



# Second Fiscal Quarter FY25 Financial Results

August 27, 2024

# Forward-looking statements & non-GAAP financial measures

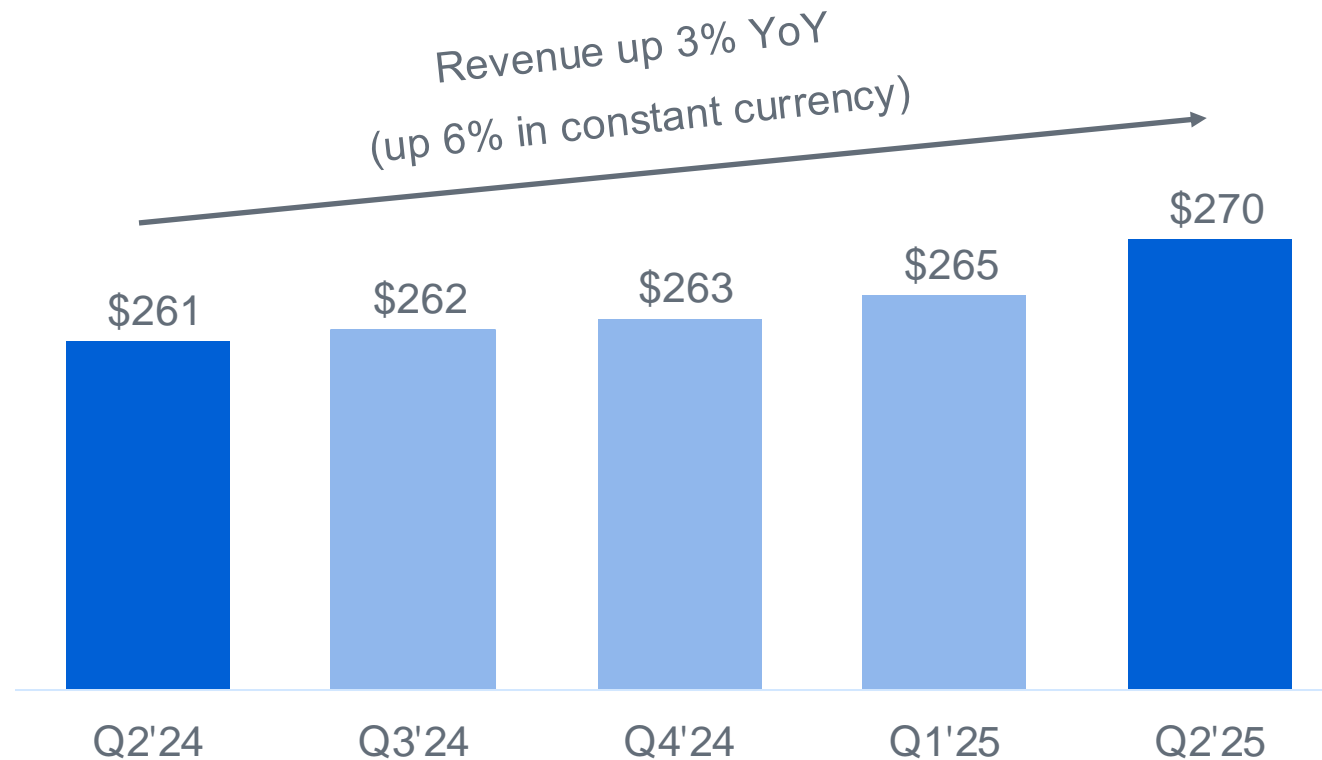
This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions, including statements regarding Box's expectations regarding its growth and profitability, the size of its market opportunity, its investments in go-to-market programs, the demand for its products, the potential of AI and its impact on Box, the timing of recent and planned product introductions, enhancements and integrations, the short- and long-term success, market adoption and retention, capabilities, and benefits of such product introductions and enhancements, the success of strategic partnerships and acquisitions, the impact of macroeconomic conditions on its business, its ability to grow and scale its business and drive operating efficiencies, the impact of fluctuations in foreign currency exchange rates on its future results, its net retention rate, its ability to achieve revenue targets and billings expectations, its revenue and billings growth rates, its ability to expand operating margins, its revenue growth rate plus free cash flow margin in fiscal year 2025 and beyond, its long-term financial targets, its ability to achieve profitability on a quarterly or ongoing basis, its free cash flow, its ability to continue to grow unrecognized revenue and remaining performance obligations, its revenue, billings, GAAP and non-GAAP gross margins, GAAP and non-GAAP net income per share, GAAP and non-GAAP operating margins, the related components of GAAP and non-GAAP net income per share, weighted-average outstanding share count expectations for Box's fiscal third quarter and full fiscal year 2025, equity burn rate, any potential repurchase of its common stock, whether, when, in what amount and by what method any such repurchase would be consummated, and the share price of any such repurchase.

There are a significant number of factors that could cause actual results to differ materially from statements made in this presentation, including: (1) adverse changes in general economic or market conditions, including those caused by the Hamas-Israel and Russia-Ukraine conflicts, inflation, and fluctuations in foreign currency exchange rates; (2) delays or reductions in information technology spending; (3) factors related to Box's highly competitive market, including but not limited to pricing pressures, industry consolidation, entry of new competitors and new applications and marketing initiatives by Box's current or future competitors; (4) the development of the cloud content management market; (5) the risk that Box's customers do not renew their subscriptions, expand their use of Box's services, or adopt new products offered by Box on a timely basis, or at all; (6) Box's ability to provide timely and successful enhancements, integrations, new features and modifications to its platform and services; (7) actual or perceived security vulnerabilities in Box's services or any breaches of Box's security controls; (8) Box's ability to realize the expected benefits of its third-party partnerships; and (9) Box's ability to successfully integrate acquired businesses and achieve the expected benefits from those acquisitions. Further information on these and other factors that could affect the forward-looking statements we make in this presentation can be found in the documents that we file with or furnish to the US Securities and Exchange Commission, including Box's most recent Quarterly Report on Form 10-Q filed for the fiscal quarter ended April 30, 2024. In addition, the preliminary financial results set forth in this presentation are estimates based on information currently available to Box. While Box believes these estimates are meaningful, they could differ from the actual amounts that Box ultimately reports in its Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2024. Box assumes no obligations and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended July 31, 2024.

You should not rely on any forward-looking statements, and Box assumes no obligation, nor do we intend, to update them. All information in this presentation is as of August 27, 2024.

This presentation contains non-GAAP financial measures and key metrics relating to the company's past and expected future performance. You can find the reconciliation of these measures to the nearest comparable GAAP financial measures in the appendix at the end of this presentation. The company has not reconciled certain of the non-GAAP measures in its long term operating model to their most directly comparable GAAP measure because certain adjustments cannot be predicted with a reasonable degree of certainty and the amount recognized can vary significantly. Accordingly, a reconciliation is not available without unreasonable efforts.

