**Stock Purchase Agreement**" means the agreement between the Company and a Purchaser who purchases Shares under the Plan that contains the terms, conditions and restrictions pertaining to the purchase of such Shares.

(ff) "**Subsidiary**" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date.

EXHIBIT A

SCHEDULE OF SHARES RESERVED FOR ISSUANCE UNDER THE PLAN

Date of Board Approval	Date of Stockholder Approval	Number of Shares Added	Cumulative Number of Shares
September 20, 2011	September 20, 2011	Not Applicable	200,000
October 29, 2013	October 29, 2013	600,000	800,000
May 8, 2015	May 18, 2015	500,000	1,300,000
October 21, 2016	October 28, 2016	400,000	1,700,000
April 16, 2018	May 10, 2018	500,000	2,200,000
May 29, 2019	May 29, 2019	500,000	2,700,000
April 21, 2020	February 19, 2021	750,000	3,450,000
March 26, 2021		500,000	3,950,000
August 30, 2021		50,000	4,000,000

BACKBLAZE, INC. 2011 STOCK PLAN
NOTICE OF STOCK OPTION GRANT (INSTALLMENT VESTING)

The Optionee has been granted the following option to purchase shares of the Common Stock of Backblaze, Inc.:

Name of Optionee:	«Name»
Total Number of Shares:	«TotalShares»
Type of Option:	«ISO» Incentive Stock Option (ISO) «NSO» Nonstatutory Stock Option (NSO)
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Date Exercisable:	This option may be exercised with respect to the first 25% of the Shares subject to this option when the Optionee completes 12 months of continuous Service after the Vesting Commencement Date set forth below. This option may be exercised with respect to an additional 1/48th of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter.
Vesting Commencement Date:	«VestComDate»
Expiration Date:	«ExpDate». This option expires earlier if the Optionee's Service terminates earlier, as provided in Section 6 of the Stock Option Agreement or if the Company engages in certain corporate transactions, as provided in Section 8(b) of the Plan.

By signing below, the Optionee and the Company agree that this option is granted under, and governed by the terms and conditions of, the 2011 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. **Section 13 of the Stock Option Agreement includes important acknowledgements of the Optionee**.

OPTIONEE:

_____

BACKBLAZE, INC.

By: _____

Title: _____

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

BACKBLAZE, INC. 2011 STOCK PLAN:
STOCK OPTION AGREEMENT (INSTALLMENT VESTING)

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) **$100,000 Limitation**. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the $100,000 annual limitation under Section 422(d) of the Code.

(c) **Stock Plan and Defined Terms**. This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Capitalized terms are defined in Section 14 of this Agreement.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability**. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant.

(b) **Stockholder Approval**. Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise**. The Optionee or the Optionee's representative may exercise this option by giving written notice to the Company pursuant to Section 12(c). The notice shall specify the election to exercise this option, the number of Shares for which it is being exercised and the form of payment. The person exercising this option shall sign the notice. In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 for the full amount of the Purchase Price.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company's consent, in the name of a revocable trust. The Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

(c) **Withholding Taxes**. In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this option, the Optionee, as a condition to the exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the disposition of Shares purchased by exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) **Cash**. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) **Surrender of Stock**. At the discretion of the Board of Directors, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this option is exercised.

(c) **Exercise/Sale**. All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

SECTION 6. TERM AND EXPIRATION.

(a) **Basic Term**. This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (a) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability; or

(iii) The date six months after the termination of the Optionee's Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination). When the Optionee's Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's Service terminated (or became exercisable as a result of the termination).

(c) **Death of the Optionee**. If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (a) above; or

(ii) The date 12 months after the Optionee's death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option had become exercisable before the Optionee's death (or became exercisable as a result of the death). When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable.

(d) **Part-Time Employment and Leaves of Absence**. If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(e) **Notice Concerning ISO Treatment**. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or

(iii) More than three months after the date when the Optionee has been on a leave of absence for 90 days, unless the Optionee's reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal**. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares**. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company's stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 7 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 7.

(d) **Termination of Right of First Refusal**. Any other provision of this Section 7 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers**. This Section 7 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder**. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration

for the Shares to be purchased in accordance with this Section 7, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal**. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. LEGALITY OF INITIAL ISSUANCE.

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of federal, State or foreign law has been satisfied.

SECTION 9. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 10. RESTRICTIONS ON TRANSFER OF SHARES.

(a) **Securities Law Restrictions**. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any State, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any State or any other law.

(b) **Market Stand-Off**. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant

or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off") shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.

(c) **Investment Intent at Grant**. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise**. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) **Legends**. All certificates evidencing Shares purchased under this Agreement shall bear the following legend:

"THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

> "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

(f) **Removal of Legends**. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 10 shall be conclusive and binding on the Optionee and all other persons.

SECTION 11. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 8(a) of the Plan. In the event that the Company is a party to a merger or consolidation or in the event of a sale of all or substantially all of the Company's stock or assets, this option shall be subject to the treatment provided by the Board of Directors in its sole discretion, as provided in Section 8(b) of the Plan.

SECTION 12. MISCELLANEOUS PROVISIONS.

(a) **Rights as a Stockholder**. Neither the Optionee nor the Optionee's representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) **No Retention Rights**. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) **Notice**. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation, with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(d) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Optionee and by an authorized officer of the Company (other than the Optionee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) **Entire Agreement**. The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(f) **Choice of Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 13. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) **Tax Consequences**. The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee's tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee's other compensation. In particular, the Optionee acknowledges that this option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant. Since Shares are not traded on an established securities market, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

(b) **Electronic Delivery of Documents**. The Optionee agrees to accept by email all documents relating to the Company, the Plan or this option and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email of their availability. The Optionee acknowledges that he or she may incur costs in connection with electronic delivery, including the cost of accessing the internet and printing fees, and that an interruption of internet access may interfere with his or her ability to access the documents. This consent shall remain in effect until this option expires or until the Optionee gives the Company written notice that it should deliver paper documents.

(c) **No Notice of Expiration Date**. The Optionee agrees that the Company and its officers, employees, attorneys and agents do not have any obligation to notify him or her prior to the expiration of this option pursuant to Section 6, regardless of whether this option will expire at the end of its full term or on an earlier date related to the termination of the Optionee's Service. The Optionee further agrees that he or she has the sole responsibility for monitoring the expiration of this option and for exercising this option, if at all, before it expires. This Subsection (c) shall supersede any contrary representation that may have been made, orally or in writing, by the Company or by an officer, employee, attorney or agent of the Company.

SECTION 14. DEFINITIONS.

(a) "**Agreement**" shall mean this Stock Option Agreement.

(b) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(d) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(e) "**Company**" shall mean Backblaze, Inc., a Delaware corporation.

(f) "**Consultant**" shall mean a person, excluding Employees and Outside Directors, who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(g) "**Date of Grant**" shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee's Service.

(h) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) "**Employee**" shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(j) "**Exercise Price**" shall mean the amount for which one Share may be purchased upon exercise of this option, as specified in the Notice of Stock Option Grant.

(k) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(l) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(m) "**ISO**" shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(o) "**NSO**" shall mean a stock option not described in Section 422(b) or 423(b) of the Code.

(p) "**Optionee**" shall mean the person named in the Notice of Stock Option Grant.

(q) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(r) "**Parent**" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(s) "**Plan**" shall mean the Backblaze, Inc. 2011 Stock Plan, as in effect on the Date of Grant.

(t) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(u) "**Right of First Refusal**" shall mean the Company's right of first refusal described in Section 7.

(v) "**Securities Act**" shall mean the Securities Act of 1933, as amended.

(w) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(x) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 8 of the Plan (if applicable).

(y) "**Stock**" shall mean the Common Stock of the Company.

(z) "**Subsidiary**" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(aa) "**Transferee**" shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(bb) "**Transfer Notice**" shall mean the notice of a proposed transfer of Shares described in Section 7.

BACKBLAZE, INC. 2011 STOCK PLAN
NOTICE OF STOCK OPTION GRANT (EARLY EXERCISE)

The Optionee has been granted the following option to purchase shares of the Common Stock of Backblaze, Inc.:

Name of Optionee:	«Name»
Total Number of Shares:	«TotalShares»
Type of Option:	«ISO» Incentive Stock Option (ISO) «NSO» Nonstatutory Stock Option (NSO)
Exercise Price per Share:	$«PricePerShare»
Date of Grant:	«DateGrant»
Date Exercisable:	This option may be exercised at any time after the Date of Grant for all or any part of the Shares subject to this option.
Vesting Commencement Date:	«VestComDate»
Vesting Schedule:	The Right of Repurchase shall lapse with respect to the first 25% of the Shares subject to this option when the Optionee completes 12 months of continuous Service after the Vesting Commencement Date set forth above. The Right of Repurchase shall lapse with respect to an additional 1/48th of the Shares subject to this option when the Optionee completes each month of continuous Service thereafter.
Expiration Date:	«ExpDate». This option expires earlier if the Optionee's Service terminates earlier, as provided in Section 6 of the Stock Option Agreement or if the Company engages in certain corporate transactions, as provided in Section 8(b) of the Plan.

By signing below, the Optionee and the Company agree that this option is granted under, and governed by the terms and conditions of, the 2011 Stock Plan and the Stock Option Agreement. Both of these documents are attached to, and made a part of, this Notice of Stock Option Grant. **Section 14 of the Stock Option Agreement includes important acknowledgements of the Optionee**.

OPTIONEE:	**BACKBLAZE, INC.**
_____	By: _____
	Title: _____

THE OPTION GRANTED PURSUANT TO THIS AGREEMENT AND THE SHARES ISSUABLE UPON THE EXERCISE THEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

BACKBLAZE, INC. 2011 STOCK PLAN:
STOCK OPTION AGREEMENT (EARLY EXERCISE)

SECTION 1. GRANT OF OPTION.

(a) **Option**. On the terms and conditions set forth in the Notice of Stock Option Grant and this Agreement, the Company grants to the Optionee on the Date of Grant the option to purchase at the Exercise Price the number of Shares set forth in the Notice of Stock Option Grant. The Exercise Price is agreed to be at least 100% of the Fair Market Value per Share on the Date of Grant (110% of Fair Market Value if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies). This option is intended to be an ISO or an NSO, as provided in the Notice of Stock Option Grant.

(b) **$100,000 Limitation**. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it shall be deemed to be an NSO to the extent (and only to the extent) required by the $100,000 annual limitation under Section 422(d) of the Code.

(c) **Stock Plan and Defined Terms**. This option is granted pursuant to the Plan, a copy of which the Optionee acknowledges having received. The provisions of the Plan are incorporated into this Agreement by this reference. Capitalized terms are defined in Section 15 of this Agreement.

SECTION 2. RIGHT TO EXERCISE.

(a) **Exercisability**. Subject to Subsection (b) below and the other conditions set forth in this Agreement, all or part of this option may be exercised prior to its expiration at the time or times set forth in the Notice of Stock Option Grant. Shares purchased by exercising this option may be subject to the Right of Repurchase under Section 7.

(b) **Stockholder Approval**. Any other provision of this Agreement notwithstanding, no portion of this option shall be exercisable at any time prior to the approval of the Plan by the Company's stockholders.

SECTION 3. NO TRANSFER OR ASSIGNMENT OF OPTION.

Except as otherwise provided in this Agreement, this option and the rights and privileges conferred hereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process.

SECTION 4. EXERCISE PROCEDURES.

(a) **Notice of Exercise**. The Optionee or the Optionee's representative may exercise this option by giving written notice to the Company pursuant to Section 13(c). The notice shall specify the election to exercise this option, the number of Shares for which it is being exercised and the form of payment. The person exercising this option shall sign the notice. In the event that this option is being exercised by the representative of the Optionee, the notice shall be accompanied by proof (satisfactory to the Company) of the representative's right to exercise this option. The Optionee or the Optionee's representative shall deliver to the Company, at the time of giving the notice, payment in a form permissible under Section 5 for the full amount of the Purchase Price. In the event of a partial exercise of this option, Shares shall be deemed to have been purchased in the order in which they vest in accordance with the Notice of Stock Option Grant.

(b) **Issuance of Shares**. After receiving a proper notice of exercise, the Company shall cause to be issued one or more certificates evidencing the Shares for which this option has been exercised. Such Shares shall be registered (i) in the name of the person exercising this option, (ii) in the names of such person and his or her spouse as community property or as joint tenants with the right of survivorship or (iii) with the Company's consent, in the name of a revocable trust. In the case of Restricted Shares, the Company shall cause such certificates to be deposited in escrow under Section 7(c). In the case of other Shares, the Company shall cause such certificates to be delivered to or upon the order of the person exercising this option.

(c) **Withholding Taxes**. In the event that the Company determines that it is required to withhold any tax as a result of the exercise of this option, the Optionee, as a condition to the exercise of this option, shall make arrangements satisfactory to the Company to enable it to satisfy all withholding requirements. The Optionee shall also make arrangements satisfactory to the Company to enable it to satisfy any withholding requirements that may arise in connection with the vesting or disposition of Shares purchased by exercising this option.

SECTION 5. PAYMENT FOR STOCK.

(a) **Cash**. All or part of the Purchase Price may be paid in cash or cash equivalents.

(b) **Surrender of Stock**. At the discretion of the Board of Directors, all or any part of the Purchase Price may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Optionee. Such Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value as of the date when this option is exercised.

(c) **Exercise/Sale**. All or part of the Purchase Price and any withholding taxes may be paid by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company. However, payment pursuant to this Subsection (c) shall be permitted only if (i) Stock then is publicly traded and (ii) such payment does not violate applicable law.

SECTION 6. TERM AND EXPIRATION.

(a) **Basic Term**. This option shall in any event expire on the expiration date set forth in the Notice of Stock Option Grant, which date is 10 years after the Date of Grant (five years after the Date of Grant if this option is designated as an ISO in the Notice of Stock Option Grant and Section 3(b) of the Plan applies).

(b) **Termination of Service (Except by Death)**. If the Optionee's Service terminates for any reason other than death, then this option shall expire on the earliest of the following occasions:

(i) The expiration date determined pursuant to Subsection (a) above;

(ii) The date three months after the termination of the Optionee's Service for any reason other than Disability; or

(iii) The date six months after the termination of the Optionee's Service by reason of Disability.

The Optionee may exercise all or part of this option at any time before its expiration under the preceding sentence, but only to the extent that this option is exercisable for vested Shares on or before the date when the Optionee's Service terminates (or becomes exercisable for vested Shares as a result of the termination). When the Optionee's Service terminates, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable and with respect to any Restricted Shares. In the event that the Optionee dies after termination of Service but before the expiration of this option, all or part of this option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option was exercisable for vested Shares on or before the date when the Optionee's Service terminated (or becomes exercisable for vested Shares as a result of the termination).

(c) **Death of the Optionee**. If the Optionee dies while in Service, then this option shall expire on the earlier of the following dates:

(i) The expiration date determined pursuant to Subsection (a) above; or

(ii) The date 12 months after the Optionee's death.

All or part of this option may be exercised at any time before its expiration under the preceding sentence by the executors or administrators of the Optionee's estate or by any person who has acquired this option directly from the Optionee by beneficiary designation, bequest or inheritance, but only to the extent that this option is exercisable for vested Shares on or before the date of the Optionee's death (or becomes exercisable for vested Shares as a result of the death). When the Optionee dies, this option shall expire immediately with respect to the number of Shares for which this option is not yet exercisable and with respect to any Restricted Shares.

(d) **Part-Time Employment and Leaves of Absence**. If the Optionee commences working on a part-time basis, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant. If the Optionee goes on a leave of absence, then the Company may adjust the vesting schedule set forth in the Notice of Stock Option Grant in accordance with the Company's leave of absence policy or the terms of such leave. Except as provided in the preceding sentence, Service shall be deemed to continue for any purpose under this Agreement while the Optionee is on a *bona fide* leave of absence, if (i) such leave was approved by the Company in writing and (ii) continued crediting of Service for such purpose is expressly required by the terms of such leave or by applicable law (as determined by the Company). Service shall be deemed to terminate when such leave ends, unless the Optionee immediately returns to active work.

(e) **Notice Concerning ISO Treatment**. Even if this option is designated as an ISO in the Notice of Stock Option Grant, it ceases to qualify for favorable tax treatment as an ISO to the extent that it is exercised:

(i) More than three months after the date when the Optionee ceases to be an Employee for any reason other than death or permanent and total disability (as defined in Section 22(e)(3) of the Code);

(ii) More than 12 months after the date when the Optionee ceases to be an Employee by reason of permanent and total disability (as defined in Section 22(e)(3) of the Code); or

(iii) More than three months after the date when the Optionee has been on a leave of absence for 90 days, unless the Optionee's reemployment rights following such leave were guaranteed by statute or by contract.

SECTION 7. RIGHT OF REPURCHASE.

(a) **Scope of Repurchase Right**. Until they vest in accordance with the Notice of Stock Option Grant and Subsection (b) below, the Shares acquired under this Agreement shall be Restricted Shares and shall be subject to the Company's Right of Repurchase. The Company, however, may decline to exercise its Right of Repurchase or may exercise its Right of Repurchase only with respect to a portion of the Restricted Shares. The Company may exercise its Right of Repurchase only during the Repurchase Period following the termination of the Optionee's Service, but the Right of Repurchase may be exercised automatically under Subsection (d) below. If the Right of Repurchase is exercised, the Company shall pay the Optionee an amount equal to the lower of (i) the Exercise Price of each Restricted Share being repurchased or (ii) the Fair Market Value of such Restricted Share at the time the Right of Repurchase is exercised.

(b) **Lapse of Repurchase Right**. The Right of Repurchase shall lapse with respect to the Restricted Shares in accordance with the vesting schedule set forth in the Notice of Stock Option Grant.

(c) **Escrow**. Upon issuance, the certificate(s) for Restricted Shares shall be deposited in escrow with the Company to be held in accordance with the provisions of this Agreement. Any additional or exchanged securities or other property described in Subsection (f) below shall immediately be delivered to the Company to be held in escrow. All ordinary cash dividends on Restricted Shares (or on other securities held in escrow) shall be paid directly to the Optionee and shall not be held in escrow. Restricted Shares, together with any other assets held in escrow under this Agreement, shall be (i) surrendered to the Company for repurchase upon exercise of the Right of Repurchase or the Right of First Refusal or (ii) released to the Optionee upon his or her request to the extent that the Shares have ceased to be Restricted Shares (but not more frequently than once every six months). In any event, all Shares that have ceased to be Restricted Shares, together with any other vested assets held in escrow under this Agreement, shall be released within 90 days after the earlier of (i) the termination of the Optionee's Service or (ii) the lapse of the Right of First Refusal.

(d) **Exercise of Repurchase Right**. The Company shall be deemed to have exercised its Right of Repurchase automatically for all Restricted Shares as of the commencement of the Repurchase Period, unless the Company during the Repurchase Period notifies the holder of the Restricted Shares pursuant to Section 13(c) that it will not exercise its Right of Repurchase for some or all of the Restricted Shares. The Company shall pay to the holder of the Restricted Shares the purchase price determined under Subsection (a) above for the Restricted Shares being repurchased. Payment shall be made in cash or cash equivalents and/or by canceling indebtedness to the Company incurred by the Optionee in the purchase of the Restricted Shares. The certificate(s) representing the Restricted Shares being repurchased shall be delivered to the Company.

(e) **Termination of Rights as Stockholder**. If the Right of Repurchase is exercised in accordance with this Section 7 and the Company makes available the consideration for the Restricted Shares being repurchased, then the person from whom the Restricted Shares are repurchased shall no longer have any rights as a holder of the Restricted Shares (other than the right to receive payment of such consideration). Such Restricted Shares shall be deemed to have been repurchased pursuant to this Section 7, whether or not the certificate(s) for such Restricted Shares have been delivered to the Company or the consideration for such Restricted Shares has been accepted.

(f) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company, a sale of all or substantially all of the Company's stock or assets, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash

equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Restricted Shares shall immediately be subject to the Right of Repurchase. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Restricted Shares. Appropriate adjustments shall also be made to the price per share to be paid upon the exercise of the Right of Repurchase, provided that the aggregate purchase price payable for the Restricted Shares shall remain the same. In the event of a merger or consolidation of the Company with or into another entity or any other corporate reorganization, the Right of Repurchase may be exercised by the Company's successor.

(g) **Transfer of Restricted Shares**. The Optionee shall not transfer, assign, encumber or otherwise dispose of any Restricted Shares without the Company's written consent, except as provided in the following sentence. The Optionee may transfer Restricted Shares to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Restricted Shares, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(h) **Assignment of Repurchase Right**. The Board of Directors may freely assign the Company's Right of Repurchase, in whole or in part. Any person who accepts an assignment of the Right of Repurchase from the Company shall assume all of the Company's rights and obligations under this Section 7.

SECTION 8. RIGHT OF FIRST REFUSAL.

(a) **Right of First Refusal**. In the event that the Optionee proposes to sell, pledge or otherwise transfer to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company shall have the Right of First Refusal with respect to all (and not less than all) of such Shares. If the Optionee desires to transfer Shares acquired under this Agreement, the Optionee shall give a written Transfer Notice to the Company describing fully the proposed transfer, including the number of Shares proposed to be transferred, the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed sale or transfer will not violate any applicable federal, State or foreign securities laws. The Transfer Notice shall be signed both by the Optionee and by the proposed Transferee and must constitute a binding commitment of both parties to the transfer of the Shares. The Company shall have the right to purchase all, and not less than all, of the Shares on the terms of the proposal described in the Transfer Notice (subject, however, to any change in such terms permitted under Subsection (b) below) by delivery of a notice of exercise of the Right of First Refusal within 30 days after the date when the Transfer Notice was received by the Company.

(b) **Transfer of Shares**. If the Company fails to exercise its Right of First Refusal within 30 days after the date when it received the Transfer Notice, the Optionee may, not later than 90 days following receipt of the Transfer Notice by the Company, conclude a transfer of the Shares subject to the Transfer Notice on the terms and conditions described in the Transfer Notice, provided that any such sale is made in compliance with applicable federal, State and

foreign securities laws and not in violation of any other contractual restrictions to which the Optionee is bound. Any proposed transfer on terms and conditions different from those described in the Transfer Notice, as well as any subsequent proposed transfer by the Optionee, shall again be subject to the Right of First Refusal and shall require compliance with the procedure described in Subsection (a) above. If the Company exercises its Right of First Refusal, the parties shall consummate the sale of the Shares on the terms set forth in the Transfer Notice within 60 days after the date when the Company received the Transfer Notice (or within such longer period as may have been specified in the Transfer Notice); provided, however, that in the event the Transfer Notice provided that payment for the Shares was to be made in a form other than cash or cash equivalents paid at the time of transfer, the Company shall have the option of paying for the Shares with cash or cash equivalents equal to the present value of the consideration described in the Transfer Notice.

