



Q3 2024 Results



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Important Information About This Presentation

Cautionary Note Regarding Forward-Looking Statements

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

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

Non-GAAP Financial Measures

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



Our Mission

We make it astonishingly easy to store, use, and protect data.



Key Highlights

- Go-to-market Transformation
- Streamlining Cost Structure
- New Data Center Region
- Feeding the GenAI Supply Chain Opportunity



Next Stage of Growth and Profitability

Initiatives

Go-to-Market Transformation

- Upskill the Sales Team
- Deepen Partnerships
- Execute Core Sales Plays

Streamlining the Cost Structure

- Maximize ROI
- Improve Operating Leverage
- Accelerate Path to Profitability

Proof points

Go-to-Market Transformation

- Signed 2 Multi-year Deals of approx. \$1M each
- Channel Pipeline Generation Doubled 2x Y/Y
- Entering Q4 2024 with Record Pipeline

Streamlining the Cost Structure

- Target over \$8M in Annual Cost Savings
- 75% Incremental Cash Contribution Margin
- Target ~20% Adj. EBITDA Margin in Q4 2025, ~2x over 2024

NOTES: The above information includes estimated go-to-market transformation actions, estimates of future revenue from certain customer engagements, channel pipeline, potential annual savings from cost cutting initiatives, projected cash contribution margin and Adj. EBITDA margins targeted for Q4 2025, which are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may not achieve the anticipated results or otherwise may differ materially. Please refer to the definition of Adj. EBITDA in the Appendix. A reconciliation of non-generally accepted accounting principles (GAAP) guidance measures to corresponding GAAP measures for Adjusted EBITDA Margin is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of expenses and other factors in the future.

New Data Center Region in Canada

- Data center opening in Q1 2025
- Partnered with Opti9, the largest Veeam MSP in Canada
- Exciting addition to existing data regions in US and Europe





Feeding the GenAI Supply Chain

- 3 new AI customers generating \$500k in annual revenue run rate
- Data stored by AI customers grew 2x year over year

“Backblaze is an amazing solution for AI training data. We looked at a number of options and Backblaze is seriously the best.”

AI Customer, Co-Founder and CEO

NOTES: The above information includes estimates for future revenue from certain customer engagements, which are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may not achieve the anticipated results or otherwise may differ materially. Data stored by AI customers reflects a comparison of the total amount of stored data by customers identified as an AI company as of September 30, 2024 compared to September 30, 2023.



Q3 2024 Financial Overview



Marc Suidan
CFO



Key Financial Highlights

- Q3'24
 - Record Adjusted EBITDA Margin
- Operating Leverage
 - Driving 75% Incremental Cash Contribution Margin
- Q4'25
 - Target Adj. EBITDA Margin of ~20%, 2x YoY
 - Adj. FCF Positive

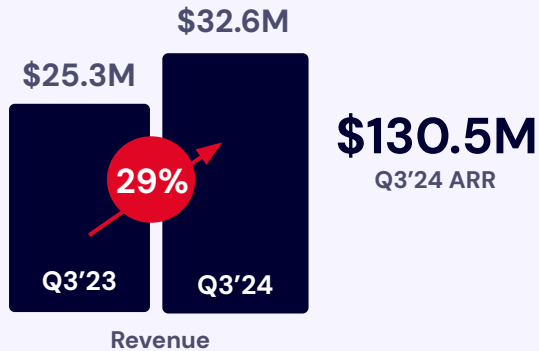
NOTES: Record Adjusted EBITDA Margin in Q3'24 is referenced for the three months ending September 30, 2024 compared to prior periods since the Company's initial public offering in November 2021. The anticipated cash contribution margin, and Q4 2025 Adjusted EBITDA and Adjusted Free Cash Flow margins are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may differ materially. Please refer to the definitions of Adjusted EBITDA margins and Adjusted Free Cash Flow in the Appendix. A reconciliation of non-generally accepted accounting principles (GAAP) guidance measures to corresponding GAAP measures for estimated future results is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of expenses and other factors in the future.



Strong Q3 2024 Revenue Growth

Total Company +29%, B2 Cloud Storage +39%

Total Company



B2 Cloud Storage



NOTES: Financial data is shown for the quarters ending September 30, 2023 and 2024, and are based on unaudited financial data. For the periods presented, Physical Media revenue has been consolidated into B2 Cloud Storage or Computer Backup revenue based on the underlying offering from which it originates; previously Physical Media revenue was disclosed separately. See appendix for definition of ARR (Annual Recurring Revenue).



Financial and Operational Q3 Highlights

	Revenue (\$M)	Y/Y Growth	NRR	Gross Customer Retention
B2 Cloud Storage	\$16.2	39%	128%	89%
Computer Backup	\$16.4	20%	109%	90%
Total Company	\$32.6	29%	118%	90%

NOTES: All financial information is as of September 30, 2024, with year-over-year revenue comparisons to the same period as of September 30, 2023, and are based on unaudited financial information. For the periods presented, Physical Media revenue has been consolidated into B2 Cloud Storage or Computer Backup revenue based on the underlying offering from which it originates; previously Physical Media revenue was disclosed separately. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.