# Revenue growth driven by Suites momentum

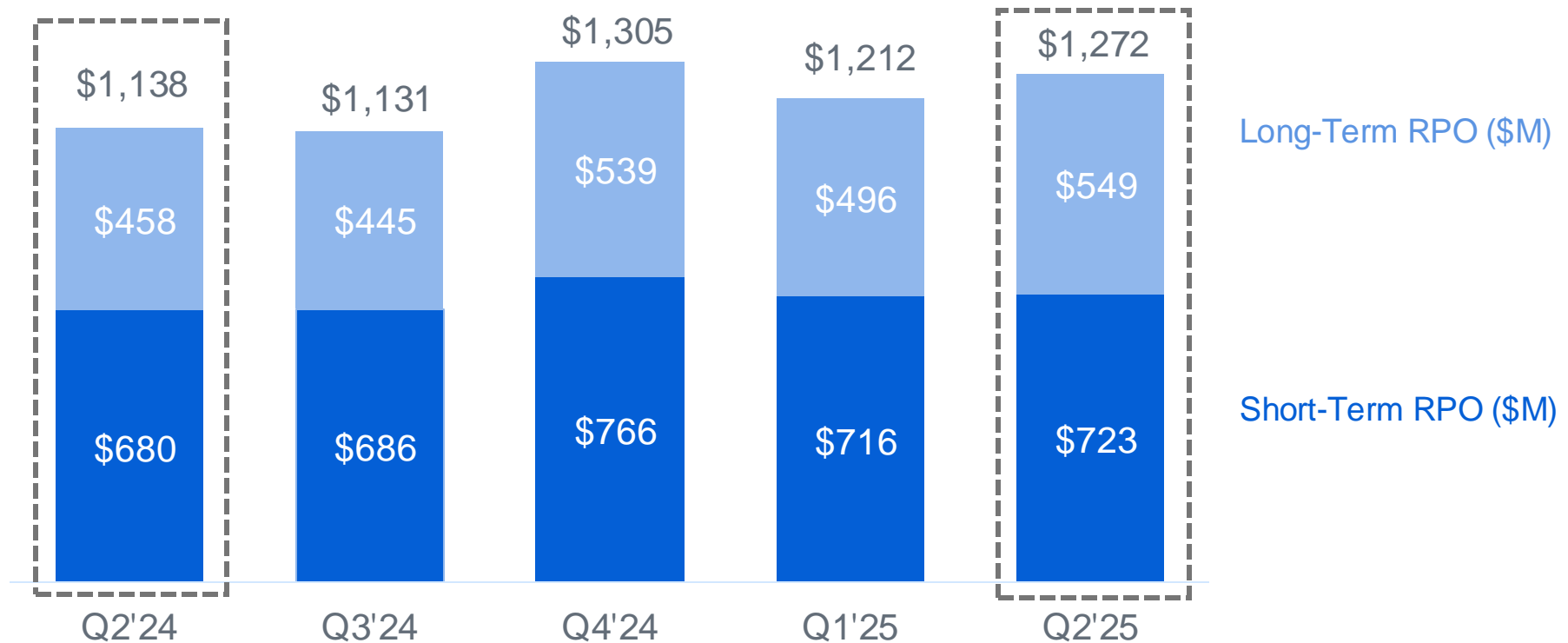


Note: \$ values are shown in millions. Box fiscal year ends January 31.

# RPO supports enduring growth and revenue visibility

Driven by strong contract durations partially offset by FX headwinds

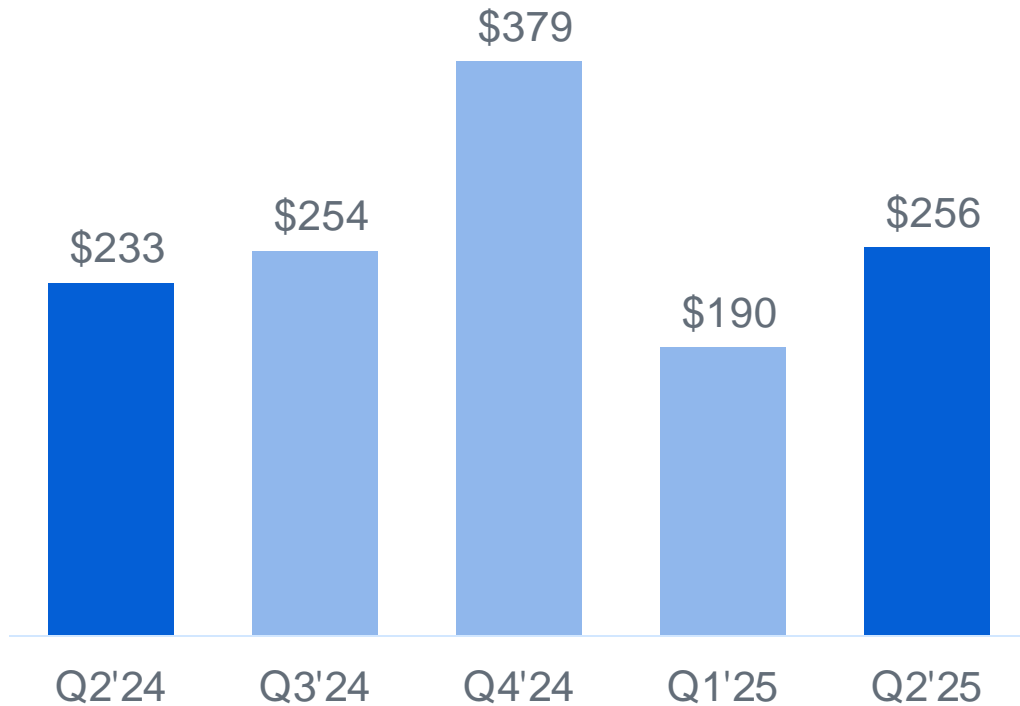
Total RPO up 12% YoY  
(up 14% in constant currency)



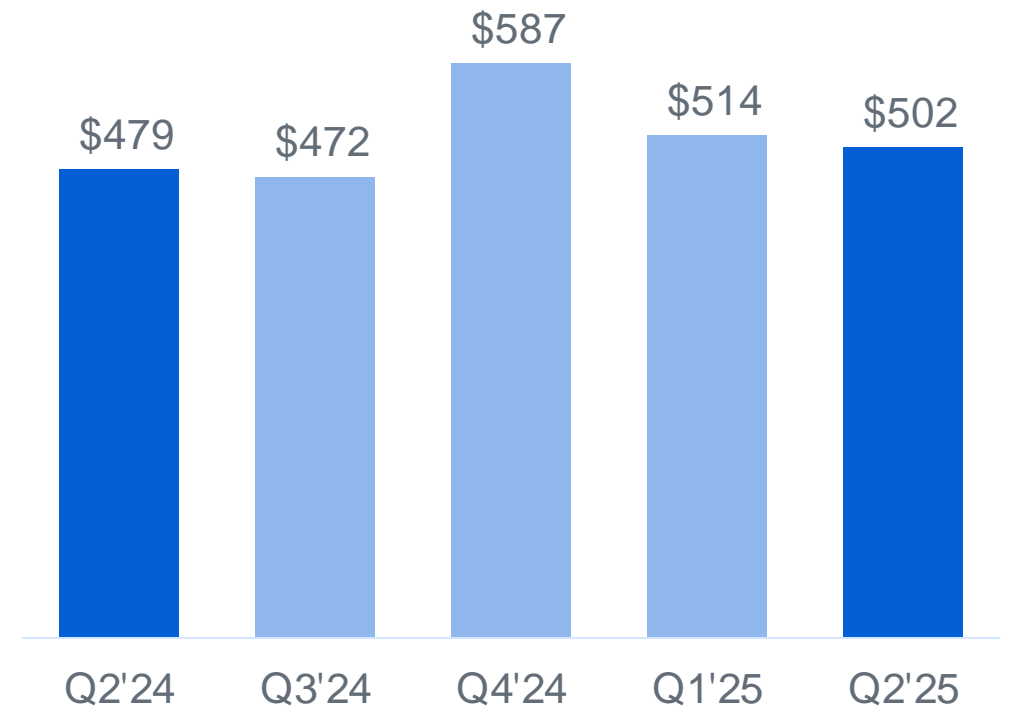
Note: Remaining performance obligations (RPO) represent, at a point in time, contracted revenue that has not yet been recognized. RPO consists of deferred revenue and backlog, offset by contract assets. Box does not consider RPO to be a non-GAAP financial measure because it is calculated in accordance with GAAP.