(c) **Additional or Exchanged Securities and Property**. In the event of a merger or consolidation of the Company with or into another entity, any other corporate reorganization, a stock split, the declaration of a stock dividend, the declaration of an extraordinary dividend payable in a form other than stock, a spin-off, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities, any securities or other property (including cash or cash equivalents) that are by reason of such transaction exchanged for, or distributed with respect to, any Shares subject to this Section 8 shall immediately be subject to the Right of First Refusal. Appropriate adjustments to reflect the exchange or distribution of such securities or property shall be made to the number and/or class of the Shares subject to this Section 8.

(d) **Termination of Right of First Refusal**. Any other provision of this Section 8 notwithstanding, in the event that the Stock is readily tradable on an established securities market when the Optionee desires to transfer Shares, the Company shall have no Right of First Refusal, and the Optionee shall have no obligation to comply with the procedures prescribed by Subsections (a) and (b) above.

(e) **Permitted Transfers**. This Section 8 shall not apply to (i) a transfer by beneficiary designation, will or intestate succession or (ii) a transfer to one or more members of the Optionee's Immediate Family or to a trust established by the Optionee for the benefit of the Optionee and/or one or more members of the Optionee's Immediate Family, provided in either case that the Transferee agrees in writing on a form prescribed by the Company to be bound by all provisions of this Agreement. If the Optionee transfers any Shares acquired under this Agreement, either under this Subsection (e) or after the Company has failed to exercise the Right of First Refusal, then this Agreement shall apply to the Transferee to the same extent as to the Optionee.

(f) **Termination of Rights as Stockholder**. If the Company makes available, at the time and place and in the amount and form provided in this Agreement, the consideration for the Shares to be purchased in accordance with this Section 8, then after such time the person from whom such Shares are to be purchased shall no longer have any rights as a holder of such Shares (other than the right to receive payment of such consideration in accordance with this Agreement). Such Shares shall be deemed to have been purchased in accordance with the applicable provisions hereof, whether or not the certificate(s) therefor have been delivered as required by this Agreement.

(g) **Assignment of Right of First Refusal**. The Board of Directors may freely assign the Company's Right of First Refusal, in whole or in part. Any person who accepts an assignment of the Right of First Refusal from the Company shall assume all of the Company's rights and obligations under this Section 8.

SECTION 9. LEGALITY OF INITIAL ISSUANCE.

No Shares shall be issued upon the exercise of this option unless and until the Company has determined that:

(a) It and the Optionee have taken any actions required to register the Shares under the Securities Act or to perfect an exemption from the registration requirements thereof;

(b) Any applicable listing requirement of any stock exchange or other securities market on which Stock is listed has been satisfied; and

(c) Any other applicable provision of federal, State or foreign law has been satisfied.

SECTION 10. NO REGISTRATION RIGHTS.

The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other applicable law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Agreement to comply with any law.

SECTION 11. RESTRICTIONS ON TRANSFER OF SHARES.

(a) **Securities Law Restrictions**. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act or have been registered or qualified under the securities laws of any State, the Company at its discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary or desirable in order to achieve compliance with the Securities Act, the securities laws of any State or any other law.

(b) **Market Stand-Off**. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, the Optionee or a Transferee shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose of or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired under this Agreement without the prior written consent of the Company or its managing underwriter. Such restriction (the "Market Stand-Off")

shall be in effect for such period of time following the date of the final prospectus for the offering as may be requested by the Company or such underwriter. In no event, however, shall such period exceed 180 days plus such additional period as may reasonably be requested by the Company or such underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports or (ii) analyst recommendations and opinions, including (without limitation) the restrictions set forth in Rule 2711(f)(4) of the National Association of Securities Dealers and Rule 472(f)(4) of the New York Stock Exchange, as amended, or any similar successor rules. The Market Stand-Off shall in any event terminate two years after the date of the Company's initial public offering. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted or additional securities which are by reason of such transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to the Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired under this Agreement until the end of the applicable stand-off period. The Company's underwriters shall be beneficiaries of the agreement set forth in this Subsection (b). This Subsection (b) shall not apply to Shares registered in the public offering under the Securities Act.

(c) **Investment Intent at Grant**. The Optionee represents and agrees that the Shares to be acquired upon exercising this option will be acquired for investment, and not with a view to the sale or distribution thereof.

(d) **Investment Intent at Exercise**. In the event that the sale of Shares under the Plan is not registered under the Securities Act but an exemption is available that requires an investment representation or other representation, the Optionee shall represent and agree at the time of exercise that the Shares being acquired upon exercising this option are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations as are deemed necessary or appropriate by the Company and its counsel.

(e) **Legends**. All certificates evidencing Shares purchased under this Agreement shall bear the following legend:

"THE SHARES REPRESENTED HEREBY MAY NOT BE SOLD, ASSIGNED, TRANSFERRED, ENCUMBERED OR IN ANY MANNER DISPOSED OF, EXCEPT IN COMPLIANCE WITH THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER OF THE SHARES (OR THE PREDECESSOR IN INTEREST TO THE SHARES). SUCH AGREEMENT GRANTS TO THE COMPANY CERTAIN RIGHTS OF FIRST REFUSAL UPON AN ATTEMPTED TRANSFER OF THE SHARES AND CERTAIN REPURCHASE RIGHTS UPON TERMINATION OF SERVICE WITH THE COMPANY. THE SECRETARY OF THE COMPANY WILL UPON WRITTEN REQUEST FURNISH A COPY OF SUCH AGREEMENT TO THE HOLDER HEREOF WITHOUT CHARGE."

All certificates evidencing Shares purchased under this Agreement in an unregistered transaction shall bear the following legend (and such other restrictive legends as are required or deemed advisable under the provisions of any applicable law):

> "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

(f) **Removal of Legends**. If, in the opinion of the Company and its counsel, any legend placed on a stock certificate representing Shares sold under this Agreement is no longer required, the holder of such certificate shall be entitled to exchange such certificate for a certificate representing the same number of Shares but without such legend.

(g) **Administration**. Any determination by the Company and its counsel in connection with any of the matters set forth in this Section 11 shall be conclusive and binding on the Optionee and all other persons.

SECTION 12. ADJUSTMENT OF SHARES.

In the event of any transaction described in Section 8(a) of the Plan, the terms of this option (including, without limitation, the number and kind of Shares subject to this option and the Exercise Price) shall be adjusted as set forth in Section 8(a) of the Plan. In the event that the Company is a party to a merger or consolidation or in the event of a sale of all or substantially all of the Company's stock or assets, this option shall be subject to the treatment provided by the Board of Directors in its sole discretion, as provided in Section 8(b) of the Plan.

SECTION 13. MISCELLANEOUS PROVISIONS.

(a) **Rights as a Stockholder**. Neither the Optionee nor the Optionee's representative shall have any rights as a stockholder with respect to any Shares subject to this option until the Optionee or the Optionee's representative becomes entitled to receive such Shares by filing a notice of exercise and paying the Purchase Price pursuant to Sections 4 and 5.

(b) **No Retention Rights**. Nothing in this option or in the Plan shall confer upon the Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Company (or any Parent or Subsidiary employing or retaining the Optionee) or of the Optionee, which rights are hereby expressly reserved by each, to terminate his or her Service at any time and for any reason, with or without cause.

(c) **Notice**. Any notice required by the terms of this Agreement shall be given in writing. It shall be deemed effective upon (i) personal delivery, (ii) deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or (iii) deposit with Federal Express Corporation, with shipping charges prepaid. Notice shall be addressed to the Company at its principal executive office and to the Optionee at the address that he or she most recently provided to the Company in accordance with this Subsection (c).

(d) **Modifications and Waivers**. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Optionee and by an authorized officer of the Company (other than the Optionee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) **Entire Agreement**. The Notice of Stock Option Grant, this Agreement and the Plan constitute the entire contract between the parties hereto with regard to the subject matter hereof. They supersede any other agreements, representations or understandings (whether oral or written and whether express or implied) that relate to the subject matter hereof.

(f) **Choice of Law**. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, as such laws are applied to contracts entered into and performed in such State.

SECTION 14. ACKNOWLEDGEMENTS OF THE OPTIONEE.

(a) **Tax Consequences**. The Optionee agrees that the Company does not have a duty to design or administer the Plan or its other compensation programs in a manner that minimizes the Optionee's tax liabilities. The Optionee shall not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from this option or the Optionee's other compensation. In particular, the Optionee acknowledges that this option is exempt from Section 409A of the Code only if the Exercise Price is at least equal to the Fair Market Value per Share on the Date of Grant. Since Shares are not traded on an established securities market, the determination of their Fair Market Value is made by the Board of Directors or by an independent valuation firm retained by the Company. The Optionee acknowledges that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and the Optionee shall not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

(b) **Electronic Delivery of Documents**. The Optionee agrees to accept by email all documents relating to the Company, the Plan or this option and all other documents that the Company is required to deliver to its security holders (including, without limitation, disclosures that may be required by the Securities and Exchange Commission). The Optionee also agrees that the Company may deliver these documents by posting them on a website maintained by the Company or by a third party under contract with the Company. If the Company posts these documents on a website, it shall notify the Optionee by email of their availability. The Optionee acknowledges that he or she may incur costs in connection with electronic delivery, including the cost of accessing the internet and printing fees, and that an interruption of internet access may interfere with his or her ability to access the documents. This consent shall remain in effect until this option expires or until the Optionee gives the Company written notice that it should deliver paper documents.

(c) **No Notice of Expiration Date**. The Optionee agrees that the Company and its officers, employees, attorneys and agents do not have any obligation to notify him or her prior to the expiration of this option pursuant to Section 6, regardless of whether this option will expire at the end of its full term or on an earlier date related to the termination of the Optionee's Service. The Optionee further agrees that he or she has the sole responsibility for monitoring the expiration of this option and for exercising this option, if at all, before it expires. This Subsection (c) shall supersede any contrary representation that may have been made, orally or in writing, by the Company or by an officer, employee, attorney or agent of the Company.

SECTION 15. DEFINITIONS.

(a) "**Agreement**" shall mean this Stock Option Agreement.

(b) "**Board of Directors**" shall mean the Board of Directors of the Company, as constituted from time to time or, if a Committee has been appointed, such Committee.

(c) "**Code**" shall mean the Internal Revenue Code of 1986, as amended.

(d) "**Committee**" shall mean a committee of the Board of Directors, as described in Section 2 of the Plan.

(e) "**Company**" shall mean Backblaze, Inc., a Delaware corporation.

(f) "**Consultant**" shall mean a person, excluding Employees and Outside Directors, who performs bona fide services for the Company, a Parent or a Subsidiary as a consultant or advisor and who qualifies as a consultant or advisor under Rule 701(c)(1) of the Securities Act or under Instruction A.1.(a)(1) of Form S-8 under the Securities Act.

(g) "**Date of Grant**" shall mean the date of grant specified in the Notice of Stock Option Grant, which date shall be the later of (i) the date on which the Board of Directors resolved to grant this option or (ii) the first day of the Optionee's Service.

(h) "**Disability**" shall mean that the Optionee is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment.

(i) "**Employee**" shall mean any individual who is a common-law employee of the Company, a Parent or a Subsidiary.

(j) "**Exercise Price**" shall mean the amount for which one Share may be purchased upon exercise of this option, as specified in the Notice of Stock Option Grant.

(k) "**Fair Market Value**" shall mean the fair market value of a Share, as determined by the Board of Directors in good faith. Such determination shall be conclusive and binding on all persons.

(l) "**Immediate Family**" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law and shall include adoptive relationships.

(m) "**ISO**" shall mean an employee incentive stock option described in Section 422(b) of the Code.

(n) "**Notice of Stock Option Grant**" shall mean the document so entitled to which this Agreement is attached.

(o) "**NSO**" shall mean a stock option not described in Section 422(b) or 423(b) of the Code.

(p) "**Optionee**" shall mean the person named in the Notice of Stock Option Grant.

(q) "**Outside Director**" shall mean a member of the Board of Directors who is not an Employee.

(r) "**Parent**" shall mean any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(s) "**Plan**" shall mean the Backblaze, Inc. 2011 Stock Plan, as in effect on the Date of Grant.

(t) "**Purchase Price**" shall mean the Exercise Price multiplied by the number of Shares with respect to which this option is being exercised.

(u) "**Repurchase Period**" shall mean a period of 90 consecutive days commencing on the date when the Optionee's Service terminates for any reason, including (without limitation) death or disability.

(v) "**Restricted Share**" shall mean a Share that is subject to the Right of Repurchase.

(w) "**Right of First Refusal**" shall mean the Company's right of first refusal described in Section 8.

(x) "**Right of Repurchase**" shall mean the Company's right of repurchase described in Section 7.

(y) "**Securities Act**" shall mean the Securities Act of 1933, as amended.

(z) "**Service**" shall mean service as an Employee, Outside Director or Consultant.

(aa) "**Share**" shall mean one share of Stock, as adjusted in accordance with Section 8 of the Plan (if applicable).

(bb) "**Stock**" shall mean the Common Stock of the Company.

(cc) "**Subsidiary**" shall mean any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(dd) "**Transferee**" shall mean any person to whom the Optionee has directly or indirectly transferred any Share acquired under this Agreement.

(ee) "**Transfer Notice**" shall mean the notice of a proposed transfer of Shares described in Section 8.

BACKBLAZE, INC. 2011 STOCK PLAN

NOTICE OF STOCK OPTION EXERCISE (INSTALLMENT VESTING)

You must sign this Notice on Page 3 before submitting it to the Company.

OPTIONEE INFORMATION:

Name: _____ Social Security Number: _____
Address: _____ Employee Number: _____
_____

OPTION INFORMATION:

Date of Grant: , 2011
Exercise Price per Share: $
Total number of shares of Common Stock of Backblaze, Inc. (the "Company") covered by the option:

Type of Stock Option:
☐ Nonstatutory (NSO)
☐ Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the option is being exercised now: . (These shares are referred to below as the "Purchased Shares.")

Total Exercise Price for the Purchased Shares: $

Form of payment enclosed ***[check all that apply]***:

☐ Check for $, payable to "Backblaze, Inc."

☐ Certificate(s) for shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. ***[Requires Company consent.]***

☐ Attestation Form covering shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. ***[Requires Company consent.]***

Name(s) in which the Purchased Shares should be registered ***[please review the attached explanation of the available forms of ownership, and then check one box]***:

☐ In my name only

☐ In the names of my spouse and myself as community property

☐ In the names of my spouse and myself as community property with the right of survivorship

☐ In the names of my spouse and myself as joint tenants with the right of survivorship

☐ In the name of an eligible revocable trust ***[requires Stock Transfer Agreement]***

My spouse's name (if applicable):

_____

Full legal name of revocable trust:

_____

_____

_____

The certificate for the Purchased Shares should be sent to the following address:

_____

_____

_____

_____

REPRESENTATIONS AND ACKNOWLEDGEMENTS OF THE OPTIONEE:

1. I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required.

3. I acknowledge that the Company is under no obligation to register the Purchased Shares.

4. I am aware of the adoption by the Securities and Exchange Commission of Rule 144 under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions may include (without limitation) that certain current public information about the issuer be available, that the resale occur only after a holding period required by Rule 144 has been satisfied, that the sale occur through an unsolicited "broker's transaction" and that the amount of securities being sold during any three-month period not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company is not required to take action to satisfy any conditions applicable to it.

5. I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act.

6. I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.

7. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.

8. I acknowledge that the Purchased Shares remain subject to the Company's right of first refusal and the market stand-off (sometimes referred to as the "lock-up"), all in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

9. I acknowledge that I am acquiring the Purchased Shares subject to all other terms of the Notice of Stock Option Grant and Stock Option Agreement.

10. I acknowledge that I have received a copy of the Company's explanation of the forms of ownership available for my Purchased Shares. I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that does not satisfy the requirements described in the attached explanation (i.e., a trust that is not an eligible revocable trust), I also acknowledge that the transfer will be treated as a "disposition" for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.

11. I acknowledge that I have received a copy of the Company's explanation of the federal income tax consequences of an option exercise. I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.

12. I agree that the Company does not have a duty to design or administer the 2011 Stock Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Company's Common Stock at the time the option was granted by the Company's Board of Directors. Since shares of the Company's Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Company's Board of Directors or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

13. I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.

SIGNATURE: _____ **DATE:** _____

EXPLANATION OF FORMS OF STOCK OWNERSHIP

PURPOSE OF THIS EXPLANATION

The purpose of this explanation is to provide you with a brief summary of the forms of legal ownership available for the shares that you are purchasing (the "Purchased Shares"). For a number of reasons, this explanation is no substitute for personal legal advice:

- To make the explanation short and readable, only the highlights are covered. Some legal rules are not addressed, even though they may be important in particular cases.
- While the summary attempts to deal with the most common situations, your own situation may well be different from the norm.
- The law may change, and the Company is not responsible for updating this summary.
- The form in which you own your shares may have a *substantial* impact on the estate tax treatment that applies to those shares when you die or the income tax treatment that applies when your survivors sell the shares after your death.

FOR THESE REASONS, THE COMPANY STRONGLY ENCOURAGES YOU TO CONSULT YOUR OWN ADVISER BEFORE EXERCISING YOUR OPTION AND BEFORE MAKING A DECISION ABOUT THE FORM OF OWNERSHIP FOR YOUR SHARES.

OVERVIEW

The Notice of Stock Option Exercise offers five forms of taking title to the Purchased Shares:

- In your name only,
- In your name and the name of your spouse as community property,
- In your name and the name of your spouse as community property with the right of survivorship,
- In your name and the name of your spouse as joint tenants with the right of survivorship, or
- In the name of an eligible revocable trust.

Title in the Purchased Shares depends upon (a) your marital status, (b) the marital property laws of your state of residence and (c) any agreement with your spouse altering the existing marital property laws of your state of residence. If you are not married, you generally will take title in your name alone. If you are married, title depends upon the marital property laws of your state of residence. In general, states are classified either as "community property" states or as "common-law property" states. (But individual state law may vary within these classifications.)

COMMUNITY PROPERTY AND JOINT TENANCY

Community property states include California, Texas, Washington, Arizona, Nevada, New Mexico, Idaho, Louisiana and Wisconsin. In a community property state, property acquired during marriage by either spouse is presumed to be one-half owned by each spouse. All other property is classified as the separate property of the spouse who acquires the property. While either spouse has equal management and control over the community property and may sell, spend or encumber all community property, neither spouse may gift community property or partition his/her one-half interest without the consent of the other spouse. Upon divorce, all community property is divided equally among the spouses and each spouse is entitled to retain all of his/her separate property. Upon the death of a spouse, one-half of the community property (and all of the decedent spouse's separate property) will pass to the decedent spouse's heirs. The other one-half of the community property remains the property of the surviving spouse.

Other states are common-law property states. In a common-law property state, each spouse is generally deemed to own whatever he/she earns or acquires.

A married couple may elect to alter the marital property rules by mutually agreeing to take title to property in other forms. For example, a couple residing in a community property state may generally enter into an agreement and transform what otherwise would be community property into the separate property of the spouse who earns or acquires the property.

In addition, many community property and common-law property states allow married couples to take joint title in property acquired during marriage. For example, California allows a married couple to take title in a joint tenancy with the right of survivorship. In a joint tenancy, each spouse owns a one-half interest in the property as separate property. This means that each spouse may transfer or sell his/her one-half interest in the property while he/she is alive. However, unlike traditional separate property, a spouse cannot transfer his/her one-half interest to heirs at death. Instead, the surviving spouse *automatically* receives the decedent spouse's one-half interest and becomes the full owner of the property. (This is called the "right of survivorship.") Both spouses must consent to taking property in a joint tenancy in lieu of having the community property laws apply.

California also allows a married couple to take title in the shares as community property with the right of survivorship. This means that the shares are treated like community property while both spouses are alive. However, if one spouse dies, then the other spouse automatically receives the decedent spouse's one-half interest and becomes the full owner of the shares. In other words, the decedent spouse's will or trust does *not* control the disposition of the shares.

If you have the Purchased Shares issued in a form other than those described above, then the transfer will be treated as a "disposition" for tax purposes. This means that the effect, for tax purposes, will be the same as selling the Purchased Shares. Please refer to the attached tax summary for additional information.

TRUSTS

A transfer to a trust generally should not be treated as a “disposition” of the Purchased Shares for tax purposes if the trust satisfies each of the following conditions:

- You are the sole grantor of the trust,
- You are the sole trustee, or you and your spouse are the sole co-trustees,
- The trustee or trustees are not required to distribute the income of the trust to any person other than you and/or your spouse while you are alive, and
- The trust permits you to revoke all or part of the trust and to have the trust’s assets returned to you, without the consent of any other person (including your spouse).

If you have the Purchased Shares issued to a trust that does not meet these requirements, then the transfer will be treated as a “disposition” for tax purposes. This means that the effect, for tax purposes, will be the same as selling the Purchased Shares. Please refer to the attached tax summary for additional information.

If you have the Purchased Shares issued to any trust, you will be required to sign a Stock Transfer Agreement in your capacity as trustee. Under the Stock Transfer Agreement, the Purchased Shares remain subject to the Company’s right of first refusal in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

THE COMPANY WILL NOT CHECK TO DETERMINE WHETHER THE FORM OF OWNERSHIP THAT YOU ELECT IN YOUR NOTICE OF STOCK OPTION EXERCISE IS APPROPRIATE. YOU SHOULD CONSULT YOUR OWN ADVISERS ON THIS SUBJECT. IF AN INAPPROPRIATE ELECTION IS MADE, THE FORM OF OWNERSHIP MAY NOT WITHSTAND LEGAL SCRUTINY OR MAY HAVE ADVERSE TAX CONSEQUENCES.