Q4'24 and 2024 Outlook Ranges



Revenue (\$M)

Q4'24
\$ 33.5 to \$33.9

Narrowing
FY 2024
\$127.0 to \$128.0



Adj. EBITDA Margin

Q4'24
12% to 14%

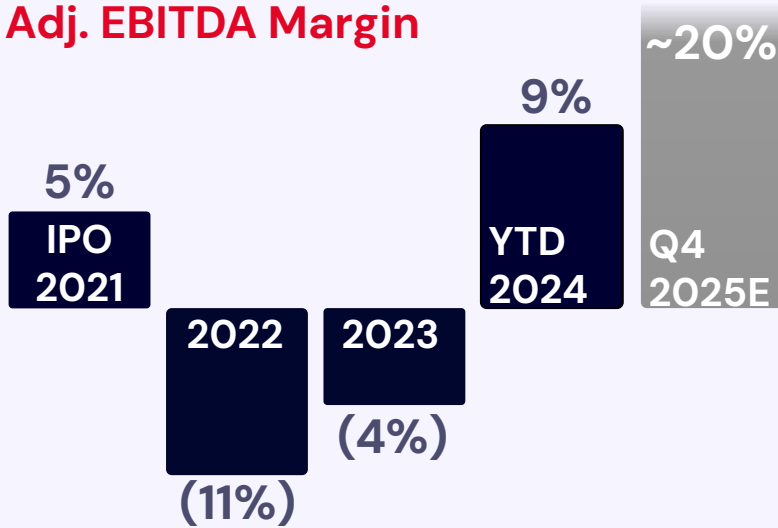
FY 2024
9% to 11%

NOTES: The above financial information guidance for Q4 of 2024 and fiscal year 2024 are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may differ materially. A reconciliation of non-generally accepted accounting principles (GAAP) guidance measures to corresponding GAAP measures for Adjusted EBITDA Margin is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of expenses and other factors in the future.

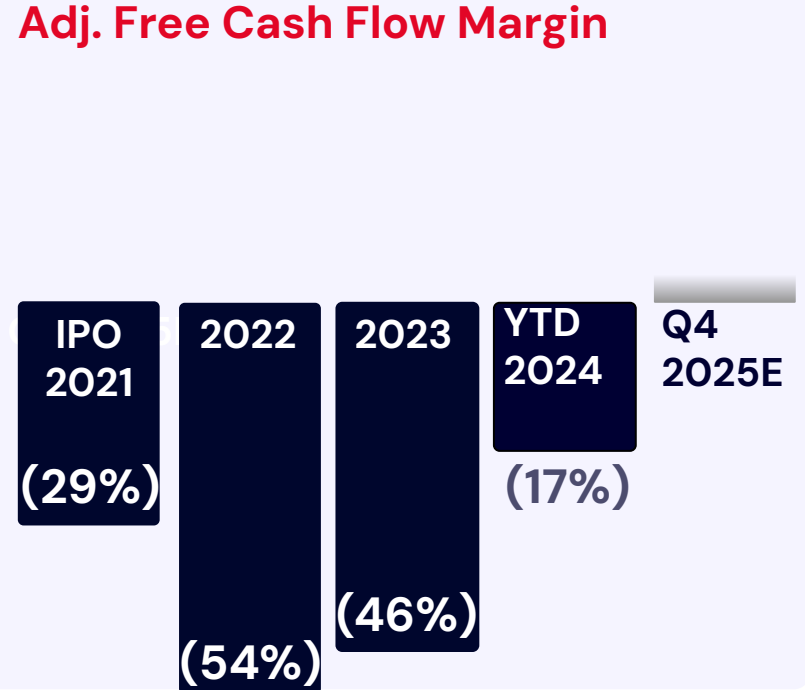


On The Path to Positive Adj. Free Cash Flow

Adj. EBITDA Margin



Adj. Free Cash Flow Margin



NOTES: Adjusted EBITDA and Adjusted Free Cash Flow margins are shown for the years ending December 31, 2021, 2022 and 2023 and nine months ending September 30, 2024. Q4 2025 Adjusted EBITDA and Adjusted Free Cash Flow margins are forward-looking statements. These forward-looking statements reflect our views with respect to future events as of the date of this presentation and are based on assumptions and subject to risks and uncertainties, and actual results may differ materially. Please refer to the definitions of Adjusted EBITDA margins and Adjusted Free Cash Flow in the Appendix. A reconciliation of non-generally accepted accounting principles (GAAP) guidance measures to corresponding GAAP measures for historical results is provided in the Appendix to this presentation. A reconciliation for estimated future results is not available on a forward-looking basis without unreasonable effort due to the uncertainty regarding, and the potential variability of expenses and other factors in the future.



Q&A



Thank You!