# Billings and deferred revenue

Billings up 10%\* YoY  
(up 9% in constant currency)



Deferred revenue up 5%\* YoY  
(up 7% in constant currency)

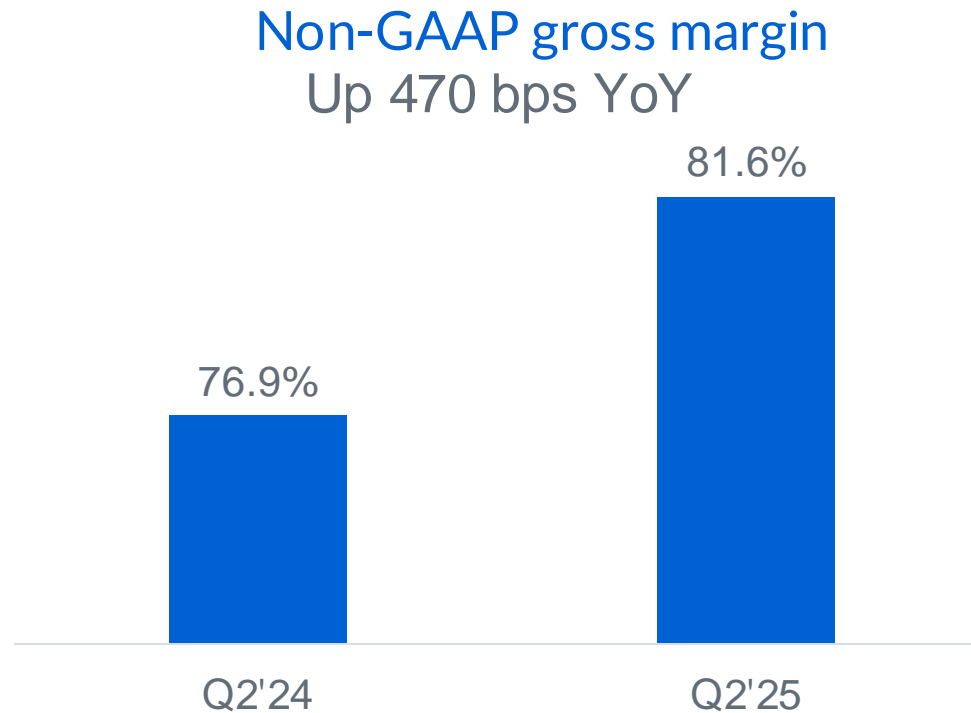


Note: \$ values are shown in millions.

\*Reconciliations of billings to revenue, deferred revenue, and contract assets calculated in accordance with GAAP can be found in the Appendix of this presentation.

# Delivering leverage through gross margin expansion

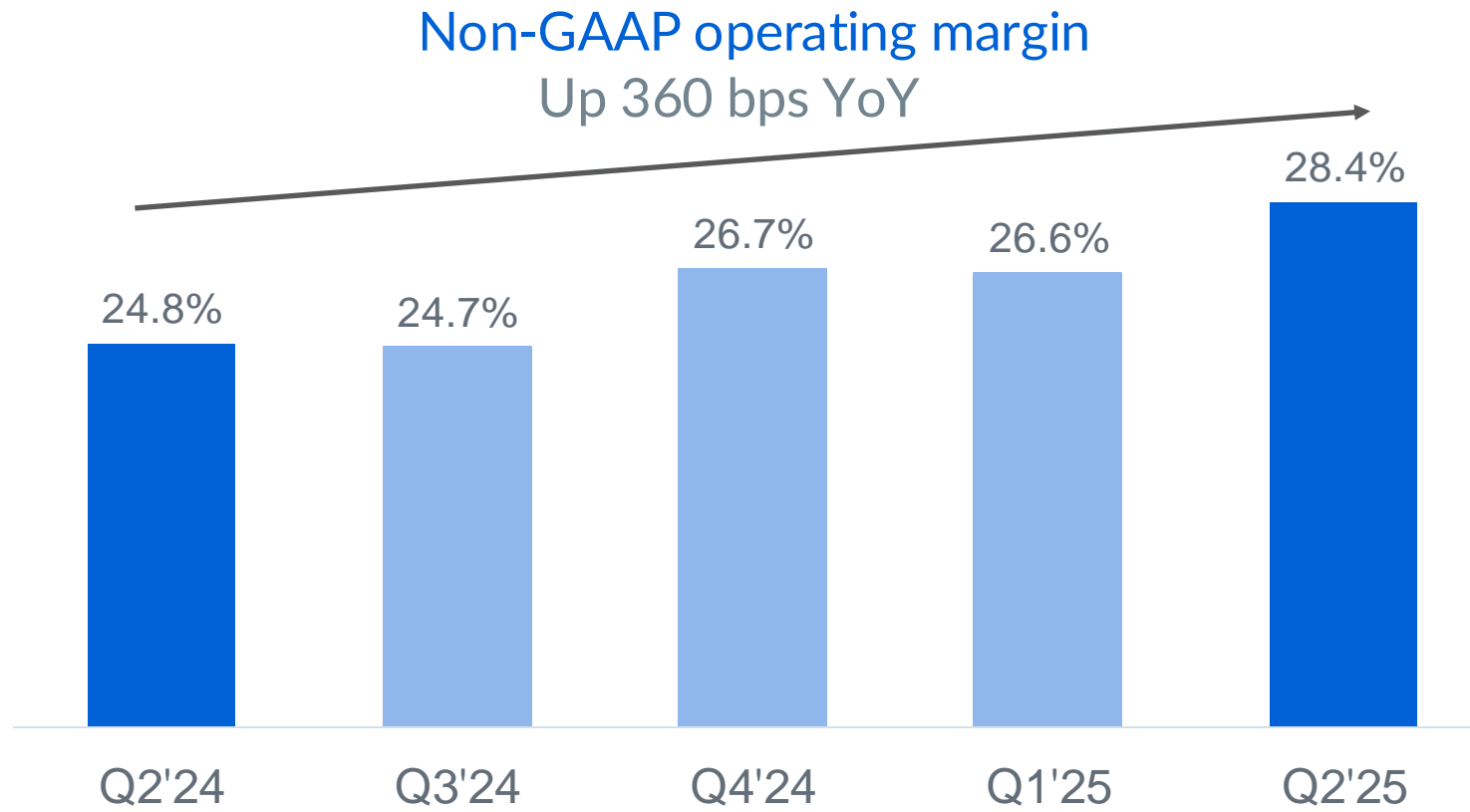
Optimizations from public cloud migration strategy drive leverage through reduced infrastructure costs



Note: A reconciliation of non-GAAP gross margin to the nearest GAAP financial measures can be found in the Appendix of this presentation.