EXPLANATION OF U.S. FEDERAL INCOME TAX CONSEQUENCES

(Current as of February 2011)

PURPOSE OF THIS EXPLANATION

The purpose of this explanation is to provide you with a brief summary of the tax consequences of exercising your option. For a number of reasons, this explanation is no substitute for personal tax advice:

- To make the explanation short and readable, only the highlights are covered. Some tax rules are not addressed, even though they may be important in particular cases.
- While the summary attempts to deal with the most common situations, your own tax situation may well be different from the norm.
- State and foreign income taxes are not addressed at all, even though they could have a significant impact on your tax planning. Likewise, federal gift and estate taxes and state inheritance taxes are not discussed.
- Tax planning involving incentive stock options is exceedingly complex, in part because of the possible application of the alternative minimum tax.
- This explanation assumes that your option is not subject to section 409A of the Internal Revenue Code. However, the Company cannot be certain that section 409A is inapplicable to your option. (Please refer to the last segment of this summary for more information about section 409A.)
- The tax rules change often, and the Company is not responsible for updating this summary. (Please refer to the date at the top of this page.)

FOR THESE REASONS, THE COMPANY STRONGLY ENCOURAGES YOU TO CONSULT YOUR OWN TAX ADVISER BEFORE EXERCISING YOUR OPTION.

LIMIT ON ISO TREATMENT

The Notice of Stock Option Grant indicates whether your option is a nonstatutory stock option (NSO) or an incentive stock option (ISO). The favorable tax treatment for ISOs is limited, regardless of what the Notice of Stock Option Grant indicates. Of the options that become exercisable in any calendar year, only options covering the first $100,000 of stock are eligible for ISO treatment. The excess over $100,000 automatically receives NSO treatment. For this purpose, stock is valued at the time of grant. This means that the value is generally equal to the exercise price.

For example, assume that you hold an option to buy 60,000 shares for $8 per share. Assume further that the entire option becomes exercisable in four equal annual installments. Only the first 50,000 shares qualify for ISO treatment. (12,500 times $8 equals $100,000.) The remaining

10,000 shares will be treated as if they had been acquired by exercising an NSO. This is true regardless of when the option is *actually* exercised; what matters is when it first *could* have been exercised.

EXERCISE OF NSO

If you are exercising an NSO, you will be taxed now. You will recognize ordinary income in an amount equal to the excess of (a) the fair market value of the Purchased Shares on the date of exercise over (b) the exercise price you are paying. If you are an employee or former employee of the Company, this amount is subject to withholding for income and payroll taxes. Your tax basis in the Purchased Shares (to calculate capital gain when you sell the shares) is equal to their fair market value on the date of exercise.

DISPOSITION OF NSO SHARES

When you dispose of the Purchased Shares, you will recognize a capital gain equal to the excess of (a) the sale proceeds over (b) your tax basis in the Purchased Shares. As described above, your tax basis in the Purchased Shares is equal to their fair market value on the date of exercise. If the sale proceeds are less than your tax basis, you will recognize a capital loss. The capital gain or loss will be long-term if you held the Purchased Shares for more than 12 months. The holding period starts when you exercise your NSO. In general, the maximum marginal federal income tax rate on long-term capital gains is 15% under current law.

EXERCISE OF ISO AND ISO HOLDING PERIODS

If you are exercising an ISO, you will not be taxed under the *regular* tax rules until you dispose of the Purchased Shares.[2] (The alternative minimum tax rules are described below.) The tax treatment at the time of disposition depends on how long you hold the shares. You will satisfy the ISO holding periods if you hold the Purchased Shares until the *later* of the following dates:

- The date two years after the ISO was granted, and
- The date one year after the ISO is exercised.

DISPOSITION OF ISO SHARES

If you dispose of the Purchased Shares after satisfying *both* of the ISO holding periods, then you will recognize only a long-term capital gain at the time of disposition. The amount of the capital gain is equal to the excess of (a) the sale proceeds over (b) the exercise price. In general, the maximum marginal federal income tax rate on long-term capital gains is 15% under current law.

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[2] Generally, a “disposition” of shares purchased under an ISO encompasses any transfer of legal title, such as a transfer by sale, exchange or gift. It generally does not include a transfer to your spouse, a transfer into joint ownership with right of survivorship (if you remain one of the joint owners), a pledge, a transfer by bequest or inheritance, or certain tax-free exchanges permitted under the Internal Revenue Code. A transfer to a trust is a “disposition” unless the trust is an eligible revocable trust, as described in the attached explanation.

If you dispose of the Purchased Shares before either or both of the ISO holding periods are met, then you will recognize ordinary income at the time of disposition. The amount of ordinary income will be equal to the excess of (a) the fair market value of the Purchased Shares on the date of exercise over (b) the exercise price. But if the disposition is an arm's length sale to an unrelated party, the amount of ordinary income will not exceed the total gain from the sale. Under current IRS rules, the ordinary income amount will not be subject to withholding for income or payroll taxes.

Your tax basis in the Purchased Shares will be equal to their fair market value on the date of exercise. Any gain in excess of your basis will be taxed as a capital gain—either long-term or short-term, depending on how long you held the Purchased Shares after the date of exercise.

SUMMARY OF ALTERNATIVE MINIMUM TAX

The alternative minimum tax (AMT) must be paid if it exceeds your regular income tax. The AMT is equal to 26% of your alternative minimum tax base up to $175,000 and 28% of the excess over $175,000. (In the case of married individuals filing separately, the breakpoint is $87,500 rather than $175,000.) Your alternative minimum tax base is equal to your alternative minimum taxable income (AMTI) minus your exemption amount.

- **Alternative Minimum Taxable Income**. Your AMTI is equal to your regular taxable income, subject to certain adjustments and increased by items of tax preference. Among the many adjustments made in computing AMTI are the following:
  - State and local income and property taxes are not allowed as a deduction.
  - Miscellaneous itemized deductions are not allowed.
  - Medical expenses are not allowed as a deduction until they exceed 10% of adjusted gross income (as opposed to the 7.5% floor that applies to regular income taxes).
  - Certain interest deductions are not allowed.
  - The standard deduction and personal exemptions are not allowed.
  - When an ISO is exercised, the spread is treated as if the option were an NSO. (See discussion below.)
- **Exemption Amount**. Before AMT is calculated, AMTI is reduced by the exemption amount. Under current law, the exemption amount is as follows:

Year:	Joint Returns:	Single Returns:	Separate Returns:
2011	$74,450	$48,450	$37,225
After 2011[3]	$45,000	$33,750	$22,500

[3] This assumes that Congress does not further extend AMT relief, as it has done annually in prior years.

The exemption amount is phased out by 25 cents for each $1 by which AMTI exceeds the following levels:

Joint Returns: $150,000	Single Returns: $112,500	Separate Returns: $75,000

This means, for example, that the entire $74,450 exemption amount disappears for married individuals filing joint returns when AMTI reaches $447,800.

APPLICATION OF AMT WHEN ISO IS EXERCISED

As noted above, when an ISO is exercised, the spread is treated for AMT purposes as if the option were an NSO. In other words, the spread is included in AMTI at the time of exercise.

A special rule applies if you dispose of the Purchased Shares in the same year in which you exercised the ISO. If the amount you realize on the sale is less than the value of the stock at the time of exercise, then the amount includible in AMTI on account of the ISO exercise is limited to the gain realized on the sale.[4]

To the extent that your AMT is attributable to the spread on exercising an ISO (and certain other items), you may be able to apply the AMT that you paid as a credit against your income tax liability in future years. But the rules on calculating the available tax credits were amended frequently in recent years and have become extraordinarily complex. On this issue in particular, you must consult your own tax adviser.

When Purchased Shares are sold, your basis for purposes of computing the capital gain or loss under the AMT system is increased by the option spread that exists at the time of exercise. Again, an ISO is treated under the AMT system much like an NSO is treated under the regular tax system. But your basis in the ISO shares for purposes of computing gain or loss under the regular tax system is equal to the exercise price; it does *not* reflect any AMT that you pay on the spread at exercise. Therefore, if you pay AMT in the year of the ISO exercise and regular income tax in the year of selling the Purchased Shares, you could pay tax twice on the same gain (except to the extent that you can use the AMT credit described above).

SECTION 409A OF THE INTERNAL REVENUE CODE

The preceding summary assumes that section 409A of the Internal Revenue Code does not apply to your option. In general, your option is exempt from section 409A if the exercise price per share is at least equal to the fair market value per share of the Company's Common Stock at the time the option was granted by the Board of Directors. Since shares of Common Stock are not traded on an established securities market, the determination of their fair market value generally is made by the Board of Directors or by an independent appraisal firm retained by the Company.

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4 This is similar to the rule that applies under the regular tax system in the event of a disqualifying disposition of ISO stock. The amount of ordinary income that must be recognized in that case generally does not exceed the amount of the gain realized in the disposition.

In either case, there is no guarantee that the Internal Revenue Service will agree with the valuation.

If your option were found to be subject to section 409A, then you would be required to recognize ordinary income whenever a portion of your option vests (*i.e.* becomes exercisable). The amount of ordinary income would be equal to the fair market value of the shares at the time of vesting minus the exercise price of the shares. This amount would also be subject to a 20% federal tax *in addition to* the federal income tax at your usual marginal rate for ordinary income.

DISCLAIMER UNDER IRS CIRCULAR 230

To comply with IRS rules, you are hereby notified that the foregoing summary was not intended or written in order to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. In addition, if the foregoing summary would otherwise be considered a “marketed opinion” under the IRS rules, you are hereby notified that the advice was written to support the promotion or marketing of the transactions or matters addressed by the summary. The tax consequences of options will vary depending on the specific circumstances of each taxpayer. Therefore, each taxpayer should seek advice from an independent tax adviser.

BACKBLAZE, INC. 2011 STOCK PLAN
NOTICE OF STOCK OPTION EXERCISE (EARLY EXERCISE)

You must sign this Notice on Page 3 before submitting it to the Company.

OPTIONEE INFORMATION:

Name: _____ Social Security Number: _____

Address: _____ Employee Number: _____

_____

OPTION INFORMATION:

Date of Grant: , 20
Exercise Price per Share: $
Total number of shares of Common Stock of Backblaze, Inc. (the "Company") covered by the option:

Type of Stock Option:
☐ Nonstatutory (NSO)
☐ Incentive (ISO)

EXERCISE INFORMATION:

Number of shares of Common Stock of the Company for which the option is being exercised now:
. (These shares are referred to below as the "Purchased Shares.")
Total Exercise Price for the Purchased Shares: $

Form of payment enclosed ***[check all that apply]***:

☐ Check for $, payable to "Backblaze, Inc."

☐ Certificate(s) for shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. ***[Requires Company consent.]***

☐ Attestation Form covering shares of Common Stock of the Company. These shares will be valued as of the date this notice is received by the Company. ***[Requires Company consent.]***

Name(s) in which the Purchased Shares should be registered ***[please review the attached explanation of the available forms of ownership, and then check one box]***:

☐ In my name only

☐ In the names of my spouse and myself as community property

☐ In the names of my spouse and myself as community property with the right of survivorship

My spouse's name (if applicable):

_____

☐ In the names of my spouse and myself as joint tenants with the right of survivorship

☐ In the name of an eligible revocable trust ***[requires Stock Transfer Agreement]***

Full legal name of revocable trust:

_____

_____

_____

The certificate for the Purchased Shares should be sent to the following address:

_____

_____

_____

_____

REPRESENTATIONS AND ACKNOWLEDGEMENTS OF THE OPTIONEE:

1. I represent and warrant to the Company that I am acquiring and will hold the Purchased Shares for investment for my account only, and not with a view to, or for resale in connection with, any "distribution" of the Purchased Shares within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. I understand that the Purchased Shares have not been registered under the Securities Act by reason of a specific exemption therefrom and that the Purchased Shares must be held indefinitely, unless they are subsequently registered under the Securities Act or I obtain an opinion of counsel (in form and substance satisfactory to the Company and its counsel) that registration is not required.

3. I acknowledge that the Company is under no obligation to register the Purchased Shares.

4. I am aware of the adoption by the Securities and Exchange Commission of Rule 144 under the Securities Act, which permits limited public resales of securities acquired in a non-public offering, subject to the satisfaction of certain conditions. These conditions may include (without limitation) that certain current public information about the issuer be available, that the resale occur only after a holding period required by Rule 144 has been satisfied, that the sale occur through an unsolicited "broker's transaction" and that the amount of securities being sold during any three-month period not exceed specified limitations. I understand that the conditions for resale set forth in Rule 144 have not been satisfied and that the Company is not required to take action to satisfy any conditions applicable to it.

5. I will not sell, transfer or otherwise dispose of the Purchased Shares in violation of the Securities Act, the Securities Exchange Act of 1934, or the rules promulgated thereunder, including Rule 144 under the Securities Act.

6. I acknowledge that I have received and had access to such information as I consider necessary or appropriate for deciding whether to invest in the Purchased Shares and that I had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the issuance of the Purchased Shares.

7. I am aware that my investment in the Company is a speculative investment that has limited liquidity and is subject to the risk of complete loss. I am able, without impairing my financial condition, to hold the Purchased Shares for an indefinite period and to suffer a complete loss of my investment in the Purchased Shares.

8. I acknowledge that the Purchased Shares remain subject to the Company's right of first refusal and the market stand-off (sometimes referred to as the "lock-up") and may remain subject to the Company's right of repurchase at the exercise price, all in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

9. I acknowledge that I am acquiring the Purchased Shares subject to all other terms of the Notice of Stock Option Grant and Stock Option Agreement.

10. I acknowledge that I have received a copy of the Company's explanation of the forms of ownership available for my Purchased Shares. I acknowledge that the Company has encouraged me to consult my own adviser to determine the form of ownership that is appropriate for me. In the event that I choose to transfer my Purchased Shares to a trust, I agree to sign a Stock Transfer Agreement. In the event that I choose to transfer my Purchased Shares to a trust that does not satisfy the requirements described in the attached explanation (i.e. a trust that is not an eligible revocable trust), I also acknowledge that the transfer will be treated as a "disposition" for tax purposes. As a result, the favorable ISO tax treatment will be unavailable and other unfavorable tax consequences may occur.

11. I acknowledge that I have received a copy of the Company's explanation of the federal income tax consequences of an option exercise and the tax election under section 83(b) of the Internal Revenue Code. In the event that I choose to make a section 83(b) election, I acknowledge that it is my responsibility—and not the Company's responsibility—to file the election in a timely manner, even if I ask the Company or its agents to make the filing on my behalf. I acknowledge that the Company has encouraged me to consult my own adviser to determine the tax consequences of acquiring the Purchased Shares at this time.

12. I agree that the Company does not have a duty to design or administer the 2011 Stock Plan or its other compensation programs in a manner that minimizes my tax liabilities. I will not make any claim against the Company or its Board of Directors, officers or employees related to tax liabilities arising from my options or my other compensation. In particular, I acknowledge that my options are exempt from section 409A of the Internal Revenue Code only if the exercise price per share is at least equal to the fair market value per share of the Company's Common Stock at the time the option was granted by the Company's Board of Directors. Since shares of the Company's Common Stock are not traded on an established securities market, the determination of their fair market value was made by the Company's Board of Directors or by an independent valuation firm retained by the Company. I acknowledge that there is no guarantee in either case that the Internal Revenue Service will agree with the valuation, and I will not make any claim against the Company or its Board of Directors, officers or employees in the event that the Internal Revenue Service asserts that the valuation was too low.

13. I agree to seek the consent of my spouse to the extent required by the Company to enforce the foregoing.

SIGNATURE: _____ **DATE:** _____

EXPLANATION OF FORMS OF STOCK OWNERSHIP

PURPOSE OF THIS EXPLANATION

The purpose of this explanation is to provide you with a brief summary of the forms of legal ownership available for the shares that you are purchasing (the "Purchased Shares"). For a number of reasons, this explanation is no substitute for personal legal advice:

- To make the explanation short and readable, only the highlights are covered. Some legal rules are not addressed, even though they may be important in particular cases.
- While the summary attempts to deal with the most common situations, your own situation may well be different from the norm.
- The law may change, and the Company is not responsible for updating this summary.
- The form in which you own your shares may have a *substantial* impact on the estate tax treatment that applies to those shares when you die or the income tax treatment that applies when your survivors sell the shares after your death.

FOR THESE REASONS, THE COMPANY STRONGLY ENCOURAGES YOU TO CONSULT YOUR OWN ADVISER BEFORE EXERCISING YOUR OPTION AND BEFORE MAKING A DECISION ABOUT THE FORM OF OWNERSHIP FOR YOUR SHARES.

OVERVIEW

The Notice of Stock Option Exercise offers five forms of taking title to the Purchased Shares:

- In your name only,
- In your name and the name of your spouse as community property,
- In your name and the name of your spouse as community property with the right of survivorship,
- In your name and the name of your spouse as joint tenants with the right of survivorship, or
- In the name of an eligible revocable trust.

Title in the Purchased Shares depends upon (a) your marital status, (b) the marital property laws of your state of residence and (c) any agreement with your spouse altering the existing marital property laws of your state of residence. If you are not married, you generally will take title in your name alone. If you are married, title depends upon the marital property laws of your state of residence. In general, states are classified either as "community property" states or as "common-law property" states. (But individual state law may vary within these classifications.)

COMMUNITY PROPERTY AND JOINT TENANCY

Community property states include California, Texas, Washington, Arizona, Nevada, New Mexico, Idaho, Louisiana and Wisconsin. In a community property state, property acquired during marriage by either spouse is presumed to be one-half owned by each spouse. All other property is classified as the separate property of the spouse who acquires the property. While either spouse has equal management and control over the community property and may sell, spend or encumber all community property, neither spouse may gift community property or partition his/her one-half interest without the consent of the other spouse. Upon divorce, all community property is divided equally among the spouses and each spouse is entitled to retain all of his/her separate property. Upon the death of a spouse, one-half of the community property (and all of the decedent spouse's separate property) will pass to the decedent spouse's heirs. The other one-half of the community property remains the property of the surviving spouse.

Other states are common-law property states. In a common-law property state, each spouse is generally deemed to own whatever he/she earns or acquires.

A married couple may elect to alter the marital property rules by mutually agreeing to take title to property in other forms. For example, a couple residing in a community property state may generally enter into an agreement and transform what otherwise would be community property into the separate property of the spouse who earns or acquires the property.

In addition, many community property and common-law property states allow married couples to take joint title in property acquired during marriage. For example, California allows a married couple to take title in a joint tenancy with the right of survivorship. In a joint tenancy, each spouse owns a one-half interest in the property as separate property. This means that each spouse may transfer or sell his/her one-half interest in the property while he/she is alive. However, unlike traditional separate property, a spouse cannot transfer his/her one-half interest to heirs at death. Instead, the surviving spouse *automatically* receives the decedent spouse's one-half interest and becomes the full owner of the property. (This is called the "right of survivorship.") Both spouses must consent to taking property in a joint tenancy in lieu of having the community property laws apply.

California also allows a married couple to take title in the shares as community property with the right of survivorship. This means that the shares are treated like community property while both spouses are alive. However, if one spouse dies, then the other spouse automatically receives the decedent spouse's one-half interest and becomes the full owner of the shares. In other words, the decedent spouse's will or trust does *not* control the disposition of the shares.

If you have the Purchased Shares issued in a form other than those described above, then the transfer will be treated as a "disposition" for tax purposes. This means that the effect, for tax purposes, will be the same as selling the Purchased Shares. Please refer to the attached tax summary for additional information.

TRUSTS

A transfer to a trust generally should not be treated as a “disposition” of the Purchased Shares for tax purposes if the trust satisfies each of the following conditions:

- You are the sole grantor of the trust,
- You are the sole trustee, or you and your spouse are the sole co-trustees,
- The trustee or trustees are not required to distribute the income of the trust to any person other than you and/or your spouse while you are alive, and
- The trust permits you to revoke all or part of the trust and to have the trust’s assets returned to you, without the consent of any other person (including your spouse).

If you have the Purchased Shares issued to a trust that does not meet these requirements, then the transfer will be treated as a “disposition” for tax purposes. This means that the effect, for tax purposes, will be the same as selling the Purchased Shares. Please refer to the attached tax summary for additional information.

If you have the Purchased Shares issued to any trust, you will be required to sign a Stock Transfer Agreement in your capacity as trustee. Under the Stock Transfer Agreement, the Purchased Shares remain subject to the Company’s right of first refusal and may remain subject to the Company’s right of repurchase at the exercise price, all in accordance with the applicable Notice of Stock Option Grant and Stock Option Agreement.

THE COMPANY WILL NOT CHECK TO DETERMINE WHETHER THE FORM OF OWNERSHIP THAT YOU ELECT IN YOUR NOTICE OF STOCK OPTION EXERCISE IS APPROPRIATE. YOU SHOULD CONSULT YOUR OWN ADVISERS ON THIS SUBJECT. IF AN INAPPROPRIATE ELECTION IS MADE, THE FORM OF OWNERSHIP MAY NOT WITHSTAND LEGAL SCRUTINY OR MAY HAVE ADVERSE TAX CONSEQUENCES.

EXPLANATION OF FEDERAL INCOME TAX CONSEQUENCES AND SECTION 83(b) ELECTION

(Current as of May 2011)

PURPOSE OF THIS EXPLANATION

The purpose of this explanation is to provide you with a brief summary of the tax consequences of exercising your option. For a number of reasons, this explanation is no substitute for personal tax advice:

- To make the explanation short and readable, only the highlights are covered. Some tax rules are not addressed, even though they may be important in particular cases.
- While the summary attempts to deal with the most common situations, your own tax situation may well be different from the norm.
- State and foreign income taxes are not addressed at all, even though they could have a significant impact on your tax planning. Likewise, federal gift and estate taxes and state inheritance taxes are not discussed.
- Tax planning involving incentive stock options is exceedingly complex, in part because of the possible application of the alternative minimum tax.
- The explanation assumes that you are paying the exercise price of your option in cash (or in the form of a full-recourse promissory note with an interest rate that meets IRS requirements). If you are paying the exercise price in the form of stock, you become subject to special rules that are not addressed here.
- This explanation assumes that your option is not subject to section 409A of the Internal Revenue Code. However, the Company cannot be certain that section 409A is inapplicable to your option. (Please refer to the last segment of this summary for more information about section 409A.)
- The tax rules change often, and the Company is not responsible for updating this summary. (Please refer to the date at the top of this page.)

FOR THESE REASONS, THE COMPANY STRONGLY ENCOURAGES YOU TO CONSULT YOUR OWN TAX ADVISER BEFORE EXERCISING YOUR OPTION AND BEFORE MAKING A DECISION ABOUT FILING OR NOT FILING A SECTION 83(b) ELECTION.