Appendix



Definitions

- **“ARR”** means Annual Recurring Revenue and is based on the monthly revenue from all B2 Cloud Storage and Computer Backup arrangements (excluding revenue for Physical Media) for the last month of a period and multiplying it by 12. Our annual recurring revenue for each of Computer Backup and B2 Cloud Storage is calculated in the same manner as our overall annual recurring revenue based on the revenue from our Computer Backup and B2 Cloud Storage solutions, respectively.
- **“Gross Customer Retention”** is used to measure our ability to retain our customers and is based on the trailing four-quarter average of the percentage of cohort of customers who were active at the end of the quarter in the prior year that are still active at the end of the current quarter. We calculate our gross customer retention rate for a quarter by dividing (i) the number of accounts that generated revenue in the last month of the current quarter that also generated recurring revenue during the last month of the corresponding quarter in the prior year, by (ii) the number of accounts that generated recurring revenue during the last month of the corresponding quarter in the prior year.
- **“NRR”** means Net Revenue Retention and is based on a trailing four-quarter average of the recurring revenue from a cohort of customers in a quarter as compared to the same period in the prior year. Our net revenue retention rate for each of Computer Backup and B2 Cloud Storage is calculated in the same manner as our overall net revenue retention rate based on the revenue from our Computer Backup and B2 Cloud Storage solutions, respectively.
- **“Customer”** means a customer at the end of any period as a distinct end user, as identified by a unique account identifier, which makes up substantially all of our user base. In Q4 2023, we refined our customer definition to include end-user customers that purchase through a reseller. This resulted in no impact to previously reported metrics other than a 1% decrease to the 120% NRR metric reported for Q3 2023.



Definitions

- **Adjusted EBITDA** is defined as net loss adjusted to exclude depreciation and amortization, stock-based compensation, interest expense, investment income, income tax provision, realized and unrealized gains and losses on foreign currency transactions, impairment of long-lived assets, and other non-recurring charges. 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.
- **Adjusted Free Cash Flow** is defined as net cash provided by (used in) operating activities less purchases of property and equipment, capitalized internal-use software costs, and principal payments on finance leases and lease financing obligations, as reflected in our condensed consolidated statements of cash flows, and excluding other nonrecurring charges.
- **Non-GAAP Net Income (Loss)** We define non-GAAP net income (loss) as net income adjusted to exclude stock-based compensation and other items we deem non-recurring. We believe that non-GAAP net income (loss), when taken together with our GAAP financial results, provides meaningful supplemental information regarding our operating performance by excluding certain items that may not be indicative of our business, results of operations, or outlook.
- **Adjusted Gross Profit (and Margin)** We define adjusted gross margin as gross profit, exclusive of stock-based compensation expense, depreciation expense of our property and equipment, and amortization expense of capitalized internal-use software included within cost of revenue, as a percentage of adjusted gross profit to revenue. We exclude stock-based compensation, which is a non-cash item, because we do not consider it indicative of our core operating performance. We exclude depreciation expense of our property and equipment and amortization expense of capitalized internal-use software, because these may not reflect current or future cash spending levels to support our business. We believe adjusted gross margin provides consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations, as this metric eliminates the effects of depreciation and amortization



Reconciliation of Non-GAAP Measures: Gross Margin

	Q3'24	Q3'23
Adjusted Gross Profit		
Gross Profit	\$17.800	\$11.753
Gross Margin	55%	46%
Adjustments for Cost of Revenue:		
Stock Based Compensation	0.478	0.653
Depreciation and Amortization	7.191	6.336
Adjusted Gross Profit	\$25.469	\$18.742
Adjusted Gross Margin	78%	74%

Dollars in Millions



Reconciliation of Non-GAAP Measures: Net Income

	Q3'24	Q3'23
Net Loss	\$(12.753)	\$(16.055)
Net Loss Margin	-39%	-63%
Adjustments:		
Total Stock Based Compensation	8.438	7.958
Non-recurring professional services	—	.282
Workforce reduction and related severance charges	—	0.012
Non-GAAP Net Income (Loss)	\$(4.315)	\$(7.803)
Non-GAAP Net Income Margin	-13%	-31%
Non-GAAP Diluted Shares	43.515	36.665
Non-GAAP Net Loss per Diluted Share	\$(0.10)	\$(0.21)

Dollars and Shares in Millions



Reconciliation of Non-GAAP Measures: Adjusted EBITDA

	Q3'24	Q3'23
Net Loss	\$(12.753)	\$(16.055)
Net Loss Margin	-39%	-63%
Adjustments:		
Total Depreciation & Amortization	7.331	6.473
Total Stock Based Compensation	8.438	7.958
Interest expense and investment income	0.555	0.489
Non-recurring professional services	—	.282
Foreign exchange loss (gain)	0.178	-.006
Workforce reduction and related severance charges	—	.012
Adjusted EBITDA	\$3.749	\$(0.847)
Adjusted EBITDA Margin	12%	-3%

Dollars in Millions



Reconciliation of Non-GAAP Measures: Adjusted Free Cash Flow

	Q3'24	Q3'23
Net Cash Provided by (Used In) Operating Activities	\$4.629	(\$0.170)
Capital Expenditures	(3.598)	(4.310)
Principal Payments on Finance Leases and Lease Financing Obligations	(5.044)	(5.144)
Workforce Reduction and Related Severance Charges	—	0.610
Adjusted Free Cash Flow	(\$4.013)	(\$9.014)
Adjusted Free Cash Flow Margin	-12%	-36%

Dollars in Millions