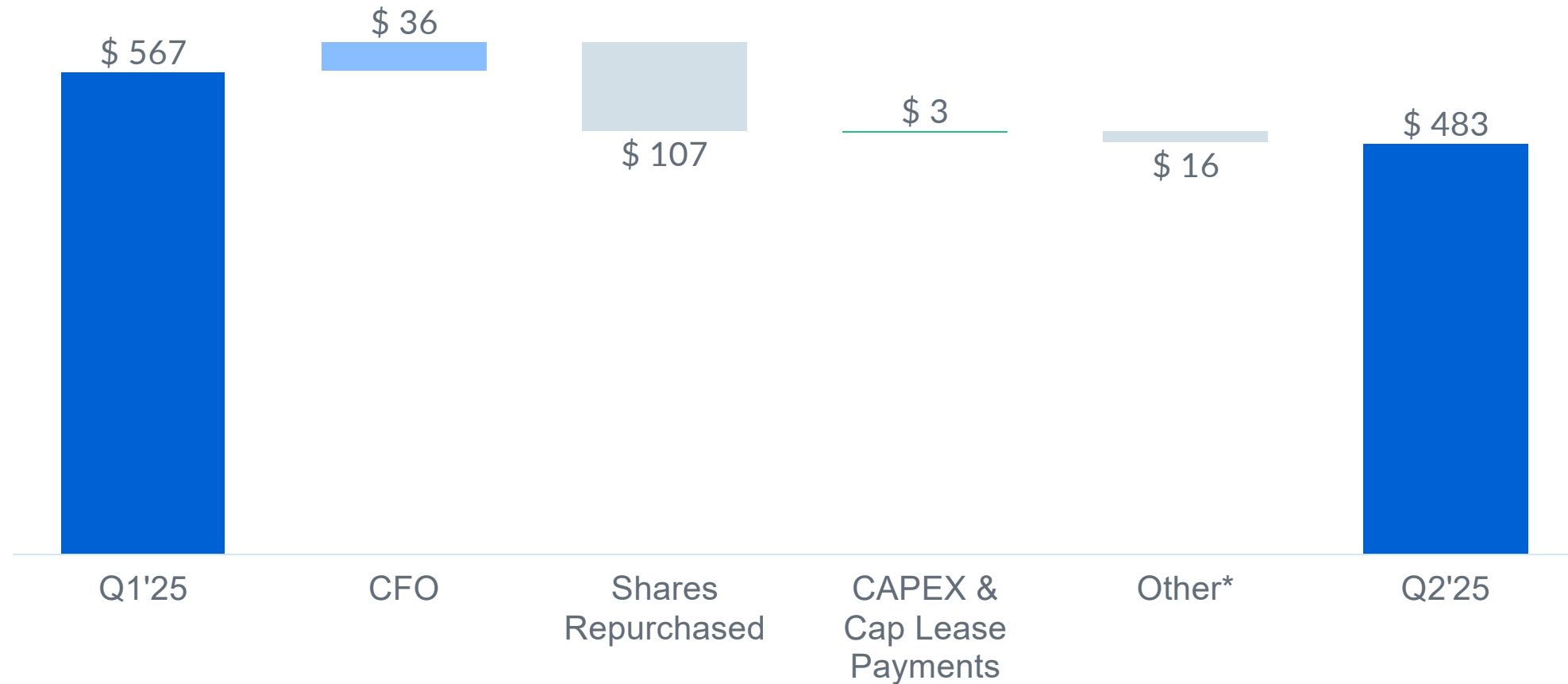
# Delivering operating margin improvements

Operating discipline underpins year-over-year margin expansion



Note: A reconciliation of non-GAAP operating margin to the nearest GAAP financial measures can be found in the Appendix of this presentation.

# Cash, cash equivalents, restricted cash, and short-term investments



\*"Other" primarily consists of RSU taxes, capitalized internal-use software costs, and payments of dividend to preferred stockholders, partially offset by proceeds from options exercises and effects of exchange rate changes on cash.



# Share repurchase program

- In Q2, the Company repurchased approximately 3.9 million shares of Box's Class A common stock for approximately \$102 million.
- As of July 31, 2024, the Company had approximately \$25 million of remaining Board-approved buyback capacity under the current plan.
- On August 25, 2024, the Board of Directors authorized an expansion of its stock repurchase program by \$100 million.

# Proven business model focused on driving growth and profitability

	FY'22	FY'23	FY'24	Q1'25	Q2'25
<b>Annual Revenue Growth + FCF Margin</b>	33%	37%	31%	N/A	N/A
<b>YoY Revenue Growth</b>	13%	13%	5%	5%	3%
<b>Gross Margin</b>	74%	77%	77%	80%	82%
<b>S&amp;M as a % of Revenue</b>	28%	28%	27%	28%	28%
<b>R&amp;D as a % of Revenue</b>	17%	18%	17%	17%	17%
<b>G&amp;A as a % of Revenue</b>	9%	9%	8%	8%	8%
<b>Operating Margin</b>	20%	23%	25%	27%	28%

Note: Gross Margin, S&M as a % of revenue, R&D as a % of revenue, G&A as a % of revenue, Operating Margin, and Free Cash Flow Margin are non-GAAP financial measures. A reconciliation to their nearest GAAP financial measures can be found in the Appendix of this presentation.

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# Guidance and Outlook

# Q3 and fiscal year 2025 guidance

	<b>Q3'25</b>	<b>Q3'25 (constant currency)</b>	<b>FY25</b>	<b>FY25 (constant currency)</b>
Revenue	\$274M – \$276M	-	\$1.086B – \$1.090B	-
year-over-year growth	+5%	+6%	+5%	+7%
GAAP EPS (diluted)	7¢ – 8¢	9¢ – 10¢	31¢ – 33¢	43¢ – 45¢
Non-GAAP EPS (diluted)	41¢ - 42¢	43¢ – 44¢	\$1.64 - \$1.66	\$1.76 - \$1.78
Weighted-average shares, diluted	148 million	--	148 million	--
GAAP operating margin	Approximately 7.5%	Approximately 8.6%	Approximately 7.0%	Approximately 8.3%
Non-GAAP operating margin	Approximately 28%	Approximately 29.1%	Approximately 27.5%	Approximately 28.8%

Note: We expect the international non-cash deferred tax expenses to have a \$0.01 impact to GAAP and non-GAAP EPS in Q3 and a \$0.05 impact to GAAP and non-GAAP EPS in FY25.