LIMIT ON ISO TREATMENT

The Notice of Stock Option Grant indicates whether your option is a nonstatutory stock option (NSO) or an incentive stock option (ISO). The favorable tax treatment for ISOs is limited, regardless of what the Notice of Stock Option Grant indicates. Of the options that become

exercisable in any calendar year, only options covering the first $100,000 of stock are eligible for ISO treatment. The excess over $100,000 automatically receives NSO treatment. For this purpose, stock is valued at the time of grant. This means that the value is generally equal to the exercise price.

For example, assume that you hold an option to buy 50,000 shares for $4 per share. Assume further that the entire option is exercisable immediately after the date of grant. (It is irrelevant when the underlying stock vests.) Only the first 25,000 shares qualify for ISO treatment. (25,000 times $4 equals $100,000.) The remaining 25,000 shares will be treated as if they had been acquired by exercising an NSO. This is true regardless of when the option is *actually* exercised; what matters is when it first *could* have been exercised.

EXERCISE OF NSO TO PURCHASE VESTED SHARES

The Notice of Stock Option Grant indicates whether your Purchased Shares are already vested. Vested shares are no longer subject to the Company's right to repurchase them at the exercise price, although they are still subject to the Company's right of first refusal. If you know that your Purchased Shares are already vested, there is no need to file a section 83(b) election.

If you are exercising an NSO to purchase vested shares, you will be taxed now. You will recognize ordinary income in an amount equal to the excess of (a) the fair market value of the Purchased Shares on the date of exercise over (b) the exercise price you are paying. If you are an employee or former employee of the Company, this amount is subject to withholding for income and payroll taxes. Your tax basis in the Purchased Shares (to calculate capital gain when you sell the shares) is equal to their fair market value on the date of exercise.

EXERCISE OF NSO TO PURCHASE NON-VESTED SHARES

If you are exercising an NSO to purchase non-vested shares, and if you do not file a timely election under section 83(b) of the Internal Revenue Code, then you will not be taxed now. Instead, you will be taxed whenever an increment of Purchased Shares vests—in other words, when the Company no longer has the right to repurchase those shares at the exercise price. The Notice of Stock Option Grant indicates when this occurs, generally over a period of several years. Whenever an increment of Purchased Shares vests, you will recognize ordinary income in an amount equal to the excess of (a) the fair market value of those Purchased Shares on the date of vesting over (b) the exercise price you are paying for those Purchased Shares. If you are an employee or former employee of the Company, this amount will be subject to withholding for income and payroll taxes. Your tax basis in the Purchased Shares (to calculate capital gain when you sell the shares) will be equal to their fair market value on the date of vesting.

If you are exercising an NSO to purchase non-vested shares, and if you file a timely election under section 83(b) of the Internal Revenue Code, then you will be taxed now. You will recognize ordinary income in an amount equal to the excess of (a) the fair market value of the Purchased Shares on the date of exercise over (b) the exercise price you are paying. If you are an employee or former employee of the Company, this amount is subject to withholding for income and payroll taxes. Your tax basis in the Purchased Shares (to calculate capital gain when you sell the shares) is equal to their fair market value on the date of exercise. Even if the fair market

value of the Purchased Shares on the date of exercise equals the exercise price (and thus no tax is payable), the section 83(b) election must be made in order to avoid having any subsequent appreciation taxed as ordinary income at the time of vesting.

YOU MUST FILE A SECTION 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS AFTER THE NOTICE OF STOCK OPTION EXERCISE IS SIGNED. The 30-day filing period cannot be extended. If you miss the deadline, you will be taxed as the Purchased Shares vest, based on the value of the shares at that time. (See above.) The form for making the 83(b) election is attached. Additional copies of the form must be filed with the Company and with your tax return for the year in which you make the election.

DISPOSITION OF NSO SHARES

When you dispose of the Purchased Shares, you will recognize a capital gain equal to the excess of (a) the sale proceeds over (b) your tax basis in the Purchased Shares. As described above, your tax basis in the Purchased Shares is equal to their fair market value on the date of exercise (or on the date of vesting if you exercised an NSO for non-vested shares and did not file a timely election under section 83(b) of the Internal Revenue Code). If the sale proceeds are less than your tax basis, you will recognize a capital loss. The capital gain or loss will be long-term if you held the Purchased Shares more than 12 months. The holding period normally starts when you exercise your NSO. In general, the maximum marginal federal income tax rate on long-term capital gains is 15% under current law.

EXERCISE OF ISO AND ISO HOLDING PERIODS

If you are exercising an ISO, you will not be taxed under the *regular* tax rules until you dispose of the Purchased Shares.[5] (The alternative minimum tax rules are described below.) The tax treatment at the time of disposition depends on how long you hold the shares. You will satisfy the ISO holding periods if you hold the Purchased Shares until the *later* of the following dates:

- The date two years after the ISO was granted, and
- The date one year after the ISO is exercised.

DISPOSITION OF ISO SHARES

If you dispose of the Purchased Shares after satisfying *both* of the ISO holding periods, then you will recognize only a long-term capital gain at the time of disposition. The amount of the capital gain is equal to the excess of (a) the sale proceeds over (b) the exercise price. In general, the maximum marginal federal income tax rate on long-term capital gains is 15% under current law.

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[5] Generally, a “disposition” of shares purchased under an ISO encompasses any transfer of legal title, such as a transfer by sale, exchange or gift. It generally does not include a transfer to your spouse, a transfer into joint ownership with right of survivorship (if you remain one of the joint owners), a pledge, a transfer by bequest or inheritance, or certain tax-free exchanges permitted under the Internal Revenue Code. A transfer to a trust is a “disposition” unless the trust is an eligible revocable trust, as described in the attached explanation.

If you dispose of the Purchased Shares before either or both of the ISO holding periods are met, then you will recognize ordinary income at the time of disposition. The calculation of the ordinary income amount depends on whether the shares are vested at the time of exercise.

- **Shares Vested**. If the shares are vested at the time of exercise, the amount of ordinary income will be equal to the excess of (a) the fair market value of the Purchased Shares on the date of exercise over (b) the exercise price. But if the disposition is an arm's length sale to an unrelated party, the amount of ordinary income will not exceed the total gain from the sale. Under current IRS rules, the ordinary income amount will not be subject to withholding for income or payroll taxes. Your tax basis in the Purchased Shares will be equal to their fair market value on the date of exercise. Any gain in excess of your basis will be taxed as a capital gain—either long-term or short-term, depending on how long you held the Purchased Shares after the date of exercise.
- **Shares Not Vested**. If the Purchased Shares are not vested at the time of exercise, then the amount of ordinary income will be equal to the excess of (a) the fair market value of the Purchased Shares on the date of *vesting* over (b) the exercise price. But if the disposition is an arm's length sale to an unrelated party, the amount of ordinary income will not exceed the total gain from the sale. Under current IRS rules, the ordinary income amount will not be subject to withholding for income or payroll taxes. Your tax basis in the Purchased Shares will be equal to their fair market value on the date of vesting. Any gain in excess of your basis will be taxed as a capital gain—either long-term or short-term, depending on how long you held the Purchased Shares after the date of vesting. Please note that it makes no difference under the *regular* tax rules whether or not you filed a section 83(b) election at the time you exercised your ISO. In either case, your regular taxable income is measured as of the time of vesting rather than the time of exercise.

SUMMARY OF ALTERNATIVE MINIMUM TAX

The alternative minimum tax (AMT) must be paid if it exceeds your regular income tax. The AMT is equal to 26% of your alternative minimum tax base up to $175,000 and 28% of the excess over $175,000. (In the case of married individuals filing separately, the breakpoint is $87,500 rather than $175,000.) Your alternative minimum tax base is equal to your alternative minimum taxable income (AMTI) minus your exemption amount.

- **Alternative Minimum Taxable Income**. Your AMTI is equal to your regular taxable income, subject to certain adjustments and increased by items of tax preference. Among the many adjustments made in computing AMTI are the following:
  - State and local income and property taxes are not allowed as a deduction.
  - Miscellaneous itemized deductions are not allowed.
  - Medical expenses are not allowed as a deduction until they exceed 10% of adjusted gross income (as opposed to the 7.5% floor that applies to regular income taxes).
  - Certain interest deductions are not allowed.
  - The standard deduction and personal exemptions are not allowed.

- When an ISO is exercised, the spread is treated as if the option were an NSO. (See discussion below.)

- **Exemption Amount**. Before AMT is calculated, AMTI is reduced by the exemption amount. Under current law, the exemption amount is as follows:

Year:	Joint Returns:	Single Returns:	Separate Returns:
2011	$74,450	$48,450	$37,225
After 2011[6]	$45,000	$33,750	$22,500

The exemption amount is phased out by 25 cents for each $1 by which AMTI exceeds the following levels:

Joint Returns: $150,000 Single Returns: $112,500 Separate Returns: $75,000

This means, for example, that the entire $74,450 exemption amount disappears for married individuals filing joint returns when AMTI reaches $447,800.

APPLICATION OF AMT WHEN ISO IS EXERCISED

As noted above, when an ISO is exercised, the spread is treated for AMT purposes as if the option were an NSO. In other words, the spread is included in AMTI at the time of exercise, unless the Purchased Shares are not yet vested at the time of exercise. If the Purchased Shares are not yet vested, the value of the shares minus the exercise price is included in AMTI when the shares vest. However, if you make an election under section 83(b) within 30 days after exercise, then the spread is included in AMTI at the time of exercise. **YOU MUST FILE AN 83(b) ELECTION WITH THE INTERNAL REVENUE SERVICE WITHIN 30 DAYS AFTER THE NOTICE OF STOCK OPTION EXERCISE IS SIGNED**. The 30-day filing period cannot be extended.

A special rule applies if you dispose of the Purchased Shares in the same year in which you exercised the ISO. If the amount you realize on the sale is less than the value of the stock at the time of exercise, then the amount includible in AMTI on account of the ISO exercise is limited to the gain realized on the sale.[7]

To the extent that your AMT is attributable to the spread on exercising an ISO (and certain other items), you may be able to apply the AMT that you paid as a credit against your income tax liability in future years. But the rules on calculating the available tax credits were amended frequently in recent years and have become extraordinarily complex. On this issue in particular, you must consult your own tax adviser.

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6 This assumes that Congress does not further extend AMT relief, as it has done (typically annually) in prior years.

7 This is similar to the rule that applies under the regular tax system in the event of a disqualifying disposition of ISO stock. The amount of ordinary income that must be recognized in that case generally does not exceed the amount of the gain realized in the disposition.

When Purchased Shares are sold, your basis for purposes of computing the capital gain or loss under the AMT system is increased by the option spread that exists at the time of exercise. Again, an ISO is treated under the AMT system much like an NSO is treated under the regular tax system. But your basis in the ISO shares for purposes of computing gain or loss under the regular tax system is equal to the exercise price; it does *not* reflect any AMT that you pay on the spread at exercise. Therefore, if you pay AMT in the year of the ISO exercise and regular income tax in the year of selling the Purchased Shares, you could pay tax twice on the same gain (except to the extent that you can use the AMT credit described above).

SECTION 409A OF THE INTERNAL REVENUE CODE

The preceding summary assumes that section 409A of the Internal Revenue Code does not apply to your option. In general, your option is exempt from section 409A if the exercise price per share is at least equal to the fair market value per share of the Company's Common Stock at the time the option was granted by the Board of Directors. Since shares of Common Stock are not traded on an established securities market, the determination of their fair market value generally is made by the Board of Directors or by an independent appraisal firm retained by the Company. In either case, there is no guarantee that the Internal Revenue Service will agree with the valuation.

If your option were found to be subject to section 409A, then you would be required to recognize ordinary income whenever shares subject to your option vest (until the option is exercised). The amount of ordinary income would be equal to the fair market value of the shares at the time of vesting minus the exercise price of the shares. This amount would also be subject to a 20% federal tax *in addition to* the federal income tax at your usual marginal rate for ordinary income.

DISCLAIMER UNDER IRS CIRCULAR 230

To comply with IRS rules, you are hereby notified that the foregoing summary was not intended or written in order to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer. In addition, if the foregoing summary would otherwise be considered a "marketed opinion" under the IRS rules, you are hereby notified that the advice was written to support the promotion or marketing of the transactions or matters addressed by the summary. The tax consequences of options will vary depending on the specific circumstances of each taxpayer. Therefore, each taxpayer should seek advice from an independent tax adviser.

SECTION 83(b) ELECTION

This statement is made under Sections 55 and 83(b) of the Internal Revenue Code of 1986, as amended, pursuant to Treasury Regulations Section 1.83-2.

A. The taxpayer who performed the services is:

Name: _____

Address: _____

_____

Social Security No.: _____

B. The property with respect to which the election is made is shares of the common stock of Backblaze, Inc.

C. The property was transferred on , .

D. The taxable year for which the election is made is the calendar year .

E. The property is subject to a repurchase right pursuant to which the issuer has the right to acquire the property at the original purchase price if for any reason taxpayer's service with the issuer terminates. The issuer's repurchase right lapses in a series of installments over a -year period ending on , .

F. The fair market value of such property at the time of transfer (determined without regard to any restriction other than a restriction which by its terms will never lapse) is $ per share.

G. The amount paid for such property is $ per share.

H. A copy of this statement was furnished to Backblaze, Inc., for whom taxpayer rendered the services underlying the transfer of such property.

I. This statement is executed on , .

_____ _____

Signature of Spouse (if any) Signature of Taxpayer

Within 30 days after the date of exercise, this election must be filed with the Internal Revenue Service Center where the Optionee files his or her federal income tax returns. The filing should be made by registered or certified mail, return receipt requested. The Optionee must (a) file a copy of the completed form with his or her federal tax return for the current tax year and (b) deliver an additional copy to the Company.

Exhibit 10.5

BACKBLAZE, INC.
500 BEN FRANKLIN COURT
SAN MATEO, CA 94401

February 14, 2020

Frank Patchel

Dear Frank:

Backblaze, Inc. (the "Company") is pleased to offer you employment on the following terms:

1. **Position**. Your initial title will be **Chief Financial Officer** and you will initially report to Gleb Budman, the Company's Chief Executive Officer. This is a Full-Time position based at our Company Headquarters in San Mateo, CA. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company. By signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

2. **Cash Compensation**. The Company will pay you a starting salary at the rate of **$400,080** per year, payable in accordance with the Company's standard payroll schedule. This salary will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

3. **Employee Benefits**. As a regular employee of the Company, you will be eligible to participate in the Company's benefits that it makes available to its employees from time to time, subject to applicable plan terms.

4. **Stock Options**. Subject to the approval of the Company's Board of Directors, you will be granted an option to purchase 84,739 shares of the Company's Common Stock (the "Option"). The exercise price per share of the Option will be determined by the Board of Directors when the Option is granted. The Option will be subject to the terms and conditions applicable to options granted under the Company's 2011 Stock Plan (the "Plan"), as described in the Plan and the applicable Stock Option Agreement. You will vest in 25% of the Option shares after 12 months of continuous service, and the balance will vest in equal monthly installments over the next 36 months of continuous service, as described in the applicable Stock Option Agreement.

In addition, you will vest fifty percent (50%) of your remaining unvested Option shares if (a) the Company is subject to a Change in Control before your service with the Company terminates and (b) you are subject to a Termination Without Cause within 24 months after that Change in Control.

5. **Proprietary Information and Inventions Agreement**. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's standard Proprietary Information and Inventions Agreement, a copy of which is attached hereto as **Exhibit A**.

6. **Employment Relationship**. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. In addition, the first 90 days of your employment is considered a Trial Period that gives you and the Company a chance to get to know and evaluate each other. At any time during this initial Trial Period, you or the Company can opt to end your employment and, in the unlikely event that this happens, the Company will provide you with a severance equal to one month's salary (less standard withholdings); provided, however, that you must provide the Company with a release of claims in a form acceptable to the Company as a condition of receiving this severance. As a condition of your employment, you will be required to abide by the Company's policies and procedures, as may be in effect from time to time, including, without limitation, the policies and procedures set forth in the Company's handbook. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company (other than you).

7. **Tax Matters**.

(a) **Withholding**. All forms of compensation referred to in this letter agreement are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

(b) **Tax Advice**. You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

8. **Interpretation, Amendment and Enforcement**. This letter agreement and Exhibit A supersede and replace any prior agreements, representations or understandings (whether written, oral, implied or otherwise) between you and the Company and constitute the complete agreement between you and the Company regarding the subject matter set forth herein. This letter agreement may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this letter agreement and the resolution of any disputes as to the meaning, effect, performance or validity of this letter agreement or arising out of, related to, or in any way connected with, this letter agreement, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by California law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in California in connection with any Dispute or any claim related to any Dispute.

9. **Definitions**. The following terms have the meaning set forth below wherever they are used in this letter agreement:

"**Cause**" means (a) your unauthorized use or disclosure of the Company's confidential information or trade secrets, which use or disclosure causes material harm to the Company, (b) your material breach of any agreement between you and the Company, (c) your material failure to comply with the Company's written policies or rules, (d) your conviction of, or your plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State, (e) your gross negligence or willful misconduct, (f) your continuing failure to perform assigned duties after receiving written notification of the failure from the Company's Board of Directors or (g)your failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers or employees, if the Company has requested your cooperation.

"**Change in Control**" means (a) the consummation of a merger or consolidation of the Company with or into another entity or (b) the dissolution, liquidation or winding up of the Company. The foregoing notwithstanding, a merger or consolidation of the Company does not constitute a "Change in Control" if immediately after the merger or consolidation a majority of the voting power of the capital stock of the continuing or surviving entity, or any direct or indirect parent corporation of the continuing or surviving entity, will be owned by the persons who were the Company's stockholders immediately prior to the merger or consolidation in substantially the same proportions as their ownership of the voting power of the Company's capital stock immediately prior to the merger or consolidation.

"**Separation**" means a "separation from service," as defined in the regulations under Section 409A of the Internal Revenue Code of 1986, as amended.

"**Termination Without Cause**" means a Separation as a result of a termination of your employment by the Company without Cause, provided you are willing and able to continue performing services within the meaning of Treasury Regulation 1.409A-1(n)(1).

* * * * *

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original of this letter agreement and the enclosed Proprietary Information and Inventions Agreement and returning them to me. This offer is contingent upon successful completion of your background check. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States.

Very truly yours,

BACKBLAZE, INC.

/s/ Gleb Budman

By: Gleb Budman
Title: Chief Executive Officer

I have read and accept this employment offer:

/s/ Frank Patchel

Signature of Employee

Dated: 2/14/2020

Attachment

Exhibit A: Proprietary Information and Inventions Agreement

Exhibit B: Job Description for Chief Financial Officer

Exhibit C: Employee Benefits 2020

Exhibit 10.6

BACKBLAZE, INC.

HOMESTREET BANK

LOAN AND SECURITY AGREEMENT

This **LOAN AND SECURITY AGREEMENT** is entered into as of October 11, 2017, by and between HOMESTREET BANK ("Bank") and BACKBLAZE, INC. ("Borrower").

RECITALS

Borrower wishes to obtain credit from time to time from Bank, and Bank desires to extend credit to Borrower. This Agreement sets forth the terms on which Bank will advance credit to Borrower, and Borrower will repay the amounts owing to Bank.

AGREEMENT

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 Definitions. As used in this Agreement, the following terms shall have the following definitions:

"Accounts" means all presently existing and hereafter arising accounts, contract rights, payment intangibles, and all other forms of obligations owing to Borrower arising out of the sale or lease of goods (including, without limitation, the licensing of software and other technology) or the rendering of services by Borrower, whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Borrower and Borrower's Books relating to any of the foregoing.

"Advance" or "Advances" means a cash advance or cash advances under the Revolving Facility.

"Affiliate" means, with respect to any Person, any Person that owns or controls directly or indirectly such Person, any Person that controls or is controlled by or is under common control with such Person, and each of such Person's senior executive officers, directors, and partners.

"Bank Expenses" means all: reasonable costs or expenses (including reasonable attorneys' fees and expenses) incurred in connection with the preparation, negotiation, administration, and enforcement of the Loan Documents; reasonable Collateral audit fees; and Bank's reasonable attorneys' fees and expenses incurred in amending, enforcing or defending the Loan Documents (including fees and expenses of appeal), incurred before, during and after an Insolvency Proceeding, whether or not suit is brought.

"Borrower's Books" means all of Borrower's books and records including: ledgers; records concerning Borrower's assets or liabilities, the Collateral, business operations or financial condition; and all computer programs, or tape files, and the equipment, containing such information.

"Borrowing Base" means an amount equal to trailing three (3) months of Recurring Revenue from Eligible Recurring Revenue Contracts multiplied by the MRR Retention Rate, tested on a monthly basis, as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower.

"Business Day" means any day that is not a Saturday, Sunday, or other day on which banks in the State of California are authorized or required to close.

"Change in Control" shall mean a transaction in which any "person" or "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934), directly or indirectly, of a sufficient number of shares of all classes of stock then outstanding of Borrower ordinarily entitled to vote in the election of directors, empowering such "person" or "group" to elect a majority of the Board of Directors of Borrower, who did not have such power before such transaction.

"Change in Law" means the occurrence, after the date of this Agreement regardless of the date enacted, adopted or issued, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority, (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority, (d) all rules, guidelines or directives thereunder or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection, and (e) all rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any United States regulatory authorities.

"Closing Date" means the date of this Agreement.

"Code" means the California Uniform Commercial Code.

"Collateral" means the property described on **Exhibit A** attached hereto.

"Contingent Obligation" means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to (i) any indebtedness, lease, dividend, letter of credit or other obligation of another; (ii) any obligations with respect to undrawn letters of credit, corporate credit cards, or merchant services issued or provided for the account of that Person; and (iii) all obligations arising under any agreement or arrangement designed to protect such Person against fluctuation in interest rates, currency exchange rates or commodity prices; provided, however, that the term "Contingent Obligation" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determined amount of the primary obligation in respect of which such Contingent Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by Bank in good faith; provided, however, that such amount shall not in any event exceed the maximum amount of the obligations under the guarantee or other support arrangement.

"Contracts" means subscription license contracts, maintenance contracts and support contracts of Borrower.

"Copyrights" means any and all copyright rights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof.

"Credit Extension" means each Advance, Term Advance or any other extension of credit by Bank for the benefit of Borrower hereunder.

"Daily Balance" means the amount of the Obligations owed at the end of a given day.

"Default" means any circumstance that, with the passage of time or giving of notice, would constitute an Event of Default.