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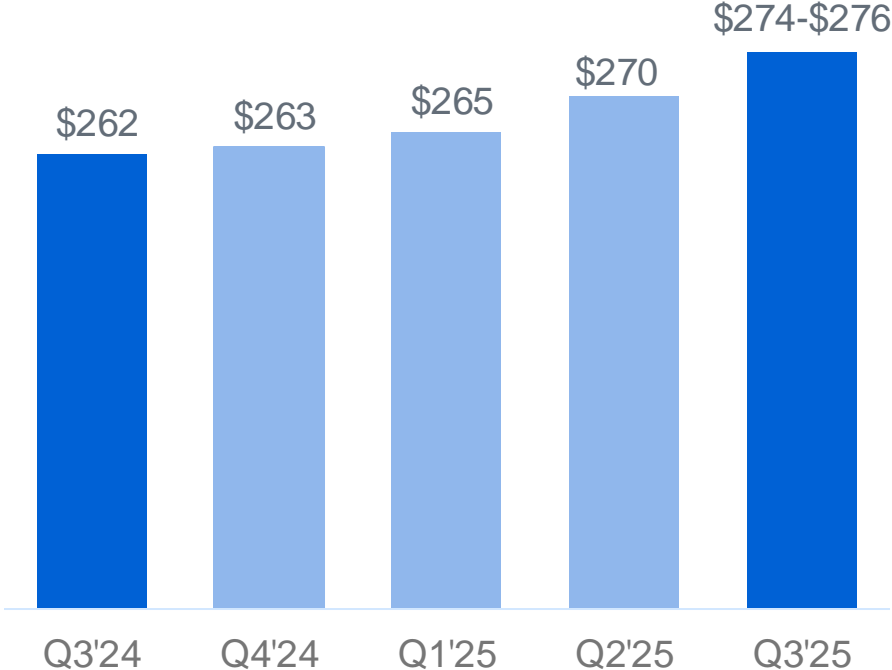
# Key customer metrics

# Delivering revenue growth at scale

Offset by FX headwinds

Q3 FY25 revenue guidance up 5% YoY<sup>1</sup>

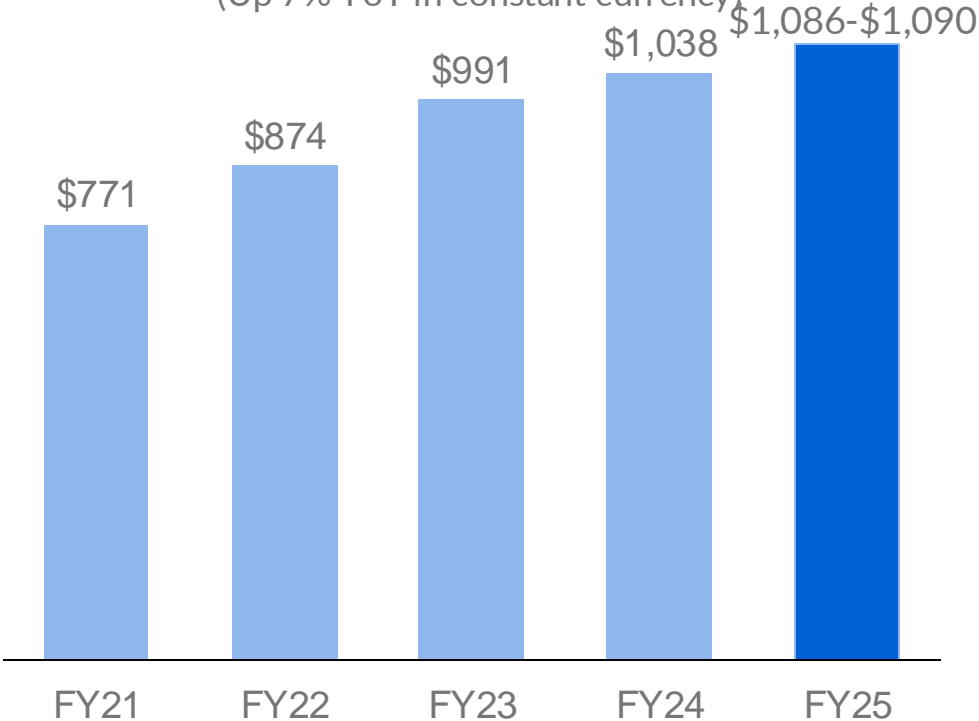
(Up 6% YoY in constant currency)



Quarterly Revenue (\$M)

FY25 revenue guidance up 5% YoY<sup>1</sup>

(Up 7% YoY in constant currency)



Annual Revenue (\$M)

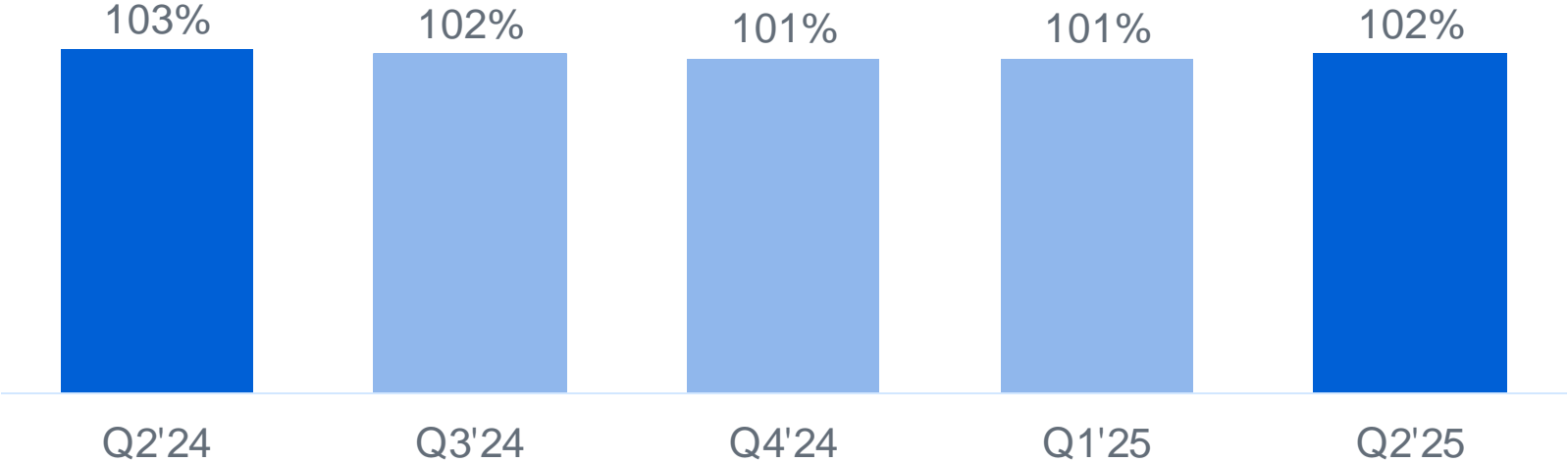
(1) Based on the Q3 and full year FY25 guidance provided on the Q2FY25 earnings call on August 27, 2024.