"Eligible Recurring Revenue Contracts" are Contracts yielding Recurring Revenue in accordance with GAAP, provided that Bank may establish reserves and change the standards of eligibility by giving Borrower thirty (30) days prior written notice based on the results of a Collateral audit or based on events, conditions, contingencies, or risks which, as reasonably determined by Bank, may adversely affect Collateral. Unless otherwise agreed to by Bank, Eligible Recurring Revenue Contracts shall not include the following (which listing may be amended or changed in Bank's sole but reasonable discretion with notice to Borrower):

(a) Contracts from any customer if twenty five percent (25%) of more of the average monthly Contract from such customer has aged more than ninety (90) days from the invoice date;

(b) Contracts which the customer thereunder has elected to cancel, cancelled, or failed to renew within a reasonable timeframe;

(c) Contracts from any customer subject to any insolvency proceeding or which has become insolvent;

(d) Contracts with respect to which Borrower is liable to the account debtor for goods sold or services rendered by the account debtor to Borrower or for deposits or other property of the account debtor held by Borrower, but only to the extent of any amounts owing to the account debtor against amounts owed to Borrower;

(e) Contracts with respect to which the account debtor disputes liability or makes any claim with respect thereto as to which Bank believes, in its sole discretion, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim); or

(f) Contracts the collection of which Bank reasonably determines to be doubtful.

"Equipment" means all present and future machinery, equipment, tenant improvements, furniture, fixtures, vehicles, tools, parts and attachments in which Borrower has any interest.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations thereunder.

"Event of Default" has the meaning assigned in Section 8.

"GAAP" means generally accepted accounting principles as in effect from time to time.

"Governmental Authority" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"Indebtedness" means (a) all indebtedness for borrowed money or the deferred purchase price of property or services, including without limitation reimbursement and other obligations with respect to surety bonds and letters of credit, (b) all obligations evidenced by notes, bonds, debentures or similar instruments, (c) all capital lease obligations and (d) all Contingent Obligations.

"Insolvency Proceeding" means any proceeding commenced by or against any person or entity under any provision of the United States Bankruptcy Code, as amended, or under any other bankruptcy or insolvency law, including assignments for the benefit of creditors, formal or informal moratoria, compositions, extension generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"Intellectual Property" means all of Borrower's right, title, and interest in and to the following: Copyrights, Trademarks and Patents; all trade secrets, all design rights, claims for damages by way of past, present and future infringement of any of the rights included above, all licenses or other rights to use any of the Copyrights, Patents or Trademarks, and all license fees and royalties arising from such use to the extent permitted by such license or rights; all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents; and all proceeds and products of the foregoing, including without limitation all payments under insurance or any indemnity or warranty payable in respect of any of the foregoing.

"Inventory" means all inventory in which Borrower has or acquires any interest, including work in process and finished products intended for sale or lease or to be furnished under a contract of service, of every kind and description now or at any time hereafter owned by or in the custody or possession, actual or constructive, of Borrower, including such inventory as is temporarily out of its custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Borrower's Books relating to any of the foregoing.

"Investment" means any beneficial ownership of (including stock, partnership interest or other securities) any Person, or any loan, advance or capital contribution to any Person.

"IRC" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

"Lien" means any mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"Loan Documents" means, collectively, this Agreement, any note or notes executed by Borrower, and any other agreement entered into in connection with this Agreement, all as amended or extended from time to time.

"Material Adverse Effect" means a material adverse effect on (i) the business operations or condition (financial or otherwise) of Borrower and its Subsidiaries taken as a whole or (ii) the ability of Borrower to repay the Obligations or otherwise perform its obligations under the Loan Documents or (iii) the value or priority of Bank's security interests in the Collateral.

"MRR Retention Rate" means, as of the date of determination, the ratio, expressed as a percentage, of (x) the average monthly Recurring Revenue for the three (3) months ending on such date for all Eligible Recurring Revenue Contracts, to (y) the average monthly Recurring Revenue for the twelve (12) months ending on such date for all Contracts.

"Negotiable Collateral" means all letters of credit of which Borrower is a beneficiary, notes, drafts, instruments, securities, documents of title, and chattel paper, and Borrower's Books relating to any of the foregoing.

"Obligations" means all debt, principal, interest, Bank Expenses and other amounts owed to Bank by Borrower pursuant to this Agreement or any other agreement, whether absolute or contingent, due or to become due, now existing or hereafter arising, including any interest that accrues after the commencement of an Insolvency Proceeding and including any debt, liability, or obligation owing from Borrower to others that Bank may have obtained by assignment or otherwise.

"Patents" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"Periodic Payments" means all installments or similar recurring payments that Borrower may now or hereafter become obligated to pay to Bank pursuant to the terms and provisions of any instrument, or agreement now or hereafter in existence between Borrower and Bank.

"Permitted Indebtedness" means:

(a) Indebtedness of Borrower in favor of Bank arising under this Agreement or any other Loan Document;

(b) Indebtedness existing on the Closing Date and disclosed in the Schedule;

(c) Indebtedness secured by a lien described in clause (c) of the defined term "Permitted Liens," provided (i) such Indebtedness does not exceed the lesser of the cost or fair market value of the equipment financed with such Indebtedness and (ii) such Indebtedness does not exceed $100,000 in the aggregate at any given time; and

(d) Subordinated Debt.

"Permitted Investment" means:

(a) Investments existing on the Closing Date disclosed in the Schedule; and

(b) (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency or any State thereof maturing within one (1) year from the date of acquisition thereof, (ii) commercial paper maturing no more than one (1) year from the date of creation thereof and currently having rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (iii) certificates of deposit maturing no more than one (1) year from the date of investment therein issued by Bank and (iv) Bank's money market accounts.

"Permitted Liens" means the following:

(a) Any Liens existing on the Closing Date and disclosed in the Schedule or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other governmental charges or levies, either not delinquent or being contested in good faith by appropriate proceedings, provided the same have no priority over any of Bank's security interests;

(c) Liens (i) upon or in any equipment which was not financed by Bank acquired or held by Borrower or any of its Subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition of such equipment, or (ii) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment; and

(d) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clauses (a) through (c) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness being extended, renewed or refinanced does not increase.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or governmental agency.

"Prime Rate" means the U.S. Prime Rate that appears in The Wall Street Journal from time to time, whether or not such announced rate is the lowest rate available from Bank.

"Recurring Revenue" means revenue from Contracts, recognized by the Borrower in accordance with GAAP.

"Responsible Officer" means each of the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Controller of Borrower.

"Revolving Facility" means the facility under which Borrower may request Bank to issue Advances, as specified in Section 2.1(b) hereof.

"Revolving Line" means a credit extension of up to Three Million Dollars ($3,000,000).

"Revolving Maturity Date" means October 11, 2019.

"Schedule" means the schedule of exceptions attached hereto and approved by Bank, if any.

"Subordinated Debt" means any debt incurred by Borrower that is subordinated to the debt owing by Borrower to Bank on terms acceptable to Bank (and identified as being such by Borrower and Bank).

"Subsidiary" means any corporation, company or partnership in which (i) any general partnership interest or (ii) more than 50% of the stock or other units of ownership which by the terms thereof has the ordinary voting power to elect the Board of Directors, managers or trustees of the entity, at the time as of which any determination is being made, is owned by Borrower, either directly or through an Affiliate.

"Trademarks" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

1.2 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP and all calculations made hereunder shall be made in accordance with GAAP. When used herein, the terms "financial statements" shall include the notes and schedules thereto.

2. LOAN AND TERMS OF PAYMENT.

2.1 Credit Extensions.

Borrower promises to pay to the order of Bank, in lawful money of the United States of America, the aggregate unpaid principal amount of all Credit Extensions made by Bank to Borrower hereunder. Borrower shall also pay interest on the unpaid principal amount of such Credit Extensions at rates in accordance with the terms hereof.

(a) Revolving Advances.

(i) Subject to and upon the terms and conditions of this Agreement, Borrower may request Advances in an aggregate outstanding amount not to exceed the lesser of (i) the Revolving Line or (ii) the Borrowing Base. Subject to the terms and conditions of this Agreement, amounts borrowed pursuant to this Section 2.1(b) may be repaid and reborrowed at any time prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(b) shall be immediately due and payable. Borrower may prepay any Advances without penalty or premium.

(ii) Whenever Borrower desires an Advance, Borrower will notify Bank by facsimile transmission or telephone no later than 3:00 p.m. Pacific Time, on the Business Day the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of **Exhibit B** hereto. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations that have become due and remain unpaid. Bank may rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances to Borrower's deposit account.

2.2 Overadvances. If the aggregate amount of the outstanding Advances exceeds the lesser of the Revolving Line or the Borrowing Base at any time, Borrower shall immediately pay to Bank, in cash, the amount of such excess.

2.3 Interest Rates, Payments, and Calculations.

(a) Interest Rates. Except as set forth in Section 2.4(b), the Advances shall bear interest, on the outstanding Daily Balance thereof, at a rate equal to one-quarter of one percent (0.25%) above the Prime Rate.

(b) Late Fee; Default Rate. If any payment is not made within ten (10) days after the date such payment is due, Borrower shall pay Bank a late fee equal to the lesser of (i) five percent (5%) of the amount of such unpaid amount or (ii) the maximum amount permitted to be charged under applicable law. All Obligations shall bear interest, from and after the occurrence and during the continuance of an Event of Default, at a rate equal to five (5) percentage points above the interest rate applicable immediately prior to the occurrence of the Event of Default.

(c) Payments. Interest hereunder shall be due and payable on the first day of each month during the term hereof. Bank shall, at its option, charge such interest, all Bank Expenses, and all Periodic Payments against any of Borrower's deposit accounts or against the Revolving Line, in which case those amounts shall thereafter accrue interest at the rate then applicable hereunder. Any interest not paid when due shall be compounded by becoming a part of the Obligations, and such interest shall thereafter accrue interest at the rate then applicable hereunder. All payments shall be free and clear of any taxes, withholdings, duties, impositions or other charges, to the end that Bank will receive the entire amount of any Obligations payable hereunder, regardless of source of payment. Payments hereunder shall be made via auto debit from Borrower's account at Bank.

(d) Computation. In the event the Prime Rate is changed from time to time hereafter, the applicable rate of interest hereunder shall be increased or decreased, effective as of the day the Prime Rate is changed, by an amount equal to such change in the Prime Rate. All interest chargeable under the Loan Documents shall be computed on the basis of a three hundred sixty (360) day year for the actual number of days elapsed.

2.4 Crediting Payments. Prior to the occurrence of an Event of Default, Bank shall credit a wire transfer of funds, check or other item of payment to such deposit account or Obligation as Borrower specifies. After the occurrence of an Event of Default, the receipt by Bank of any wire transfer of funds, check, or other item of payment shall be immediately applied to conditionally reduce Obligations, but shall not be considered a payment on account unless such payment is of immediately available federal funds or unless and until such check or other item of payment is honored when presented for payment. Notwithstanding anything to the contrary contained herein, any wire transfer or payment received by Bank after 12:00 noon Pacific Time shall be deemed to have been received by Bank as of the opening of business on the immediately following Business Day. Whenever any payment to Bank under the Loan Documents would otherwise be due (except by reason of acceleration) on a date that is not a Business Day, such payment shall instead be due on the next Business Day, and additional fees or interest, as the case may be, shall accrue and be payable for the period of such extension.

2.5 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section shall survive the termination of this Agreement.

2.6 Additional Costs. If any Change in Law shall: (a) subject Bank to any tax, duty or other charge with respect to this Agreement or any Obligations under this Agreement, or shall change the basis of taxation of payments to Bank of the principal of or interest under this Agreement (except for changes in the rate of tax on the overall net income of Bank imposed by the jurisdiction in which Bank's principal executive office; or (b) impose, modify or deem applicable any reserve (including, without limitation, any imposed by the Board of Governors of the Federal Reserve System), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by Bank, or shall impose on Bank or the foreign exchange and interbank markets any other condition affecting this Agreement; and the result of any of the foregoing is to increase the cost to Bank of maintaining any part of the Obligations or to reduce the amount of any sum received or receivable by Bank under this Agreement by an amount deemed by Bank to be material, then Borrower shall pay to Bank, within fifteen (15)

days of Borrower's receipt of written notice from Bank requesting such compensation, such additional amount or amounts as will compensate Bank for such increased cost or reduction. A certificate of Bank, prepared in good faith and in reasonable detail by Bank and submitted by Bank to Borrower, setting forth the basis for determining such additional amount or amounts necessary to compensate Bank shall be conclusive and binding for all purposes, absent manifest error. In the event that any Change in Law affects or would affect the amount of capital required or expected to be maintained by Bank (or any corporation controlling Bank), and Bank determines that the amount of such capital is increased by or based upon the existence of any obligations of Bank hereunder or the maintaining of any Obligations, and such increase has the effect of reducing the rate of return on Bank's (or such controlling corporation's) capital as a consequence of such obligations or the maintaining of such Obligations to a level below that which Bank (or such controlling corporation) could have achieved but for such circumstances (taking into consideration its policies with respect to capital adequacy), then Borrower shall pay to Bank, within fifteen (15) days of Borrower's receipt of written notice from Bank requesting such compensation, additional amounts as are sufficient to compensate Bank (or such controlling corporation) for any increase in the amount of capital and reduced rate of return which Bank reasonably determines to be allocable to the existence of any obligations of Bank hereunder or to maintaining any Obligations. A certificate of Bank as to the amount of such compensation, prepared in good faith and in reasonable detail by Bank and submitted by Bank to Borrower, shall be conclusive and binding for all purposes absent manifest error.

2.7 Fees. Borrower shall pay to Bank the following:

(a) Facility Fee. On the Closing Date, a Facility Fee equal to $7,500, which shall be nonrefundable;

(b) Bank Expenses. On the Closing Date, all Bank Expenses incurred through the Closing Date (not to exceed $7,500 for the account of Borrower, provided that there are no more than 2 "turns" of and/or comments to the Loan Documents), and, after the Closing Date, all Bank Expenses, as and when they are incurred by Bank.

2.8 Term. This Agreement shall become effective on the Closing Date and, subject to Section 12.7, shall continue in full force and effect for so long as any Obligations remain outstanding or Bank has any obligation to make Credit Extensions under this Agreement. Notwithstanding the foregoing, Bank shall have the right to terminate its obligation to make Credit Extensions under this Agreement immediately and without notice upon the occurrence and during the continuance of an Event of Default. Notwithstanding termination, Bank's Lien on the Collateral shall remain in effect for so long as any Obligations are outstanding.

3. CONDITIONS OF LOANS.

3.1 Conditions Precedent to Initial Credit Extension. The obligation of Bank to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, the following:

(a) this Agreement;

(b) a certificate of the Secretary of Borrower with respect to incumbency and resolutions authorizing the execution and delivery of this Agreement;

(c) UCC National Form Financing Statement;

(d) a certificate of insurance naming Bank as loss payee and additional insured;

(e) payment of the fees and Bank Expenses then due specified in Section 2.8 hereof;

(f) current financial statements of Borrower;

(g) an audit of the Collateral, the results of which shall be satisfactory to Bank; and

(h) such other documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate.

3.2 Conditions Precedent to all Credit Extensions. The obligation of Bank to make each Credit Extension, including the initial Credit Extension, is further subject to the following conditions:

(a) timely receipt by Bank of the Payment/Advance Form as provided in Section 2.1;

(b) the representations and warranties contained in Section 5 shall be true and correct in all material respects on and as of the date of such Payment/Advance Form and on the effective date of each Credit Extension as though made at and as of each such date. The making of each Credit Extension shall be deemed to be a representation and warranty by Borrower on the date of such Credit Extension as to the accuracy of the facts referred to in this Section 3.2; and

(c) in Bank's sole discretion, there has not been any circumstance that would reasonably be expected to have a Material Adverse Effect.

4. CREATION OF SECURITY INTEREST.

4.1 Grant of Security Interest. To secure prompt repayment of any and all Obligations and prompt performance by Borrower of each of its covenants and duties under the Loan Documents, Borrower grants Bank a continuing security interest in all presently existing and hereafter acquired or arising Collateral. Except as set forth in the Schedule, such security interest constitutes a valid, first priority security interest in the presently existing Collateral, and will constitute a valid, first priority security interest in Collateral acquired after the date hereof.

4.2 Delivery of Additional Documentation Required. Borrower shall from time to time execute and deliver to Bank, at the request of Bank, all Negotiable Collateral, all financing statements and other documents that Bank may reasonably request, in form satisfactory to Bank, to perfect and continue the perfection of Bank's security interests in the Collateral and in order to fully consummate all of the transactions contemplated under the Loan Documents. Borrower from time to time may deposit with Bank specific time deposit accounts to secure specific Obligations. Borrower authorizes Bank to hold such balances in pledge and to decline to honor any drafts thereon or any request by Borrower or any other Person to pay or otherwise transfer any part of such balances for so long as the Obligations are outstanding.

4.3 Right to Inspect. Bank (through any of its officers, employees, or agents) shall have the right, upon reasonable prior notice, from time to time during Borrower's usual business hours but no more than twice a year (unless an Event of Default has occurred and is continuing), to inspect Borrower's Books and to make copies thereof and to check, test, and appraise the Collateral in order to verify Borrower's financial condition or the amount, condition of, or any other matter relating to, the Collateral.

5. REPRESENTATIONS AND WARRANTIES.

Borrower represents and warrants as follows:

5.1 Due Organization and Qualification. Borrower and each Subsidiary is a corporation duly existing under the laws of its state of incorporation and qualified and licensed to do business in any state in which the conduct of its business or its ownership of property requires that it be so qualified.

5.2 Due Authorization; No Conflict. The execution, delivery, and performance of the Loan Documents are within Borrower's powers, have been duly authorized, and are not in conflict with nor constitute a breach of any provision contained in Borrower's Certificate of Incorporation or Bylaws, nor will they constitute an event of default under any material agreement to which Borrower is a party or by which Borrower is bound. Borrower is not in default under any material agreement to which it is a party or by which it is bound.

5.3 No Prior Encumbrances. Borrower has good and marketable title to its property, free and clear of Liens, except for Permitted Liens.

5.4 Bona Fide Eligible Recurring Revenue Accounts. The Eligible Recurring Revenue Accounts are bona fide existing obligations. The property and services giving rise to such Eligible Recurring Revenue Accounts has been delivered or rendered to the account debtor or to the account debtor's agent for immediate and unconditional acceptance by the account debtor. Borrower has not received notice of actual or imminent Insolvency Proceeding of any account debtor that is included in any Borrowing Base Certificate as an Eligible Recurring Revenue Account.

5.5 Merchantable Inventory. All Inventory is in all material respects of good and marketable quality, free from all material defects, except for Inventory for which adequate reserves have been made.

5.6 Intellectual Property. Borrower is the sole owner of the Intellectual Property, except for non-exclusive licenses granted by Borrower to its customers in the ordinary course of business. Each of the Patents is valid and enforceable, and no part of the Intellectual Property has been judged invalid or unenforceable, in whole or in part, and no claim has been made that any part of the Intellectual Property violates the rights of any third party. Except as set forth in the Schedule, Borrower's rights as a licensee of intellectual property do not give rise to more than five percent (5%) of its gross revenue in any given month, including without limitation revenue derived from the sale, licensing, rendering or disposition of any product or service. Borrower is not a party to, or bound by, any agreement that restricts the grant by Borrower of a security interest in Borrower's rights under such agreement.

5.7 Name; Location of Chief Executive Office. Except as disclosed in the Schedule, Borrower has not done business under any name other than that specified on the signature page hereof. The chief executive office of Borrower is located at the address indicated in Section 10 hereof. All Borrower's Inventory and Equipment is located only at the location set forth in Section 10 hereof.

5.8 Litigation. Except as set forth in the Schedule, there are no actions or proceedings pending by or against Borrower or any Subsidiary before any court or administrative agency.

5.9 No Material Adverse Change in Financial Statements. All consolidated and consolidating financial statements related to Borrower and any Subsidiary that Bank has received from Borrower fairly present in all material respects Borrower's financial condition as of the date thereof and Borrower's consolidated and consolidating results of operations for the period then ended. There has not been a material adverse change in the consolidated or the consolidating financial condition of Borrower since the date of the most recent of such financial statements submitted to Bank.

5.10 Solvency, Payment of Debts. Borrower is solvent and able to pay its debts (including trade debts) as they mature.

5.11 Regulatory Compliance. Borrower and each Subsidiary have met the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA, and no event has occurred resulting from Borrower's failure to comply with ERISA that could result in Borrower's incurring any material liability. Borrower is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940. Borrower is not engaged principally, or as one of the important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T and U of the Board of Governors of the Federal Reserve System). Borrower and each Subsidiary have not violated in any material respect any material statutes, laws, ordinances or rules applicable to it.

5.12 Taxes. Borrower and each Subsidiary have filed or caused to be filed all tax returns required to be filed, and have paid, or have made adequate provision for the payment of, all taxes reflected therein.

5.13 Subsidiaries. Borrower does not own any stock, partnership interest or other equity securities of any Person, except for Permitted Investments.

5.14 Government Consents. Borrower and each Subsidiary have obtained all material consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all governmental authorities that are necessary for the continued operation of Borrower's business as currently conducted.

5.15 Deposit and Securities Accounts. Subject to Section 6.9, Borrower and each Subsidiary maintains deposit or securities accounts only as set forth in the Schedule.

5.16 Full Disclosure. No representation, warranty or other statement made by Borrower in any certificate or written statement furnished to Bank contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained in such certificates or statements not misleading.

6. AFFIRMATIVE COVENANTS.

Borrower shall do all of the following:

6.1 Good Standing. Borrower shall maintain its and each of its Subsidiaries' corporate existence and good standing in its jurisdiction of incorporation and maintain qualification in each jurisdiction in which it is required under applicable law. Borrower shall maintain, and shall cause each of its Subsidiaries to maintain, in force all licenses, approvals and agreements, the loss of which could have a Material Adverse Effect.

6.2 Government Compliance. Borrower shall meet, and shall cause each Subsidiary to meet, the minimum funding requirements of ERISA with respect to any employee benefit plans subject to ERISA. Borrower shall comply, and shall cause each Subsidiary to comply, in all material respects with all material statutes, laws, ordinances and government rules and regulations to which it is subject.