Note: \$ values are shown in millions

# Net retention rate impacted by a challenging macroeconomic environment

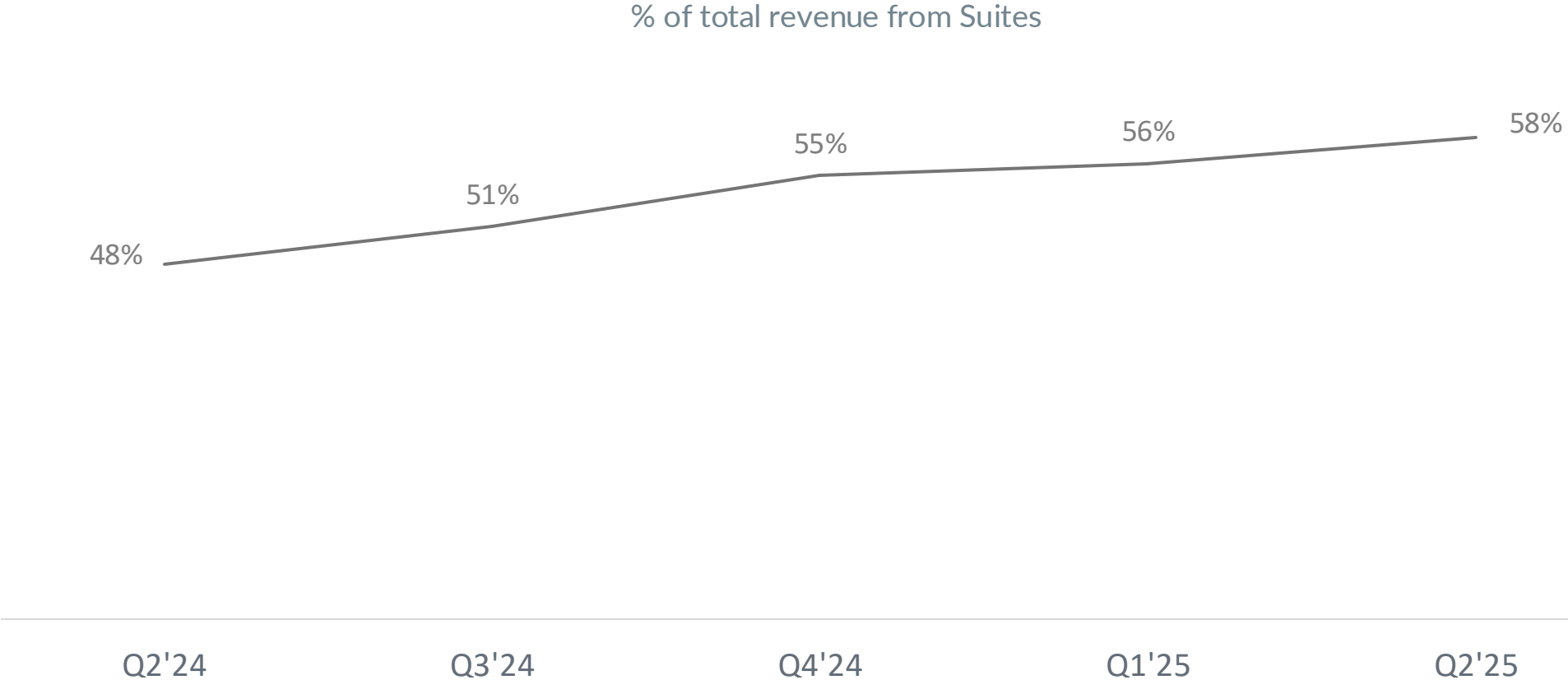
Stable low full churn rate of 3% supports modest sequential improvement

Quarterly net retention rate



# Customers increasingly adopting Suites

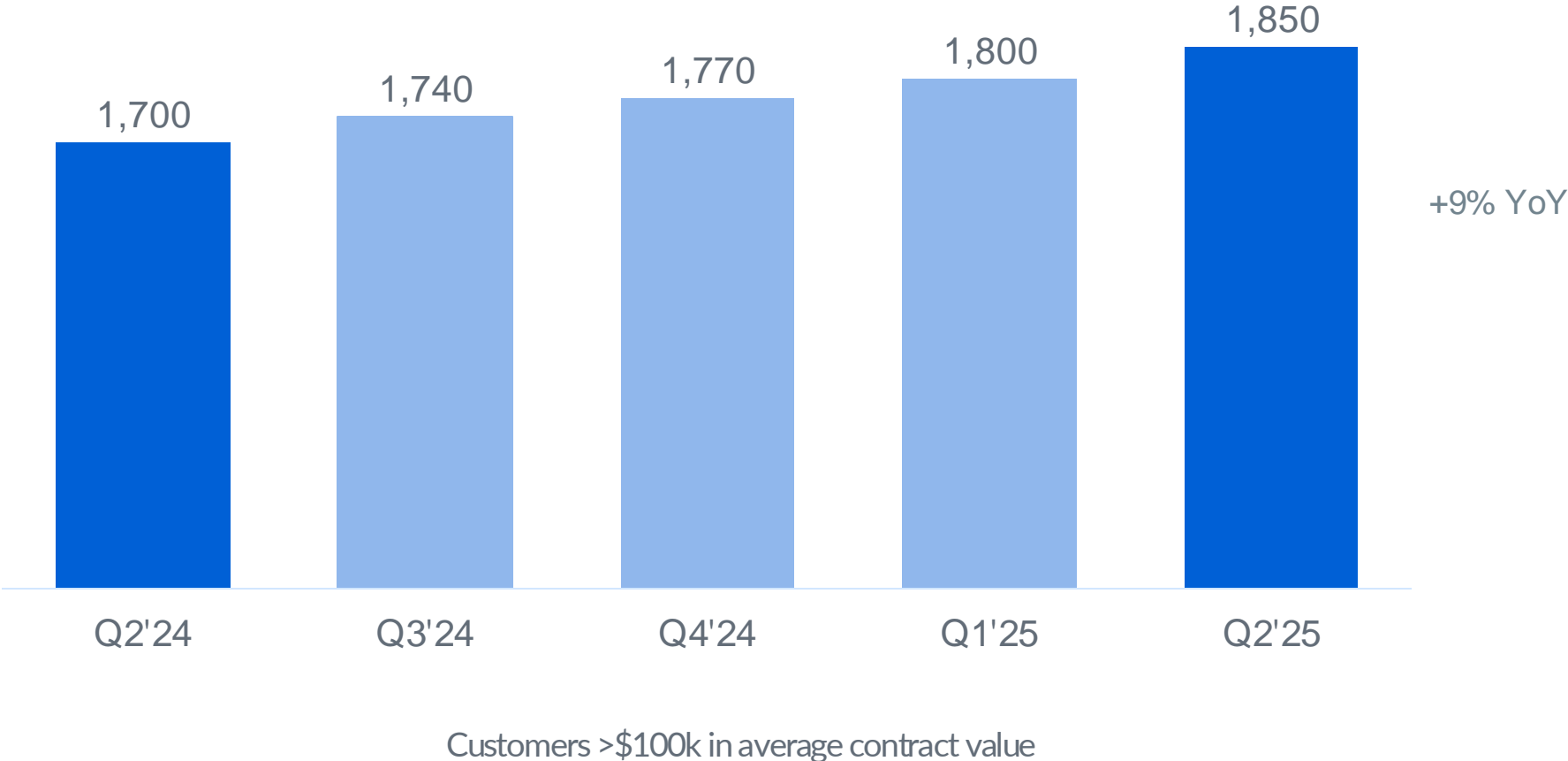
Suites support high value use cases and reduce cost and complexity





# Large customer growth demonstrates strength of business model

Steady growth in customers paying more than \$100k annually

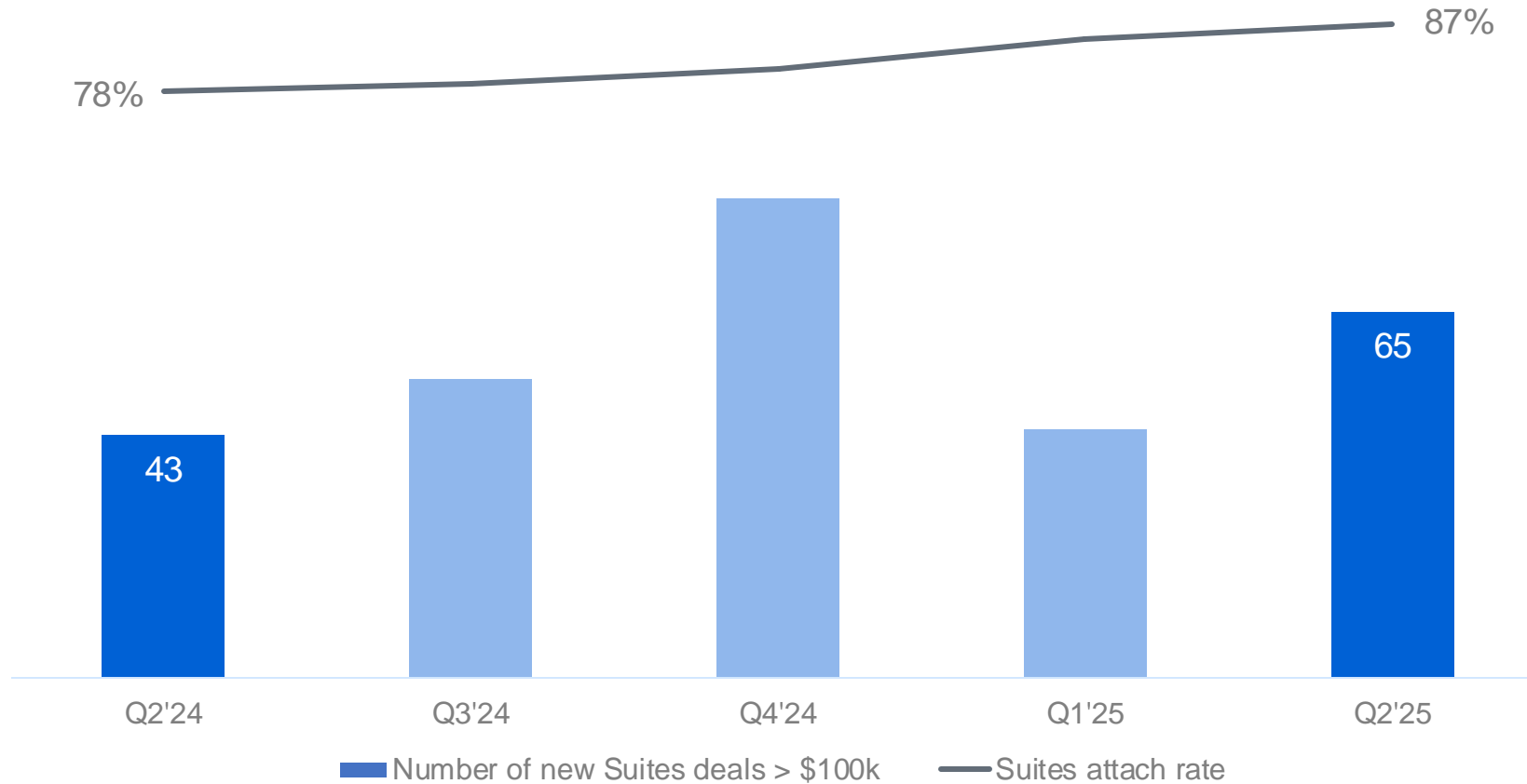


Note: Figures are rounded

# Strong Suites attach rates

Attach rates demonstrate platform's enhanced strategic value

Suites attach rate of 87%, up 900 bps





# Appendix

# Estimated Q3 and fiscal year 2025 preferred share impact summary

	Q3 FY25	FY25
Amortization of preferred share issuance costs	\$0.5M	\$2.1M
Preferred stock dividend	\$3.8M	\$15.0M
Undistributed earnings attributable to preferred shareholders	\$8.0M - \$9.0M	\$32.0M - \$33.0M

The impact from the above items will appear below the net income line in our P&L, and in the Earnings Per Share Note accompanying Box's financial statements.

# GAAP Revenue to Billings Reconciliation

<i>(\$ in thousands)</i>	<b>Q2FY24</b>	<b>Q3FY24</b>	<b>Q4FY24</b>	<b>Q1FY25</b>	<b>Q2FY25</b>
<b>GAAP revenue</b>	<b>\$261,428</b>	<b>\$261,537</b>	<b>\$262,878</b>	<b>\$264,658</b>	<b>\$270,039</b>
Deferred revenue, end of period	479,293	471,963	586,871	513,572	502,104
Less: Deferred revenue, beginning of period	(507,385)	(479,293)	(471,963)	(586,871)	(513,572)
Contract assets, beginning of period	2,642	3,477	3,944	2,452	3,345
Less: Contract assets, end of period	(3,477)	(3,944)	(2,452)	(3,345)	(5,481)
<b>Billings</b>	<b>\$232,501</b>	<b>\$253,740</b>	<b>\$379,278</b>	<b>\$190,466</b>	<b>\$256,435</b>

# GAAP to Non-GAAP Reconciliation – Gross Margin

<i>(\$ in thousands)</i>	<b>Q2FY24</b>	<i>As a % of revenue</i>	<b>Q1FY25</b>	<i>As a % of revenue</i>	<b>Q2FY25</b>	<i>As a % of revenue</i>
<b>GAAP gross margin</b>	<b>\$194,415</b>	<b>74.4%</b>	<b>\$206,406</b>	<b>78.0%</b>	<b>\$214,526</b>	<b>79.4%</b>
Add: Stock-based compensation	5,230		4,621		4,731	
Add: Acquired intangible assets amortization	1,452		1,152		981	
Add: Workforce reorganization	-		-		-	
<b>Non-GAAP gross margin</b>	<b>\$201,097</b>	<b>76.9%</b>	<b>\$212,179</b>	<b>80.2%</b>	<b>\$220,238</b>	<b>81.6%</b>

<i>(\$ in thousands)</i>	<b>FY22</b>	<i>As a % of revenue</i>	<b>FY23</b>	<i>As a % of revenue</i>	<b>FY24</b>	<i>As a % of revenue</i>
<b>GAAP gross margin</b>	<b>\$624,848</b>	<b>71.5%</b>	<b>\$738,318</b>	<b>74.5%</b>	<b>\$777,129</b>	<b>74.9%</b>
Add: Stock-based compensation	20,093		17,816		19,111	
Add: Acquired intangible assets amortization	5,148		5,808		5,838	
Add: Workforce reorganization	-		-		912	
<b>Non-GAAP gross margin</b>	<b>\$650,089</b>	<b>74.4%</b>	<b>\$761,942</b>	<b>76.9%</b>	<b>\$802,990</b>	<b>77.4%</b>