6.3 Financial Statements, Reports, Certificates. Borrower shall deliver the following to Bank: (a) within twenty (20) days after the last day of each month, aged listings of accounts receivable and accounts payable, together with a month-by-month recurring revenue report and a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of **Exhibit C** hereto; (b) as soon as available, but in any event within twenty-five (25) days after the end of each month, a Borrower prepared consolidated balance sheet, income, and cash flow statement covering Borrower's consolidated operations during such period, prepared in accordance with GAAP, consistently applied, in a form acceptable to Bank along with a Compliance Certificate signed by a Responsible Officer in substantially the form of **Exhibit D** hereto; (c) as soon as available, but in any event within one hundred fifty (150) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (d) copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and, if applicable, all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission; (e) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of Fifty Thousand Dollars ($50,000) or more, or any commercial tort claim acquired by Borrower; (f) as soon as available, but in any event no later than fifteen (15) days prior to the beginning of Borrower's next fiscal year, annual operating projections (including income statements, balance sheets and cash flow statements presented in a monthly format) for the upcoming fiscal year, in form and substance reasonably satisfactory to Bank, and (g) such budgets, sales projections, operating plans, other information as Bank may reasonably request from time to time.

6.4 Audits. Bank shall have a right from time to time hereafter to audit Borrower's Accounts and appraise Collateral at Borrower's expense, provided that such audits will be conducted no more often than every six (6) months unless an Event of Default has occurred and is continuing.

6.5 Inventory; Returns. Borrower shall keep all Inventory in good and marketable condition, free from all material defects except for Inventory for which adequate reserves have been made. Returns and allowances, if any, as between Borrower and its account debtors shall be on the same basis and in accordance with the usual customary practices of Borrower, as they exist at the time of the execution and delivery of this Agreement. Borrower shall promptly notify Bank of all returns and recoveries and of all disputes and claims, where the return, recovery, dispute or claim involves more than Fifty Thousand Dollars ($50,000).

6.6 Taxes. Borrower shall make, and shall cause each Subsidiary to make, due and timely payment or deposit of all material federal, state, and local taxes, assessments, or contributions required of it by law, and will execute and deliver to Bank, on demand, appropriate certificates attesting to the payment or deposit thereof; and Borrower will make, and will cause each Subsidiary to make, timely payment or deposit of all material tax payments and withholding taxes required of it by applicable laws, including, but not limited to, those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, and federal income taxes, and will, upon request, furnish Bank with proof satisfactory to Bank indicating that Borrower or a Subsidiary has made such payments or deposits; provided that Borrower or a Subsidiary need not make any payment if the amount or validity of such payment is contested in good faith by appropriate proceedings and is reserved against (to the extent required by GAAP) by Borrower.

6.7 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary, Borrower shall (a) cause such new Subsidiary to provide to Bank a joinder to this Agreement to cause such Subsidiary to become a co-borrower hereunder, together with such appropriate financing statements and/or control agreements, all in form and substance satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance satisfactory to Bank, and (c) provide to Bank all other documentation in form and substance satisfactory to Bank that in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above.

6.8 Insurance.

(a) Borrower, at its expense, shall keep the Collateral insured against loss or damage by fire, theft, explosion, sprinklers, and all other hazards and risks, and in such amounts, as ordinarily insured against by other owners in similar businesses conducted in the locations where Borrower's business is conducted on the date hereof. Borrower shall also maintain insurance relating to Borrower's business, ownership and use of the Collateral in amounts and of a type that are customary to businesses similar to Borrower's.

(b) All such policies of insurance shall be in such form, with such companies, and in such amounts as are reasonably satisfactory to Bank. All such policies of property insurance shall contain a lender's loss payable endorsement, in a form satisfactory to Bank, showing Bank as an additional loss payee thereof, and all liability insurance policies shall show the Bank as an additional insured and shall specify that the insurer must give at least twenty (20) days notice to Bank before canceling its policy for any reason. Upon Bank's request, Borrower shall deliver to Bank certified copies of such policies of insurance and evidence of the payments of all premiums therefor. All proceeds payable under any such policy shall, at the option of Bank, be payable to Bank to be applied on account of the Obligations.

6.9 Accounts. From and after the date that is no later than ninety (90) days from the Closing Date, Borrower shall maintain and shall cause each of its Subsidiaries to maintain its depository, operating, and investment accounts with Bank. For each account that Borrower maintains outside of Bank, Borrower shall cause the applicable bank or financial institution at or with which any such account is maintained to execute and deliver an account control agreement or other appropriate instrument in form and substance satisfactory to Bank.

6.10 Financial Covenants.

(a) Minimum EBITDA; Performance to Plan. Borrower shall maintain at all times, measured quarterly, actual EBITDA of no less than eighty percent (80%) of the EBITDA projected in the projections attached hereto as Annex I.

6.11 Intellectual Property Rights.

(a) Borrower shall promptly give Bank written notice of any applications or registrations of intellectual property rights filed with the United States Patent and Trademark Office, including the date of such filing and the registration or application numbers, if any. Borrower shall (i) give Bank not less than 30 days prior written notice of the filing of any applications or registrations with the United States Copyright Office, including the title of such intellectual property rights to be registered, as such title will appear on such applications or registrations, and the date such applications or registrations will be filed, and (ii) prior to the filing of any such applications or registrations, shall execute such documents as Bank may reasonably request for Bank to maintain its perfection in such intellectual property rights to be registered by Borrower, and upon the request of Bank, shall file such documents simultaneously with the filing of any such applications or registrations. Upon filing any such applications or registrations with the United States Copyright Office, Borrower shall promptly provide Bank with (i) a copy of such applications or registrations, without the exhibits, if any, thereto, (ii) evidence of the filing of any documents requested by Bank to be filed for Bank to maintain the perfection and priority of its security interest in such intellectual property rights, and (iii) the date of such filing.

(b) Bank may audit Borrower's Intellectual Property to confirm compliance with this Section, provided such audit may not occur more often than twice per year, unless an Event of Default has occurred and is continuing. Bank shall have the right, but not the obligation, to take, at Borrower's sole expense, any actions that Borrower is required under this Section to take but which Borrower fails to take, after 15 days' notice to Borrower. Borrower shall reimburse and indemnify Bank for all reasonable costs and reasonable expenses incurred in the reasonable exercise of its rights under this Section.

6.12 Further Assurances. At any time and from time to time Borrower shall execute and deliver such further instruments and take such further action as may reasonably be requested by Bank to effect the purposes of this Agreement.

7. NEGATIVE COVENANTS.

Borrower shall not do any of the following:

7.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively, a "Transfer"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, other than: (i) Transfers of Inventory in the ordinary course of business; (ii) Transfers of non-exclusive licenses and similar arrangements for the use of the property of Borrower or its Subsidiaries in the ordinary course of business; or (iii) Transfers of worn-out or obsolete Equipment which was not financed by Bank.

7.2 Change in Business; Change in Control or Executive Office. Engage in any business, or permit any of its Subsidiaries to engage in any business, other than the businesses currently engaged in by Borrower and any business substantially similar or related thereto (or incidental thereto); experience a change in a Responsible Officer, or cease to conduct business in the manner conducted by Borrower as of the Closing Date; or suffer or permit a Change in Control; or without thirty (30) days prior written notification to Bank, relocate its chief executive office or state of incorporation or change its legal name; or change the date on which its fiscal year ends.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with or into any other business organization, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person.

7.4 Indebtedness. Create, incur, guarantee, assume or be or remain liable with respect to any Indebtedness, or permit any Subsidiary so to do, other than Permitted Indebtedness.

7.5 Encumbrances. Create, incur, assume or suffer to exist any Lien with respect to any of its property, or assign or otherwise convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, or enter into any agreement with any Person other than Bank not to grant a security interest in, or otherwise encumber, any of its property, or permit any Subsidiary to do so.

7.6 Distributions. Pay any dividends or make any other distribution or payment on account of or in redemption, retirement or purchase of any capital stock, or permit any of its Subsidiaries to do so, except that Borrower may repurchase the stock of former employees pursuant to stock repurchase agreements as long as an Event of Default does not exist prior to such repurchase or would not exist after giving effect to such repurchase, and the aggregate amount of such repurchase does not exceed $100,000 in any fiscal year.

7.7 Investments. Directly or indirectly acquire or own, or make any Investment in or to any Person, or permit any of its Subsidiaries so to do, other than Permitted Investments; or maintain or invest any of its property with a Person other than Bank or permit any of its Subsidiaries to do so unless such Person has entered into an account control agreement with Bank in form and substance satisfactory to Bank; or suffer or permit any Subsidiary to be a party to, or be bound by, an agreement that restricts such Subsidiary from paying dividends or otherwise distributing property to Borrower.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt. Make any payment in respect of any Subordinated Debt, or permit any of its Subsidiaries to make any such payment, except in compliance with the terms of such Subordinated Debt, or amend any provision contained in any documentation relating to the Subordinated Debt without Bank's prior written consent.

7.10 Inventory and Equipment. Store the Inventory or the Equipment with a bailee, warehouseman, or other third party unless the third party has been notified of Bank's security interest and Bank (a) has received an acknowledgment from the third party that it is holding or will hold the Inventory or Equipment for Bank's benefit or (b) is in pledge possession of the warehouse receipt, where negotiable, covering such Inventory or Equipment. Store or maintain any Equipment or Inventory at a location other than the location set forth in Section 10 of this Agreement.

7.11 Compliance. Become an "investment company" or be controlled by an "investment company," within the meaning of the Investment Company Act of 1940, or become principally engaged in, or undertake as one of its important activities, the business of extending credit for the purpose of purchasing or carrying margin stock, or use the proceeds of any Credit Extension for such purpose. Fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, or violate any law or regulation, which violation could reasonably be expected to have a Material Adverse Effect, or permit any of its Subsidiaries to do any of the foregoing.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an Event of Default by Borrower under this Agreement:

8.1 Payment Default. If Borrower fails to pay, when due, any of the Obligations;

8.2 Covenant Default.

(a) If Borrower fails to perform any obligation under Section 6 or violates any of the covenants contained in Section 7 of this Agreement; or

(b) If Borrower fails or neglects to perform or observe any other material term, provision, condition, covenant contained in this Agreement, in any of the Loan Documents, or in any other present or future agreement between Borrower and Bank and as to any default under such other term, provision, condition or covenant that can be cured, has failed to cure such default within ten days after Borrower receives notice thereof or any officer of Borrower becomes aware thereof; provided, however, that if the default cannot by its nature be cured within the ten day period or cannot after diligent attempts by Borrower be cured within such ten day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional reasonable period (which shall not in any case exceed 30 days) to attempt to cure such default, and within such reasonable time period the failure to have cured such default shall not be deemed an Event of Default but no Credit Extensions will be made;

8.3 Material Adverse Effect. If there occurs any circumstance or circumstances that would reasonably be expected to have a Material Adverse Effect;

8.4 Attachment. If any portion of Borrower's assets is attached, seized, subjected to a writ or distress warrant, or is levied upon, or comes into the possession of any trustee, receiver or person acting in a similar capacity and such attachment, seizure, writ or distress warrant or levy has not been removed, discharged or rescinded within ten (10) days, or if Borrower is enjoined, restrained, or in any way prevented by court order from continuing to conduct all or any part of its business affairs, or if a judgment or other claim becomes a lien or encumbrance upon any portion of Borrower's assets, or if a notice of lien, levy, or assessment is filed of record with respect to any of Borrower's assets by the United States Government, or any department, agency, or instrumentality thereof, or by any state, county, municipal, or governmental agency, and the same is not paid within ten (10) days after Borrower receives notice thereof, provided that none of the foregoing shall constitute an Event of Default where such action or event is stayed or an adequate bond has been posted pending a good faith contest by Borrower (provided that no Credit Extensions will be required to be made during such cure period);

8.5 Insolvency. If Borrower becomes insolvent, or if an Insolvency Proceeding is commenced by Borrower, or if an Insolvency Proceeding is commenced against Borrower and is not dismissed or stayed within thirty (30) days (provided that no Credit Extensions will be made prior to the dismissal of such Insolvency Proceeding);

8.6 Other Agreements. If there is a default or other failure to perform in any agreement to which Borrower is a party or by which it is bound resulting in a right by a third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Fifty Thousand Dollars ($50,000) or that could have a Material Adverse Effect;

8.7 Subordinated Debt. If Borrower makes any payment on account of Subordinated Debt, except to the extent the payment is allowed under any subordination agreement entered into with Bank;

8.8 Judgments. If a judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars ($50,000) shall be rendered against Borrower and shall remain unsatisfied and unstayed for a period of ten (10) days (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment);

8.9 Misrepresentations. If any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth herein or in any certificate delivered to Bank by any Responsible Officer pursuant to this Agreement or to induce Bank to enter into this Agreement or any other Loan Document; or

8.10 Guaranty. If any guaranty of all or a portion of the Obligations (a "Guaranty") ceases for any reason to be in full force and effect, or any guarantor fails to perform any obligation under any Guaranty or a security agreement securing any Guaranty (collectively, the "Guaranty Documents"), or any event of default occurs under any Guaranty Document or any guarantor revokes or purports to revoke a Guaranty, or any material misrepresentation or material misstatement exists now or hereafter in any warranty or representation set forth in any Guaranty Document or in any certificate delivered to Bank in connection with any Guaranty Document, or if any of the circumstances described in Sections 8.3 through 8.8 occur with respect to any guarantor.

9. BANK'S RIGHTS AND REMEDIES.

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, at its election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrower:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable (provided that upon the occurrence of an Event of Default described in Section 8.5, all Obligations shall become immediately due and payable without any action by Bank);

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement or under any other agreement between Borrower and Bank;

(c) Settle or adjust disputes and claims directly with account debtors for amounts, upon terms and in whatever order that Bank reasonably considers advisable;

(d) Make such payments and do such acts as Bank considers necessary or reasonable to protect its security interest in the Collateral. Borrower agrees to assemble the Collateral if Bank so requires, and to make the Collateral available to Bank as Bank may designate. Borrower authorizes Bank to enter the premises where the Collateral is located, to take and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest, or compromise any encumbrance, charge, or lien which in Bank's determination appears to be prior or superior to its security interest and to pay all expenses incurred in connection therewith. With respect to any of Borrower's owned premises, Borrower hereby grants Bank a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of Bank's rights or remedies provided herein, at law, in equity, or otherwise;

(e) Set off and apply to the Obligations any and all (i) balances and deposits of Borrower held by Bank, or (ii) indebtedness at any time owing to or for the credit or the account of Borrower held by Bank;

(f) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Collateral. Borrower grants Bank a license or other right, to use, without charge, Borrower's labels, patents, copyrights, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Agreement, Borrower's rights under all licenses and all franchise agreements shall inure to Bank's benefit;

(g) Dispose of the Collateral by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrower's premises) as Bank determines is commercially reasonable, and apply any proceeds to the Obligations in whatever manner or order Bank deems appropriate;

(h) Bank may credit bid and purchase at any public sale; and

(i) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrower.

9.2 Power of Attorney. Except as otherwise indicated, effective only upon the occurrence and during the continuance of an Event of Default, Borrower hereby irrevocably appoints Bank (and any of Bank's designated officers, or employees) as Borrower's true and lawful attorney to: (a) whether or not an Event of Default has occurred, send requests for verification of Accounts or notify account debtors of Bank's security interest in the Accounts; (b) receive and open all mail addressed to Borrower for the purpose of collecting the Accounts; (c) notify all account debtors with respect to the Accounts to pay Bank directly; (d) endorse Borrower's name on any checks

or other forms of payment or security that may come into Bank's possession; (e) sign Borrower's name on any invoice or bill of lading relating to any Account, drafts against account debtors, schedules and assignments of Accounts, verifications of Accounts, and notices to account debtors; (f) make, settle, and adjust all claims under and decisions with respect to Borrower's policies of insurance; (g) demand, collect, receive, sue, and give releases to any account debtor for the monies due or which may become due upon or with respect to the Accounts and to compromise, prosecute, or defend any action, claim, case or proceeding relating to the Accounts; (h) settle and adjust disputes and claims respecting the accounts directly with account debtors, for amounts and upon terms which Bank determines to be reasonable; (i) sell, assign, transfer, pledge, compromise, discharge or otherwise dispose of any Collateral; (j) execute on behalf of Borrower any and all instruments, documents, financing statements and the like to perfect Bank's interests in the Accounts and Collections and file, in its sole discretion, one or more financing or continuation statements and amendments thereto, relative to any of the Collateral; and (k) do all acts and things necessary or expedient, in furtherance of any such purposes. The appointment of Bank as Borrower's attorney in fact, and each and every one of Bank's rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions hereunder is terminated.

9.3 Accounts Collection. At any time after the occurrence of an Event of Default, Bank may notify any Person owing funds to Borrower of Bank's security interest in such funds and, whether or not an Event of Default has occurred, verify the amount of Borrower's Accounts. Borrower shall collect all amounts owing to Borrower for Bank, receive in trust all payments as Bank's trustee, and immediately deliver such payments to Bank in their original form as received from the account debtor, with proper endorsements for deposit.

9.4 Bank Expenses. If Borrower fails to pay any amounts or furnish any required proof of payment due to third persons or entities, as required under the terms of this Agreement, then Bank may do any or all of the following after reasonable notice to Borrower: (a) make payment of the same or any part thereof; (b) set up such reserves as Bank deems necessary to protect Bank from the exposure created by such failure; or (c) obtain and maintain insurance policies of the type discussed in Section 6.8 of this Agreement, and take any action with respect to such policies as Bank deems prudent. Any amounts so paid or deposited by Bank shall constitute Bank Expenses, shall be immediately due and payable, and shall bear interest at the then applicable rate hereinabove provided, and shall be secured by the Collateral. Any payments made by Bank shall not constitute an agreement by Bank to make similar payments in the future or a waiver by Bank of any Event of Default under this Agreement.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices, Bank shall not in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other person whomsoever. All risk of loss, damage or destruction of the Collateral shall be borne by Borrower.

9.6 Remedies Cumulative. Bank's rights and remedies under this Agreement, the Loan Documents, and all other agreements shall be cumulative. Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Bank of one right or remedy shall be deemed an election, and no waiver by Bank of any Event of Default on Borrower's part shall be deemed a continuing waiver. No delay by Bank shall constitute a waiver, election, or acquiescence by it. No waiver by Bank shall be effective unless made in a written document signed on behalf of Bank and then shall be effective only in the instance and for the purpose for which it was given.

9.7 Demand; Protest. Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees at any time held by Bank on which Borrower may in any way be liable.

10. NOTICES.

Unless otherwise provided in this Agreement, all notices or demands by any party relating to this Agreement or any other agreement entered into in connection herewith shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by a recognized overnight delivery service, certified mail, postage prepaid, return receipt requested, electronic mail, or by telefacsimile to Borrower or to Bank, as the case may be, at its addresses set forth below:

If to Borrower:

BACKBLAZE, INC.
500 Ben Franklin Court
San Mateo, CA 94401
Attn: Chief Financial Officer
FAX:
email:

If to Bank:

HOMESTREET BANK
99 Almaden Blvd., Suite 600
San Jose, CA 95113
Attn: Lillian Lee
FAX:
email:

HOMESTREET BANK
Legal Department
Attn: Brad Goergen
601 Union Street, Suite 2000
Seattle, WA 98101

The parties hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other.

11. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER; JUDICIAL REFERENCE.

This Agreement and all other Loan Documents (except as otherwise expressly provided in any of the Loan Documents) shall be governed by, and construed in accordance with, the internal laws of the State of California, without regard to principles of conflicts of law. Each of Borrower and Bank submits to the jurisdiction of the state and Federal courts located in Santa Clara County, California. BORROWER AND BANK EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS.

If the jury waiver set forth in this Section is not enforceable, then any dispute, controversy or claim arising out of or relating to this Agreement, the Loan Documents or any of the transactions contemplated therein shall be settled by judicial reference pursuant to Code of Civil Procedure Section 638 et seq. before a referee sitting without a jury, such referee to be mutually acceptable to the parties or, if no agreement is reached, by a referee appointed by the Presiding Judge of the California Superior Court for Santa Clara County. This Section shall not restrict a party from exercising remedies under the Code, or from exercising pre-judgment remedies under applicable law.

12. GENERAL PROVISIONS.

12.1 Successors and Assigns. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties; provided, however, that neither this Agreement nor any rights hereunder may be assigned by Borrower without Bank's prior written consent, which consent may be granted or withheld in Bank's sole discretion. Bank shall have the right without the consent of or notice to Borrower to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights and benefits hereunder.

12.2 Indemnification. Borrower shall defend, indemnify and hold harmless Bank and its officers, employees, and agents against: (a) all obligations, demands, claims, and liabilities claimed or asserted by any other party in connection with the transactions contemplated by this Agreement; and (b) all losses or Bank Expenses in any way suffered, incurred, or paid by Bank as a result of or in any way arising out of, following, or consequential to transactions between Bank and Borrower whether under this Agreement, or otherwise (including without limitation reasonable attorneys' fees and expenses), except for losses caused by Bank's gross negligence or willful misconduct.

12.3 Time of Essence. Time is of the essence for the performance of all obligations set forth in this Agreement.

12.4 Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

12.5 Amendments in Writing, Integration. Neither this Agreement nor the Loan Documents can be amended or terminated orally. All prior agreements, understandings, representations, warranties, and negotiations between the parties hereto with respect to the subject matter of this Agreement and the Loan Documents, if any, are merged into this Agreement and the Loan Documents.

12.6 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof. Notwithstanding the foregoing, Borrower shall deliver all original signed documents requested by Bank no later than ten (10) Business Days following the Closing Date.

12.7 Survival. All covenants, representations and warranties made in this Agreement shall continue in full force and effect so long as any Obligations remain outstanding or Bank has any obligation to make Credit Extensions to Borrower. The obligations of Borrower to indemnify Bank with respect to the expenses, damages, losses, costs and liabilities described in Section 12.2 shall survive until all applicable statute of limitations periods with respect to actions that may be brought against Bank have run.

12.8 Confidentiality; Disclosure. In handling any confidential information Bank and all employees and agents of Bank, including but not limited to accountants, shall exercise the same degree of care that it exercises with respect to its own proprietary information of the same types to maintain the confidentiality of any non-public information thereby received or received pursuant to this Agreement except that disclosure of such information may be made (i) to the subsidiaries or affiliates of Bank in connection with their present or prospective business relations with Borrower, (ii) to prospective transferees or purchasers of any interest in the loans, provided that they are similarly bound by confidentiality obligations, (iii) as required by law, regulations, rule or order, subpoena, judicial order or similar order, (iv) as may be required in connection with the examination, audit or similar investigation of Bank and (v) as Bank may determine in connection with the enforcement of any remedies hereunder. Confidential information hereunder shall not include information that either: (a) is in the public domain or in the knowledge or possession of Bank when disclosed to Bank, or becomes part of the public domain after disclosure to Bank through no fault of Bank; or (b) is disclosed to Bank by a third party, provided Bank does not have actual knowledge that such third party is prohibited from disclosing such information. Borrower authorizes Bank to disclose its relationship with Borrower, including use of Borrower's logo in Bank's promotional materials.

12.9 Patriot Act Notice. Bank notifies Borrower that, pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law on October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies Borrower, which information includes names and addresses and other information that will allow Bank to identify the Borrower in accordance with the Patriot Act.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

BACKBLAZE, INC.

By: /s/ Gleb Budman
Title: CEO

HOMESTREET BANK

By: /s/ Lillian Lee
Title: VP Partnership Manager

AMENDMENT NO. 1
LOAN & SECURITY AGREEMENT

This Amendment No. 1 to Loan and Security Agreement ("**Amendment**") is entered into as of November 26, 2019 (the "**First Amendment Effective Date**") by and among HomeStreet Bank ("**Bank**"), Backblaze, Inc., and each Person party hereto as a borrower from time to time (collectively, the "**Borrowers**" and each a "**Borrower**").

Recitals

WHEREAS, Borrower and Bank have entered into that certain Loan and Security Agreement dated as of October 11, 2017 (as may be amended, restated, or otherwise modified, the "**LSA**"), pursuant to which Bank has agreed to extend and make available to Borrower certain advances of money.

Whereas, Borrower has requested and Bank has agreed to modify certain provisions of the LSA, subject to the terms and conditions set forth herein.

Agreement

NOW THEREFORE, for due and adequate consideration, the parties intending to be legally bound do hereby agree as follows:

1. **Definitions**. Except as otherwise provided herein, capitalized terms shall have the meaning set forth in the LSA.

2. **Amendments**. The LSA is hereby amended as follows:

   a. **Section 1.1** The following defined terms are hereby amended and restated in their entirety, as follows:

   "Borrowing Base" means an amount equal to trailing four (4) months of Recurring Revenue from Eligible Recurring Revenue Contracts multiplied by the MRR Retention Rate (which MRR Retention Rate shall not exceed one hundred percent (100%)), tested on a monthly basis, as determined by Bank with reference to the most recent Borrowing Base Certificate delivered by Borrower.

   "MRR Retention Rate" means, as of the date of determination, one hundred percent (100%) minus the Churn Rate.

   "Revolving Line" means a credit extension of up to Fifteen Million Dollars ($15,000,000).

   "Revolving Maturity Date" means November 26, 2021.

   b. **Section 1.1** The following defined terms are hereby inserted alphabetically, as follows:

   "Capital Expenditures" means the aggregate of all expenditures by Borrower for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets, software or additions to equipment (including replacements, capitalized repairs and improvements) which are required to be capitalized under GAAP on the balance sheet of Borrower.

   "Churn Rate" means, as of the date of determination, the ratio, expressed as a percentage, of (x) the total monthly Recurring Revenue from Eligible Recurring Revenue Contracts for the twelve (12) month period ending on such date of determination that were cancelled or not renewed, divided by (y) the total monthly Recurring Revenue from all Eligible Recurring Revenue Contracts that were eligible to be renewed for the twelve (12) month period ending on such date.

   "First Amendment Effective Date" means November 26, 2019.

"Letter of Credit Exposure" means, as of any date of determination, the sum, without duplication, of (i) the aggregate undrawn amount of all outstanding standby letters of credit and any obligations of Bank related to purchased participations or indemnity or reimbursement obligations with respect to letters of credit, plus (ii) the aggregate unreimbursed amount of all drawn standby letters of credit until such amount becomes an Advance under the terms of this Agreement.

"Letter of Sublimit" means a sublimit for standby letters of credit under the Revolving Line not to exceed $2,000,000.

c. **Section 2.1(a) Revolving Advances.** Section 2.1(a) is hereby amended and restated in its entirety, as follows:

2.1(a) **Revolving Advances**.

(i) **Amount**. Subject to and upon the terms and conditions of this Agreement, Borrower may request Advances in an aggregate outstanding amount not to exceed the lesser of (A) the Revolving Line or (B) the Borrowing Base, in each case less any amounts reserved under the Letter of Credit Sublimit, and (2) amounts borrowed pursuant to this Section 2.1(a) may be repaid and reborrowed at any time prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(a) shall be immediately due and payable. Borrower may prepay any Advances without penalty or premium.

(ii) **Form of Request**. Whenever Borrower desires an Advance, Borrower will notify Bank by electronic mail, facsimile transmission or telephone no later than 3:00 p.m. Pacific Time, on the Business Day the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of **Exhibit B** hereto. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary to meet Obligations that have become due and remain unpaid. Bank may rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances to Borrower's deposit account.

(iii) **Letter of Credit Sublimit**. Subject to the availability under the Revolving Line, at any time and from time to time from the date hereof through the Business Day immediately prior to the Revolving Maturity Date, Borrower may request the provision of standby letters of credit from Bank. The aggregate Letter of Credit Exposure shall not exceed the Letter of Credit Sublimit, provided that availability under the Revolving Line shall be reduced by (i) the Letter of Credit Exposure. In addition, Bank may, in its sole discretion, charge as Advances any amounts for which Bank becomes liable to third parties in connection with the provision of the letters of credit. The terms and conditions (including repayment and fees) of such letters of credit shall be subject to the terms and conditions of the Bank's standard forms of application and agreement for the applicable letters of credit, which Borrower hereby agrees to execute.

d. **Section 2.7 Fees.** Section 2.3 is hereby amended and restated in its entirety, as follows:

2.7 **Fees**.

(a) **Facility Fee**. Borrower shall pay to Bank on or before the First Amendment Effective Date a fee in the amount of $37,500 (it being understood that $7,500 of such fee was paid by Borrower prior to the First Amendment Effective Date), which shall be nonrefundable.

(b) **Unused Fee**. Commencing with the fiscal quarter ending December 31, 2019 and thereafter, within ten (10) days of the last day of each quarter, a fee, payable in arrears, equal to one-quarter percent (0.25%) of the difference between the Revolving Line and the average daily balance of the sum of (i) the Advances and (ii) the Letter of Credit Exposure outstanding during such quarter, as determined by Bank, provided, however, such fee shall not exceed $75,000 in the aggregate during the period commencing on the First Amendment Effective Date and ending on the Revolving Maturity Date; and

(c) **Bank Expenses**. On the First Amendment Effective Date, all Bank Expenses incurred through the First Amendment Effective Date (not to exceed $5,000 for the account of Borrower), including reasonable attorneys' fees and expenses and, after the First Amendment Effective Date, all Bank Expenses, including reasonable attorneys' fees and expenses, as and when they are incurred by Bank.

e. **Section 6.3 Financial Statements, Reports, Certificates.** Section 6.3 is hereby amended and restated in its entirety, as follows:

6.3 **Financial Statements, Reports, Certificates**. Borrower shall deliver the following to Bank: (a) within thirty (30) days after the last day of each month, aged listings of accounts receivable and accounts payable, together with a month-by-month Recurring Revenue report, and B1C and B1B churn graphs, together with a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of **Exhibit C-1** hereto, if such certificate is requested by Bank; (b) as soon as available, but in any event within thirty (30) days after the end of each month, a Borrower prepared consolidated balance sheet, income, and cash flow statement covering Borrower's consolidated operations during such period, prepared in accordance with GAAP, consistently applied, in a form acceptable to Bank along with a Compliance Certificate signed by a Responsible Officer in substantially the form of **Exhibit D-1** hereto; (c) as soon as available, but in any event within two hundred ten (210) days after the end of Borrower's fiscal year, audited consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (d) copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and, if applicable, all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission; (e) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars ($100,000) or more, or any commercial tort claim acquired by Borrower; (f) as soon as available, but in any event no later than ten (10) days prior to the beginning of Borrower's next fiscal year, annual operating projections (including income statements, balance sheets and cash flow statements presented in a monthly format) approved by Borrower's Board of Directors for the upcoming fiscal year, in form and substance reasonably satisfactory to Bank, and (g) such budgets, sales projections, operating plans, other information as Bank may reasonably request from time to time.

f. **Section 6.9 Accounts.** Section 6.9 is hereby amended and restated in its entirety, as follows:

6.9 **Accounts**. Borrower shall maintain and shall cause each of its Subsidiaries to maintain its depository, operating, and investment accounts with Bank, provided, however, that Borrower may maintain up to $100,000 in the aggregate in accounts held with Wells Fargo Bank.

g. **Section 6.10 Financial Covenants.** Section 6.10(a) is hereby amended and restated in its entirety, as follows:

6.10 **Financial Covenants.**

(a) **Minimum EBITDA; Performance to Plan**. Borrower shall maintain at all times, measured quarterly, actual EBITDA of no less than eighty percent (80%) of the EBITDA projected in the annual board-approved projections for the applicable fiscal year submitted to Bank in accordance with Section 6.3(f) hereof.

(b) **Capitalized Expenditures**. Borrower's unfinanced Capital Expenditures shall not exceed Five Million Dollars ($5,000,000), and Borrower's aggregate Capitalized Expenditures for the fiscal year ending December 31, 2020 (inclusive of any unfinanced Capitalized Expenditures) shall not exceed Twenty Million Dollars ($20,000,000); the maximum aggregate Capital Expenditures for the fiscal year ending December 31, 2021 shall be reset based on the board-approved projections for the applicable fiscal year in Bank's discretion.

3. **Borrower's Representations and Warranties**. Borrower represents and warrants that:

a. Immediately upon giving effect to this Amendment (i) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (ii) no Event of Default has occurred and is continuing with respect to which Borrower has not been notified in writing by Bank.

b. Borrower has the corporate power and authority to execute and deliver this Amendment and to perform its obligations under the LSA, as amended by this Amendment.

c. The certificate of incorporation, bylaws and other organizational documents of Borrower delivered to Bank on the Closing Date remain true, accurate and complete and have not been amended, supplemented or restated (except for such amendments delivered to Bank on or prior to the date hereof) and are and continue to be in full force and effect, as amended.

d. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the LSA, as amended by this Amendment, have been duly authorized by all necessary corporate action on the part of Borrower.

e. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights; and

f. As of the date hereof, it has no defenses against the obligations to pay any amounts under the Obligations. Borrower acknowledges that Bank has acted in good faith and has conducted in a commercially reasonable manner its relationships with Borrower in connection with this Amendment and in connection with the Loan Documents.

Borrower understands and acknowledges that Bank is entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

4. **Limitation**. The amendments set forth in this Amendment shall be limited precisely as written and shall not be deemed (a) to be a waiver or modification of any other term or condition of the LSA or of any other instrument or agreement referred to therein or to prejudice any right or remedy which Bank may now have or may have in the future under or in connection with the LSA (as amended hereby) or any instrument or agreement referred to therein; or (b) to be a consent to any future amendment or modification or waiver to any instrument or agreement the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof. Except as expressly amended hereby, the LSA shall continue in full force and effect.

5. **Effectiveness**. This Amendment shall become effective upon the satisfaction of all of the following conditions precedent:

a. **Amendment**. Borrower and Bank shall have duly executed this Amendment.

b. **Payment of Fees and Expenses**. Borrower shall have paid all Bank Expenses (including all reasonable attorneys fees) incurred through the date of this Amendment.

6. **Counterparts**. This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment. This Amendment may be executed by facsimile, portable document format (.pdf) or similar technology signature, and such signature shall constitute an original for all purposes.

[Signature page follows]

[SIGNATURE PAGE TO AMENDMENT NO. 1 TO THE LOAN & SECURITY AGREEMENT]

BORROWERS

BACKBLAZE, INC.

By: /s/ John Tran
Name: John Tran
Title: CFO & COO

BANK

HOMESTREET BANK

By: /s/ A. Jay Fossum
Name: A. Jay Fossum
Title: V.P. Portfolio Manager

AMENDMENT NO. 2
LOAN & SECURITY AGREEMENT

This Amendment No. 2 to Loan and Security Agreement ("**Amendment**") is entered into as of December 19, 2020 (the "**Second Amendment Effective Date**") by and among HomeStreet Bank ("**Bank**"), Backblaze, Inc., and each Person party hereto as a borrower from time to time (collectively, the "**Borrowers**" and each a "**Borrower**").

Recitals

WHEREAS, Borrower and Bank have entered into that certain Loan and Security Agreement dated as of October 11, 2017 (as may be amended, restated, or otherwise modified, the "**LSA**"), pursuant to which Bank has agreed to extend and make available to Borrower certain advances of money.

Whereas, Borrower has requested and Bank has agreed to modify certain provisions of the LSA, subject to the terms and conditions set forth herein.

Agreement

NOW THEREFORE, for due and adequate consideration, the parties intending to be legally bound do hereby agree as follows:

1. **Definitions**. Except as otherwise provided herein, capitalized terms shall have the meaning set forth in the LSA.

2. **Amendments**. The LSA is hereby amended as follows:

   a. **Section 6.10 Financial Covenants.** Section 6.10(b) is hereby amended and restated in its entirety, as follows:

      6.10(b) **Capitalized Expenditures**. Borrower's unfinanced Capital Expenditures shall not exceed Ten Million Dollars ($10,000,000), and Borrower's aggregate Capitalized Expenditures for the fiscal year ending December 31, 2020 (inclusive of any unfinanced Capitalized Expenditures) shall not exceed Twenty-Five Million Dollars ($25,000,000); the maximum aggregate Capital Expenditures for the fiscal year ending December 31, 2021 shall be reset based on the board-approved projections for the applicable fiscal year in Bank's discretion.

   b. **Exhibits and Schedules.** The exhibits and schedules previously provided to or by Bank are hereby updated and amended, if applicable, as of the Second Amendment Effective Date by the exhibits and schedules attached to this Amendment.

3. **Borrower's Representations and Warranties**. Borrower represents and warrants that:

   a. Immediately upon giving effect to this Amendment (i) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (ii) no Event of Default has occurred and is continuing with respect to which Borrower has not been notified in writing by Bank.

   b. Borrower has the corporate power and authority to execute and deliver this Amendment and to perform its obligations under the LSA, as amended by this Amendment.

   c. The certificate of incorporation, bylaws and other organizational documents of Borrower delivered to Bank on the Closing Date remain true, accurate and complete and have not been amended, supplemented or restated (except for such amendments delivered to Bank on or prior to the date hereof) and are and continue to be in full force and effect, as amended.

d. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the LSA, as amended by this Amendment, have been duly authorized by all necessary corporate action on the part of Borrower.

e. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights; and

f. As of the date hereof, it has no defenses against the obligations to pay any amounts under the Obligations. Borrower acknowledges that Bank has acted in good faith and has conducted in a commercially reasonable manner its relationships with Borrower in connection with this Amendment and in connection with the Loan Documents.

Borrower understands and acknowledges that Bank is entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

4. **Limitation**. The amendments set forth in this Amendment shall be limited precisely as written and shall not be deemed (a) to be a waiver or modification of any other term or condition of the LSA or of any other instrument or agreement referred to therein or to prejudice any right or remedy which Bank may now have or may have in the future under or in connection with the LSA (as amended hereby) or any instrument or agreement referred to therein; or (b) to be a consent to any future amendment or modification or waiver to any instrument or agreement the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof. Except as expressly amended hereby, the LSA shall continue in full force and effect.

5. **Effectiveness**. This Amendment shall become effective upon the satisfaction of all of the following conditions precedent:

a. **Amendment**. Borrower and Bank shall have duly executed this Amendment.

b. **Payment of Fees and Expenses**. Borrower shall have paid all Bank Expenses (including all reasonable attorneys fees) incurred through the date of this Amendment.

6. **Counterparts**. This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment. This Amendment may be executed by facsimile, portable document format (.pdf) or similar technology signature, and such signature shall constitute an original for all purposes.

[Signature page follows]

[SIGNATURE PAGE TO AMENDMENT NO. 2 TO THE LOAN & SECURITY AGREEMENT]

BORROWERS

BACKBLAZE, INC.

By: /s/ Frank Patchel
Name: Frank Patchel
Title: CFO

BANK

HOMESTREET BANK

By: /s/ Lillian Lee
Name: Lillian Lee
Title: VP Portfolio Manager

AMENDMENT NO. 3
LOAN & SECURITY AGREEMENT

This Amendment No. 3 to Loan and Security Agreement ("**Amendment**") is entered into as of April 5, 2021 (the "**Third Amendment Effective Date**") by and among HomeStreet Bank ("**Bank**"), Backblaze, Inc., and each Person party hereto as a borrower from time to time (collectively, the "**Borrowers**" and each a "**Borrower**").

Recitals

WHEREAS, Borrower and Bank have entered into that certain Loan and Security Agreement dated as of October 11, 2017 (as may be amended, restated, or otherwise modified, the "**LSA**"), pursuant to which Bank has agreed to extend and make available to Borrower certain advances of money.

Whereas, Borrower has requested and Bank has agreed to modify certain provisions of the LSA, subject to the terms and conditions set forth herein.

Agreement

NOW THEREFORE, for due and adequate consideration, the parties intending to be legally bound do hereby agree as follows:

1. **Definitions**. Except as otherwise provided herein, capitalized terms shall have the meaning set forth in the LSA.

2. **Amendments**. The LSA is hereby amended as follows:

   a. **Section 1.1** The following defined terms are hereby amended and restated in their entirety, as follows:

   "Revolving Line" means a credit extension of up to Ten Million Dollars ($10,000,000).

   "Revolving Maturity Date" means June 1, 2022.

   b. **Section 1.1** The defined terms "Letter of Credit Exposure" and "Letter of Credit Sublimit" are hereby deleted in their entirety.

   c. **Section 2.1(a) Revolving Advances.** Section 2.1(a) is hereby amended and restated in its entirety, as follows:

   2.1(a) Revolving Advances.

   (i) Amount. Subject to and upon the terms and conditions of this Agreement, Borrower may request, in each case following Bank's prior written approval, Advances in an aggregate outstanding amount not to exceed the lesser of (A) the Revolving Line or (B) the Borrowing Base, and (2) amounts borrowed pursuant to this Section 2.1(a) may be repaid and reborrowed at any time prior to the Revolving Maturity Date, at which time all Advances under this Section 2.1(a) shall be immediately due and payable. Borrower may prepay any Advances without penalty or premium.

   (ii) Form of Request. Whenever Borrower desires an Advance, following receipt of Bank's prior written approval, Borrower will notify Bank by electronic mail, facsimile transmission or telephone no later than 3:00 p.m. Pacific Time, on the Business Day the Advance is to be made. Each such notification shall be promptly confirmed by a Payment/Advance Form in substantially the form of Exhibit B hereto. Bank is authorized to make Advances under this Agreement, based upon instructions received from a Responsible Officer or a designee of a Responsible Officer, or without instructions if in Bank's discretion such Advances are necessary

to meet Obligations that have become due and remain unpaid. Bank may rely on any telephonic notice given by a person who Bank reasonably believes to be a Responsible Officer or a designee thereof, and Borrower shall indemnify and hold Bank harmless for any damages or loss suffered by Bank as a result of such reliance. Bank will credit the amount of Advances to Borrower's deposit account.

d. **Section 2.3(a) Interest Rats.** Section 2.3(a) is hereby amended and restated in its entirety, as follows:

2.3(a) Interest Rate. Except as set forth in Section 2.3(b), the Advances shall bear interest, on the outstanding Daily Balance thereof, at a rate equal to one percent (1.00%) above the Prime Rate.

e. **Section 2.7(a) Facility Fee.** Section 2.7(a) is hereby amended and restated in its entirety, as follows:

2.7(a) Facility Fee. Borrower shall pay to Bank on or before the Third Amendment Effective Date a fee in the amount of $100,000 which shall be nonrefundable.

f. **Section 2.7(b) Unused Fee.** Section 2.7(b) is hereby amended and restated in its entirety, as follows:

2.7(b) Unused Fee. Commencing with the fiscal quarter ending June 30, 2021 and thereafter, within ten (10) days of the last day of each quarter, a fee, payable in arrears, equal to one-quarter percent (0.25%) of the difference between the Revolving Line and the average daily balance of the Advances outstanding during such quarter, as determined by Bank; and

g. **Section 2.7(c) Bank Expenses.** Section 2.7(c) is hereby amended and restated in its entirety, as follows:

2.7(c) Bank Expenses. On the Third Amendment Effective Date, all Bank Expenses incurred through the Third Amendment Effective Date, including reasonable attorneys' fees and expenses and, after the First Amendment Effective Date, all Bank Expenses, including reasonable attorneys' fees and expenses, as and when they are incurred by Bank.

h. **Section 2.7(d) Success Fee.** A new Section 2.7(d) is hereby inserted immediately after Section 2.7(c), as follows:

2.7(d) Success Fee. Subject to Borrower's completion of an initial public offering, Borrower shall pay to Bank a fee in the amount of $125,000 on the earlier of (i) the Revolving Maturity Date or (ii) the date the Obligations become immediately due and payable.

i. **Section 6.3 Financial Statements, Reports, Certificates.** Section 6.3 is hereby amended and restated in its entirety, as follows:

6.3 Financial Statements, Reports, Certificates. Borrower shall deliver the following to Bank: (a) within thirty (30) days after the last day of each month, aged listings of accounts receivable and accounts payable, together with a month-by-month Recurring Revenue report, and B1C and B1B churn graphs, together with a Borrowing Base Certificate signed by a Responsible Officer in substantially the form of **Exhibit C-1** hereto, if such certificate is requested by Bank; (b) as soon as available, but in any event within thirty (30) days after the end of each month, a Borrower prepared consolidated balance sheet, income, and cash flow statement covering Borrower's consolidated operations during such period, prepared in accordance with GAAP, consistently applied, in a form acceptable to Bank along with a Compliance Certificate signed by a Responsible Officer in substantially the form of **Exhibit D-2** hereto; (c) as soon as available, but in any event within one hundred fifty (150) days after the end of Borrower's fiscal year, audited

consolidated financial statements of Borrower prepared in accordance with GAAP, consistently applied, together with an unqualified opinion on such financial statements of an independent certified public accounting firm reasonably acceptable to Bank; (d) copies of all statements, reports and notices sent or made available generally by Borrower to its security holders or to any holders of Subordinated Debt and, if applicable, all reports on Forms 10-K and 10-Q filed with the Securities and Exchange Commission; (e) promptly upon receipt of notice thereof, a report of any legal actions pending or threatened against Borrower or any Subsidiary that could result in damages or costs to Borrower or any Subsidiary of One Hundred Thousand Dollars ($100,000) or more, or any commercial tort claim acquired by Borrower; (f) as soon as available, but in any event no later than ten (10) days prior to the beginning of Borrower's next fiscal year, annual operating projections (including income statements, balance sheets and cash flow statements presented in a monthly format) approved by Borrower's Board of Directors for the upcoming fiscal year, in form and substance reasonably satisfactory to Bank, and (g) such budgets, sales projections, operating plans, other information as Bank may reasonably request from time to time.

j. **Section 6.10 Financial Covenants. Section 6.10 is hereby amended and restated in its entirety, as follows:**

6.10 Financial Covenants.

(a) Minimum EBITDA; Performance to Plan. Borrower shall maintain at all times, measured quarterly, actual EBITDA of no less than eighty percent (80%) of the EBITDA projected in the board-approved initial public offering projections for the 2021 fiscal year; if Borrower's initial public offering is not completed on or before June 30, 2021, Borrower shall submit updated projections approved by Borrower's board for the 2021 fiscal year on or before July 31, 2021, and the minimum EBITDA level for subsequent periods shall be re-set in Bank's discretion based on the updated projections and on the board-approved projections submitted to Bank in accordance with Section 6.3(f) hereof.