# GAAP to Non-GAAP Reconciliation – Operating Expenses

<i>(\$ in thousands)</i>	<b>FY22</b>	<i>As a % of revenue</i>	<b>FY23</b>	<i>As a % of revenue</i>	<b>FY24</b>	<i>As a % of revenue</i>	<b>Q1FY25</b>	<i>As a % of revenue</i>	<b>Q2FY25</b>	<i>As a % of revenue</i>
<b>GAAP research and development</b>	<b>\$218,523</b>	<b>25%</b>	<b>\$243,529</b>	<b>25%</b>	<b>\$248,767</b>	<b>24%</b>	<b>\$62,673</b>	<b>24%</b>	<b>\$65,445</b>	<b>24%</b>
Less: Stock-based compensation	(68,063)		(68,900)		(70,240)		(17,819)		(19,676)	
Less: Acquisition-related expenses	-		-		-		-		(102)	
<b>Non-GAAP research and development</b>	<b>\$150,460</b>	<b>17%</b>	<b>\$174,629</b>	<b>18%</b>	<b>\$178,527</b>	<b>17%</b>	<b>\$44,854</b>	<b>17%</b>	<b>\$45,667</b>	<b>17%</b>
<b>GAAP sales and marketing</b>	<b>\$298,635</b>	<b>34%</b>	<b>\$331,400</b>	<b>33%</b>	<b>\$348,638</b>	<b>34%</b>	<b>\$92,673</b>	<b>35%</b>	<b>\$95,235</b>	<b>35%</b>
Less: Stock-based compensation	(52,547)		(58,448)		(65,886)		(17,783)		(19,173)	
<b>Non-GAAP sales and marketing</b>	<b>\$246,088</b>	<b>28%</b>	<b>\$272,952</b>	<b>28%</b>	<b>\$282,752</b>	<b>27%</b>	<b>\$74,890</b>	<b>28%</b>	<b>\$76,062</b>	<b>28%</b>
<b>GAAP general and administrative</b>	<b>\$135,316</b>	<b>15%</b>	<b>\$126,549</b>	<b>13%</b>	<b>\$128,971</b>	<b>12%</b>	<b>\$33,053</b>	<b>12%</b>	<b>\$33,566</b>	<b>12%</b>
Less: Stock-based compensation	(38,271)		(40,468)		(43,546)		(10,939)		(11,531)	
Less: Acquisition-related expenses	(1,282)		(53)		(120)		-		(191)	
Less: Fees related to shareholder activism	(15,644)		77		-		-		-	
Less: Expenses related to litigation	-		(722)		(361)		(79)		(25)	
<b>Non-GAAP general and administrative</b>	<b>\$80,119</b>	<b>9%</b>	<b>\$85,383</b>	<b>9%</b>	<b>\$84,944</b>	<b>8%</b>	<b>\$22,035</b>	<b>8%</b>	<b>\$21,819</b>	<b>8%</b>

# GAAP to Non-GAAP Reconciliation – Operating Margin

(\$ in thousands)	Q2FY24	As a % of revenue	Q3FY24	As a % of revenue	Q4FY24	As a % of revenue	Q1FY25	As a % of revenue	Q2FY25	As a % of revenue
<b>GAAP operating margin</b>	<b>\$9,875</b>	<b>3.8%</b>	<b>\$11,379</b>	<b>4.4%</b>	<b>\$21,164</b>	<b>8.1%</b>	<b>\$18,007</b>	<b>6.8%</b>	<b>\$20,280</b>	<b>7.5%</b>
Add: Stock-based compensation	53,346		50,894		47,266		51,162		55,111	
Add: Acquired intangible assets amortization	1,452		1,452		1,482		1,152		981	
Add: Acquisition-related expenses	14		-		106		-		293	
Add: Expenses related to litigation	27		(10)		52		79		25	
Add: Workforce reorganization	-		912		-		-		-	
<b>Non-GAAP operating margin</b>	<b>\$64,714</b>	<b>24.8%</b>	<b>\$64,627</b>	<b>24.7%</b>	<b>\$70,070</b>	<b>26.7%</b>	<b>\$70,400</b>	<b>26.6%</b>	<b>\$76,690</b>	<b>28.4%</b>
(\$ in thousands)	FY22	As a % of revenue	FY23	As a % of revenue	FY24	As a % of revenue				
<b>GAAP operating margin</b>	<b>(\$27,626)</b>	<b>(3%)</b>	<b>\$36,840</b>	<b>4%</b>	<b>\$50,753</b>	<b>5%</b>				
Add: Stock-based compensation	178,974		185,632		198,783					
Add: Acquired Intangible assets amortization	5,148		5,808		5,838					
Add: Acquisition-related expenses	1,282		53		120					
Add: Fees related to shareholder activism	15,644		(77)		-					
Add: Expenses related to litigation	-		722		361					
Add: Workforce reorganization	-		-		912					
<b>Non-GAAP operating margin</b>	<b>\$173,422</b>	<b>20%</b>	<b>\$228,978</b>	<b>23%</b>	<b>\$256,767</b>	<b>25%</b>				



# GAAP to Non-GAAP Reconciliation – Free Cash Flow

<i>(\$ in thousands)</i>	<b>FY22</b>	<i>As a % of revenue</i>	<b>FY23</b>	<i>As a % of revenue</i>	<b>FY24</b>	<i>As a % of revenue</i>
<b>GAAP net cash provided by operating activities</b>	<b>\$234,818</b>	<b>27%</b>	<b>\$297,980</b>	<b>30%</b>	<b>\$318,727</b>	<b>31%</b>
Less: Purchases of property and equipment, net of proceeds from sales	(4,702)		(4,433)		(1,843)	
Less: Principal payments of finance lease liabilities	(50,391)		(40,353)		(30,176)	
Less: Capitalized internal-use software costs	(9,486)		(14,750)		(17,742)	
<b>Free cash flow</b>	<b>\$170,239</b>	<b>19%</b>	<b>\$238,444</b>	<b>24%</b>	<b>\$268,966</b>	<b>26%</b>

# GAAP to Non-GAAP Reconciliation – EPS Outlook

	Three Months Ended October 31, 2024	Fiscal Year Ended January 31, 2025
<b>GAAP net income per share attributable to common stockholders range, diluted</b>	<b>\$0.07 - \$0.08</b>	<b>\$0.31 - \$0.33</b>
Stock-based compensation	0.36	1.43
Acquired intangible asset amortization	0.01	0.03
Acquisition-related expenses	0.01	0.01
Expenses related to litigation	-	0.01
Amortization of debt issuance costs	-	0.01
Undistributed earnings attributable to preferred stockholders	(0.04)	(0.17)
<b>Non-GAAP net income per share attributable to common stockholders range, diluted</b>	<b>\$0.41 - \$0.42</b>	<b>\$1.64 - \$1.66</b>
<b>Weighted-average shares, diluted</b>	<b>148,000</b>	<b>148,500</b>

Note: Figures may not sum due to rounding.

# GAAP to Non-GAAP Reconciliation – Operating Margin Outlook

	Three Months Ended October 31, 2024	Fiscal Year Ended January 31, 2025
<b>GAAP operating margin</b>	7.5%	7.0%
Add: Stock-based compensation	19.5%	19.5%
Add: Acquired intangible assets amortization	0.5%	0.5%
Add: Other (1)	0.5%	0.5%
<b>Non-GAAP operating margin</b>	<b>28.0%</b>	<b>27.5%</b>

(1) Other includes acquisition-related expenses and expenses related to litigation.