(b) Capitalized Expenditures. Borrower's Capital Expenditures shall not exceed Twenty Million Dollars ($20,000,000); the maximum aggregate Capital Expenditures for the fiscal year ending December 31, 2022 shall be reset based on the board-approved projections for the applicable fiscal year in Bank's discretion.

k. **Exhibits and Schedules.** The exhibits and schedules previously provided to or by Bank are hereby updated and amended, if applicable, as of the Third Amendment Effective Date by the exhibits and schedules attached to this Amendment.

3. **Borrower's Representations and Warranties**. Borrower represents and warrants that:

a. Immediately upon giving effect to this Amendment (i) the representations and warranties contained in the Loan Documents are true, accurate and complete in all material respects as of the date hereof (except to the extent such representations and warranties relate to an earlier date, in which case they are true and correct as of such date), and (ii) no Event of Default has occurred and is continuing with respect to which Borrower has not been notified in writing by Bank.

b. Borrower has the corporate power and authority to execute and deliver this Amendment and to perform its obligations under the LSA, as amended by this Amendment.

c. The certificate of incorporation, bylaws and other organizational documents of Borrower delivered to Bank on the Closing Date remain true, accurate and complete and have not been amended, supplemented or restated (except for such amendments delivered to Bank on or prior to the date hereof) and are and continue to be in full force and effect, as amended.

d. The execution and delivery by Borrower of this Amendment and the performance by Borrower of its obligations under the LSA, as amended by this Amendment, have been duly authorized by all necessary corporate action on the part of Borrower.

e. This Amendment has been duly executed and delivered by Borrower and is the binding obligation of Borrower, enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights; and

f. As of the date hereof, it has no defenses against the obligations to pay any amounts under the Obligations. Borrower acknowledges that Bank has acted in good faith and has conducted in a commercially reasonable manner its relationships with Borrower in connection with this Amendment and in connection with the Loan Documents.

Borrower understands and acknowledges that Bank is entering into this Amendment in reliance upon, and in partial consideration for, the above representations and warranties, and agrees that such reliance is reasonable and appropriate.

4. **Limitation**. The amendments set forth in this Amendment shall be limited precisely as written and shall not be deemed (a) to be a waiver or modification of any other term or condition of the LSA or of any other instrument or agreement referred to therein or to prejudice any right or remedy which Bank may now have or may have in the future under or in connection with the LSA (as amended hereby) or any instrument or agreement referred to therein; or (b) to be a consent to any future amendment or modification or waiver to any instrument or agreement the execution and delivery of which is consented to hereby, or to any waiver of any of the provisions thereof. Except as expressly amended hereby, the LSA shall continue in full force and effect.

5. **Effectiveness**. This Amendment shall become effective upon the satisfaction of all of the following conditions precedent:

a. **Amendment**. Borrower and Bank shall have duly executed this Amendment.

b. **Payment of Fees and Expenses**. Borrower shall have paid the Facility Fee in the amount of $100,000 and all Bank Expenses (including all reasonable attorneys fees) incurred through the date of this Amendment.

6. **Counterparts**. This Amendment may be signed in any number of counterparts, and by different parties hereto in separate counterparts, with the same effect as if the signatures to each such counterpart were upon a single instrument. All counterparts shall be deemed an original of this Amendment. This Amendment may be executed by facsimile, portable document format (.pdf) or similar technology signature, and such signature shall constitute an original for all purposes.

[Signature page follows]

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO THE LOAN & SECURITY AGREEMENT]

BORROWERS

BACKBLAZE, INC.

By: /s/ Francis Patchel
Name: F. P. Patchel
Title: CFO

BANK

HOMESTREET BANK

By: /s/ Lillian Lee
Name: Lillian Lee
Title: VP Portfolio Manager

Exhibit 10.7

THIS INSTRUMENT AND ANY SECURITIES ISSUABLE PURSUANT HERETO HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "***SECURITIES ACT***"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED IN THIS SAFE AND UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM.

BACKBLAZE, INC.

SAFE
(Simple Agreement for Future Equity)

THIS CERTIFIES THAT in exchange for the payment by (the "***Investor***") of USD **$** (the "***Purchase Amount***") as of (the "***Effective Date***"), Backblaze, Inc., a Delaware corporation (the "***Company***"), issues to the Investor the right to certain shares of the Company's Common Stock, subject to the terms described below. See Section 4 for certain additional defined terms.

1. Events.

(a) ***IPO Liquidity Event***.

(1) If there is an IPO before the termination of this Safe, this Safe will automatically convert into the number of shares of Common Stock of the Company, of the same type of shares issued to purchasers in the IPO (the "***Shares***"), equal to the Purchase Amount, plus accrued interest hereunder, divided by the IPO Discount Price. The "***IPO Discount Price***" is equal to (i) the public offering price set forth on the cover page of the final prospectus in connection with the IPO (or in the event of a direct listing, the published "reference price"), multiplied by (ii) one (1) *minus* the Discount (as defined below).

(2) The "***Discount***" shall initially be equal to 10% and shall increase by an additional 10% annually following the Effective Date, subject to a maximum discount of 50%. The Discount shall be adjusted pro-rata on a monthly basis, increasing on the monthly anniversary of the Effective Date (*e.g.*, upon the 6th month and 24th month anniversary, the Discount would be 15% and 30%, respectively).

(3) In the event of a SPAC transaction in which the Company merges with, or is acquired by, a publicly traded SPAC thereby enabling a public market for shares of the Company's Common Stock, immediately prior to the consummation of such merger or acquisition, this Safe will automatically convert into the number of shares of Common Stock of the Company based on the Purchase Amount, plus accrued interest hereunder, and a conversion ratio that reflects the Discount applied to the merger consideration for the shares of the Company's Common Stock for equivalent economic effect.

(b) ***Change of Control Event***. If there is a Change of Control before the termination of this Safe, this Safe will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Change of Control, equal to, at the election of Investor,(i) the Purchase Amount, plus accrued interest hereunder, in cash (the "***Cash-Out Amount***"), or (ii) in the event of cash consideration for holders of the Company's Common Stock in the Change of Control, the amount payable on the number of shares of Common Stock equal to the Purchase Amount, plus accrued interest

hereunder, divided by the Change of Control Price (the "***Change of Control Share Amount***"), or in the event of equity consideration (*i.e.*, conversion into shares of the acquiring company) for holders of the Company's Common Stock in the Change of Control, automatic conversion immediately prior to the consummation of the Change of Control into that number of shares of the Company's Common Stock based on the Purchase Amount, plus accrued interest hereunder, and a conversion ratio that reflects the Discount applied to the merger consideration for the shares of the Company's Common Stock (the "***Change of Control Shares***") for equivalent economic effect. If the Company's holders of Common Stock are given a choice as to the form and amount of Proceeds to be received in a Change of Control, the Investor will be given the same choice, *provided* that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor's failure to satisfy any requirement or limitation generally applicable to the Company's securityholders, or under any applicable laws.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce the cash portion of Proceeds payable to the Investor by the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, provided that such reduction (A) does not reduce the total Proceeds payable to such Investor and (B) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under Section 3(b).

(c) ***Dissolution Event***. If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 3(b)) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

(d) ***Termination***. This Safe will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this Safe) immediately following the earliest to occur of: (i) the issuance of Common Stock to the Investor pursuant to the automatic conversion of this Safe into equity under Section 1(a) or Section 1(b); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

2. Interest Rate.

(a) Interest shall accrue at the simple rate of 5% per annum of the outstanding Purchase Amount commencing upon the Effective Date and continuing until the outstanding principal amount has been paid in full or converted. The accrued interest shall be added to the Purchase Amount upon conversion into equity under Section 1(a) or Section 1(b) or the payment of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

(b) Interest shall be computed on the basis of a year of 365 days for the actual number of days elapsed.

3. Subordination.

(a) ***Senior Indebtedness***. This Safe and the Purchase Amount and any accrued interest hereunder shall be unsecured obligations of the Company and subordinated to any Senior Indebtedness of the Company. "***Senior Indebtedness***" means all monetary obligations, liabilities and other indebtedness owed by the Company to any banking or equivalent financial institutions, including without limitation, any line of credit or revolving credit arrangement, whether now existing or from time to time hereafter

arising, together with any amendments, modifications, renewals or extensions thereof (collectively, "***Banking Indebtedness***"). For purposes of this Safe, Senior Indebtedness shall also include the Company's obligations, liabilities and other indebtedness owed by the Company to any leasing company or institution relating to the Company's equipment leases, whether now existing or from time to time hereafter arising, together with any amendments, modifications, renewals or extensions thereof (collectively, the "***Leasing Indebtedness***").

(b) ***Liquidation Priority***. In a Change of Control or Dissolution Event, this Safe is intended to operate like standard equity (non-participating Preferred Stock or Common Stock), subject to the priority below. The Investor's right to receive its Cash-Out Amount is:

(1) Junior to payment of outstanding indebtedness and creditor claims, including any and all Senior Indebtedness and contractual claims for payment;

(2) On par with payments for other Safes, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes in proportion to the full payments that would otherwise be due; and

(3) Senior to payments for Preferred Stock and Common Stock.

The Investor's right to receive the Change of Control Share Amount is (A) on par with payments for Common Stock and Preferred Stock who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Common Stock basis, and (B) junior to payments described in clauses 3(b)(1) and (2) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

(c) The Company and Investor further agree to execute such other agreements and documents, including without limitation, subordination and/or intercreditor agreements, as reasonably requested by the Company's current and/or prospective banking, lender or other financial institution, substantially consistent with the terms contemplated herein.

4. Definitions

"**Change of Control**" means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"**Dissolution Event**" means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company (excluding a Change of Control), whether voluntary or involuntary.

"**Dividend Amount**" means, with respect to any date on which the Company pays a dividend on its outstanding Common Stock, the amount of such dividend that is paid per share of Common Stock multiplied by (x) the Purchase Amount, plus accrued interest hereunder, divided by (y) the Change of Control Price (treating the dividend date as a Change of Control solely for purposes of calculating such Change of Control Price).

"**IPO**" means the closing of the Company's initial public offering of Common Stock pursuant to an effective registration statement filed under the Securities Act (including a firm commitment underwritten public offering or direct listing).

"**Change of Control Price**" means the price per share equal to (i) the fair market value of the Common Stock at the time of the Change of Control, as determined by reference to the purchase price payable in connection with such Change of Control, multiplied by (ii) one (1) *minus* the Discount.

"**Proceeds**" means cash and other assets (including without limitation stock consideration) that are proceeds from the Change of Control or the Dissolution Event, as applicable, and legally available for distribution.

"**Safe**" means an instrument containing a future right to shares of Common Stock, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company's business operations. References to "this Safe" mean this specific instrument.

5. Company Representations.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this Safe is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company (subject to section 3(d)). This Safe constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity. To its knowledge, the Company is not in violation of (i) its current certificate of incorporation or bylaws, (ii) any material statute, rule or regulation applicable to the Company, or (iii) any material debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this Safe do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company, (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound, or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations, subject to any applicable consents or approvals contemplated in Section 5(d) below.

(d) No consents or approvals are required in connection with the performance of this Safe, other than: (i) the Company's corporate and bank approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Common Stock issuable pursuant to Section 1.

6. Investor Representations.

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder. This Safe constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) The Investor is an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and acknowledges and agrees that if not an accredited investor at the time of a conversion into equity securities under Section 1(a) or 1(b), the Company may void this Safe and return the Purchase Amount together with any accrued interest. The Investor has been advised that this Safe and the underlying securities have not been registered under the Securities Act, or any state securities laws and, therefore, cannot be resold unless they are registered under the Securities Act and applicable state securities laws or unless an exemption from such registration requirements is available. The Investor is purchasing this Safe and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

(c) To the extent the Investor is based outside of the United States, or the funds used to provide the Purchase Amount originated outside of the United States, the Investor further agrees as follows:

(1) Neither the Investor nor any director, officer, beneficial owner or representative of Investor, is subject to any U.S. sanctions or similar restrictions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("***OFAC***"), the United States Government Consolidated Screening List, money laundering statutes and regulations, or any other applicable governmental list or regulation that would prohibit or restrict the transactions contemplated herein, and the Investor is not owned or controlled, directly or indirectly, by or on behalf of, any individual or entity, subject to any such economic sanctions, or any entity owned 50% or more (individually or in aggregate) by any entity or entities subject to such economic sanctions, now or at the time of any such conversion of this Safe into equity securities pursuant to the terms hereunder. Neither the Investor nor any director, officer, agent, employee of Investor, as applicable, will take any action that would result in a violation of any sanctions administered or enforced by OFAC, the U.S. Department of State, or other relevant sanctions authority.

(2) Investor is in compliance with (a) applicable laws or regulations within its jurisdiction for the purchase of this Safe and any subsequent conversion into equity securities as may be contemplated hereunder, (b) any foreign exchange restrictions applicable to the transactions contemplated hereunder, (c) any governmental or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, that may be relevant to the transactions contemplated hereunder.

(3) Investor has had access to all information regarding the Company that Investor reasonably considers important in making the decision to enter into this Safe, and Investor has had ample opportunity to ask questions of the Company's representatives and receive adequate answers and information concerning such matters.

7. "Market Stand-Off."

(a) Investor hereby agrees that the Shares in connection with an IPO or SPAC transaction shall be subject to the following lock-up provisions: (i) 1/3rd of the Shares shall not be subject to any lock-up restrictions, (ii) 1/3rd of the Shares shall be subject to a lock-up provision not to exceed 90 days following the closing of the IPO, and (iii) 1/3rd of the Shares shall be subject to a lock-up provision not to exceed 180 days following the closing of the IPO (or such earlier date as substantially all employees have been released from similar lock-up provisions).

(b) Investor hereby agrees that during the applicable lock-up period, the Investor will not, without the prior written consent of the Company and managing underwriter (if applicable), during the period commencing on the date of the final prospectus relating to the registration by the Company of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-l, and ending on the applicable date for the period specified above, (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock subject to such lock-up provision, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise.

(c) The foregoing provisions of this lock-up provision shall apply only to the IPO or SPAC transaction, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, or the transfer of any shares to any trust for the direct or indirect benefit of Investor or the immediate family of Investor, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value.

(d) The underwriters in connection with such registration are intended third-party beneficiaries of this lock-up provision and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Investor further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this lock-up provision or that are necessary to give further effect thereto.

8. Subsequent SAFE Offerings.

(a) If the Company (i) issues any Safes or other convertible securities after the issuance of the Safe and while this Safe is outstanding with the principal purpose of raising capital, including but not limited to, convertible promissory notes, KISSes, or other similar instruments (collectively, "***Instruments***", provided that any Senior Indebtedness instruments and stock options, restricted stock units (RSUs) and other forms of equity awards granted to employees or consultants under the Company's equity plans are excluded from the definition of Instruments and Subsequent Convertible Securities), or (ii) amends any outstanding Instruments (either, "***Subsequent Convertible Securities***"), the Company will

promptly provide the Investor with written notice thereof (the "***Subsequent Offering Notice***"), together with a copy of all documentation relating to such Subsequent Convertible Securities and, upon written request of the Investor, any additional information related to such Subsequent Convertible Securities, as may be reasonably requested by the Investor.

(b) In the event the Investor determines that all of the terms and conditions of the Subsequent Convertible Securities are preferable in the aggregate to all of the terms and conditions of this Safe, within thirty (30) days after the Subsequent Offering Notice, the Investor may elect (at such Investor's option) to exchange this Safe into the Subsequent Convertible Securities, which exchange shall reflect the Purchase Amount and any and all accrued interest as of such exchange date. Upon such exchange, this Safe shall terminate.

9. Miscellaneous.

(a) Any provision of this Safe may be amended, waived or modified by written consent of the Company and either (i) the Investor or (ii) the majority-in-interest of all then-outstanding Safes entered into on or about the same Effective Date as this Safe, *provided that* with respect to clause (ii): (A) the Purchase Amount may not be amended, waived or modified in this manner, (B) the consent of the Investor and each holder of such Safes must be solicited (even if not obtained), and (C) such amendment, waiver or modification treats all such holders in the same manner. "Majority-in-interest" refers to the holders of the applicable group of Safes whose Safes have a total Purchase Amount greater than 50% of the total Purchase Amount of all of such applicable group of Safes.

(b) Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Common Stock for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued on the terms described in Section 1. However, if the Company pays a dividend on outstanding shares of Common Stock (that is not payable in shares of Common Stock) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

(d) Neither this Safe nor the rights in this Safe are transferable or assignable, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this Safe and/or its rights may be assigned without the Company's consent by the Investor (i) to the Investor's estate, heirs, executors, administrators, guardians and/or successors in the event of Investor's death or disability, or (ii) to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this Safe in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(e) In the event any one or more of the provisions of this Safe is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Safe operate or would prospectively operate to invalidate this Safe, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Safe and the remaining provisions of this Safe will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of the State of California, without regard to the conflicts of law provisions of such jurisdiction.

(g) The parties acknowledge and agree that for United States federal and state income tax purposes this Safe is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this Safe consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

(g) The Company shall make available the information rights to Investor on the terms and conditions set forth in the excerpt from that certain Investor Rights Agreement, by and among the Company and certain investors thereto, as attached hereto as Exhibit A, and Investor hereby agrees to be bound by such terms and conditions.

(*Signature page follows*)

IN WITNESS WHEREOF, the undersigned have caused this Safe to be duly executed and delivered.

BACKBLAZE, INC.

Signature: _____

Print Name: _____

Title: _____

INVESTOR:

Entity Name: _____

Signature: _____

Print Name: _____

Title: _____

Email: _____

Address: _____

_____

_____

EXHIBIT A

Excerpt from Investors Rights Agreement

3. Information Rights.

3.1 Delivery of Financial Statements. The Company shall deliver to the Investor:

(a) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company, (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, all such financial statements audited and certified by independent public accountants of regionally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, unaudited statements of income and of cash flows for such fiscal quarter, and an unaudited balance sheet and a statement of stockholders' equity as of the end of such fiscal quarter, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(c) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the Common Stock issuable upon conversion or exercise of any outstanding securities convertible or exercisable for Common Stock and the exchange ratio or exercise price applicable thereto, and the number of shares of issued stock options and stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Investor to calculate its percentage equity ownership in the Company, and certified by the chief financial officer or chief executive officer of the Company as being true, complete, and correct;

(d) upon each request by Investor (each such request shall be deemed a request for a single month's materials to be provided pursuant to this Section 3.1(d)) as soon as practicable, but in any event within thirty (30) days of the end of each month, an unaudited income statement and statement of cash flows for such month, and an unaudited balance sheet as of the end of such month, all prepared in accordance with GAAP (except that such financial statements may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto that may be required in accordance with GAAP);

(e) as soon as practicable, but in any event thirty (30) days before the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "Budget"), approved by the Board of Directors, and prepared on a monthly basis, including balance sheets, income statements, and statements of cash flow for such months and, promptly after prepared, any other budgets or revised budgets prepared by the Company; and

(f) such other information relating to the financial condition, business, prospects, or corporate affairs of the Company as the Investor may from time to time reasonably request; provided, however, that the Company shall not be obligated under this Subsection 3.1 to provide information (i) that the Company reasonably determines in good faith to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or (ii) the disclosure of which would adversely affect the attorney client privilege between the Company and its counsel.

If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries.

Notwithstanding anything else in this Subsection 3.1 to the contrary, the Company may cease providing the information set forth in this Subsection 3.1 during the period starting with the date thirty (30) days before the Company's good-faith estimate of the date of filing of a registration statement if it reasonably concludes it must do so to comply with the SEC rules applicable to such registration statement and related offering; provided that the Company's covenants under this Subsection 3.1 shall be reinstated at such time as the Company is no longer actively employing its commercially reasonable efforts to cause such registration statement to become effective.

3.2 Inspection. The Company shall permit the Investor, at such Investor's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by the Investor; provided, however, that the Company shall not be obligated pursuant to this Subsection 3.2 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information Rights. The covenants set forth in Subsection 3.1 and Subsection 3.2 shall terminate and be of no further force or effect (i) immediately before the consummation of the IPO or a Liquidation Event, or (ii) when the Company first becomes subject to the periodic reporting requirements of Section l2(g) or 15(d) of the Exchange Act.

3.4 Confidentiality. The Investor agrees that such Investor will keep confidential and will not disclose, divulge, or use for any purpose (other than to monitor its investment in the Company) any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.4 by such Investor), (b) is or has been independently developed or conceived by the Investor without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company; (ii) to any prospective purchaser of any Registrable Securities from such Investor, if such prospective

purchaser agrees to be bound by the provisions of this Section 3.4; (iii) to any existing or prospective Affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided that such Investor informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by law or regulation (including, without limitation, applicable rules of a stock exchange), provided that the Investor promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

Backblaze, Inc.
San Mateo, California

We hereby consent to the use in the Prospectus constituting a part of this Registration Statement of our report dated May 11, 2021, relating to the financial statements of Backblaze, Inc., which is contained in that Prospectus.

We also consent to the reference to us under the caption “Experts” in the Prospectus.

/s/ BDO USA, LLP

San Jose, California
October 18, 2021