



Investor Overview

NASDAQ: BLZE

November 2024



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.

NASDAQ: BLZE



Backblaze by the Numbers

\$118B

2028 TAM

Public Cloud Infrastructure-as-a-Service Storage

\$131M

Q3 Total ARR

~98% Recurring Revenue

~500k

Q3 Paying Customers

175+ Countries

128%

Q3 Net Revenue Retention

B2 Cloud Storage

+39%

Q3 Y/Y ARR Growth

B2 Cloud Storage

12%

Q3 Adj. EBITDA Margin

1,500 Basis Point Improvement
over Prior Year

Notes: IDC Worldwide Public Cloud Infrastructure as a Service Forecast, 2024–2028 estimates a \$118B cloud storage market in 2028. Total ARR dollars, paying customers and Adj. EBITDA Margin for total Company, ARR growth percentage and Net Revenue Retention percentage for B2 Cloud Storage business 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. Annual Recurring Revenue (ARR), Net Revenue Retention and Adj. EBITDA Margin are defined in the appendix.



Our Cloud Services



B2 Cloud Storage

On-demand Storage for Applications, Backup, Security, AI and More

- Always-hot, performant and S3-compatible
- Enterprise-ready security and compliance
- As low as 1/5 the cost of AWS S3 with 3x free egress



Computer Backup

Unlimited Cloud Backup that Scales from Individuals to Enterprises

- Back up Macs, PCs, laptops and desktops
- Administer one or thousands of computers
- Ransomware, accident and hardware failure protection



Expanding Use Cases Result in a Large Opportunity

Use Cases

Growth Drivers



Application Storage

SaaS & streaming apps store & deliver large data volumes



Security

Ransomware requiring data to be secured



Backup & Disaster Recovery

Ever growing data sets and need to rapidly recover



AI & GenAI

AI innovation requires GPU-agnostic storage



Media

Video creation driving robust media workflows



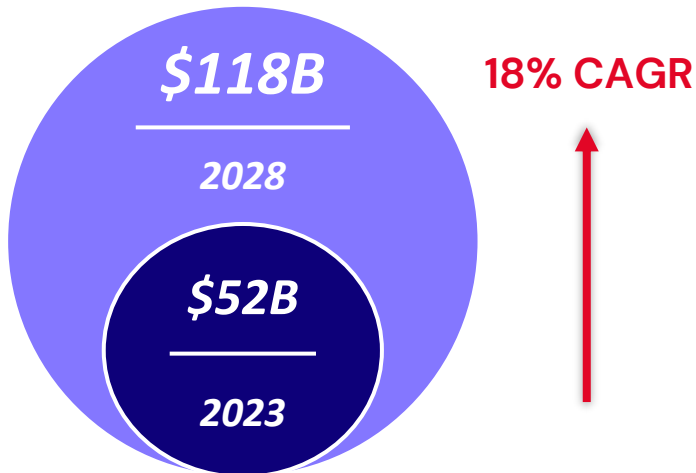
Surveillance

Cameras proliferating and footage quality increasing



Data Drives Massive TAM

Public Cloud Infrastructure-as-a-Service Storage



- Companies are growing data everyday
- Almost nothing is ever deleted (e.g., Legal Hold)
- Everyone needs to store / use / protect data
- Adoption of AI and GenAI training is booming

Customers Choose Backblaze Because ...



Easy
Affordable
Open







Vs.

Complex
Expensive
Closed



Dramatically Easier and More Affordable, Usually ~80% Lower Priced

Provider	Storage (\$/TB/Month)	Egress (\$/GB)
 Backblaze B2	\$6	Free to 3x stored
 amazon S3	\$24+	\$0.05+
 Microsoft Azure	\$19+	\$0.04+
 Google Cloud	\$23	\$0.08+

Notes: Competitor pricing estimate is based on published rates for competitor offering. Competitor rates may vary by region, amount stored, product and service tiers, and other factors. Backblaze download fees are free up to 3x of monthly data stored, then \$0.01/GB for additional download. This chart features published rates for comparable offerings in the U.S. West region. Competitor storage rates vary by region, amount stored, product and service tiers, and other factors.



“We launched S3 as simple but I’m not convinced it’s simple anymore”

– Amazon CTO, Werner Vogels, April 2021, to The Next Platform



Disruptive Innovation Driving a Durable Cost Advantage

Cultural

- Cloud storage is our sole focus → 17 years focused just on this
- Strong DNA of building cost-efficient storage → Company bootstrapped to IPO
- We are the experts in hard drive reliability → Advanced drive failure analysis

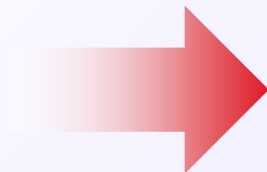
Technology

- Web-scale file system → Purpose built from the ground-up
- Higher performance → Shard stash innovation on data upload technology, delivers small file uploads up to 30% faster than AWS S3, at lower cost
- More efficient durability → Unique approach to data distribution on hard drives



Customers Want Best-of-Breed

Cloud 1.0
Walled Gardens



Cloud 2.0
Specialized Open Clouds



Backblaze makes it free and easy to use your data










Scalable Platform Supporting Innovation

Software-based Infrastructure Platform

- Performant – Up to 30% faster than AWS
- Durable – Exabyte-scale durability
- Scalable – Storing >500 billion files
- Available – 99.9% SLA
- Secure – Offers built-in encryption

Innovation Momentum

-  Live Read* – Accessing uploads in real-time
-  Event Notifications – Automating workflows
-  Powered By Backblaze – Enabling ISVs and MSPs
-  Enterprise Control – Managing fleets of computers
-  Shard Stash* – Delivering fast uploads
-  Free Egress – Enabling the Open Cloud
-  Object Lock – Protecting from Ransomware



Customer Story

Backup & Ransomware Protection



“Hope is not a plan. You can’t recover from a ransomware attack or something that takes out both your production and replication sites unless you have Backblaze. If my sites are compromised, I can bring that data back to recover my business, and I know I can get it back faster from Backblaze than a lot of the competition.”

– IT Director

Note: Estimated savings (total cost of ownership) reported by customer.

SaaS Application

**Est. Savings of
~\$500k**

- ✓ Avoided new investments in an on-prem solution
- ✓ Achieved immutable, air-gapped protection
- ✓ Improved recovery time objectives



Customer Story

AI & GenAI



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

-AI Customer, Co-Founder and CEO

GenAI Customer Diversified Access to GPU Providers

- ✓ Migrated from traditional cloud provider
- ✓ Improved data management process to train models
- ✓ Storage performance exceeded expectations



Customer Story

Media Streaming & Surveillance



“Ours is not a high margin business, so anywhere we can improve the cost profile makes a difference. By moving to Backblaze B2 and Cloudflare, our egress fees went from \$70K/month to \$0/month.”

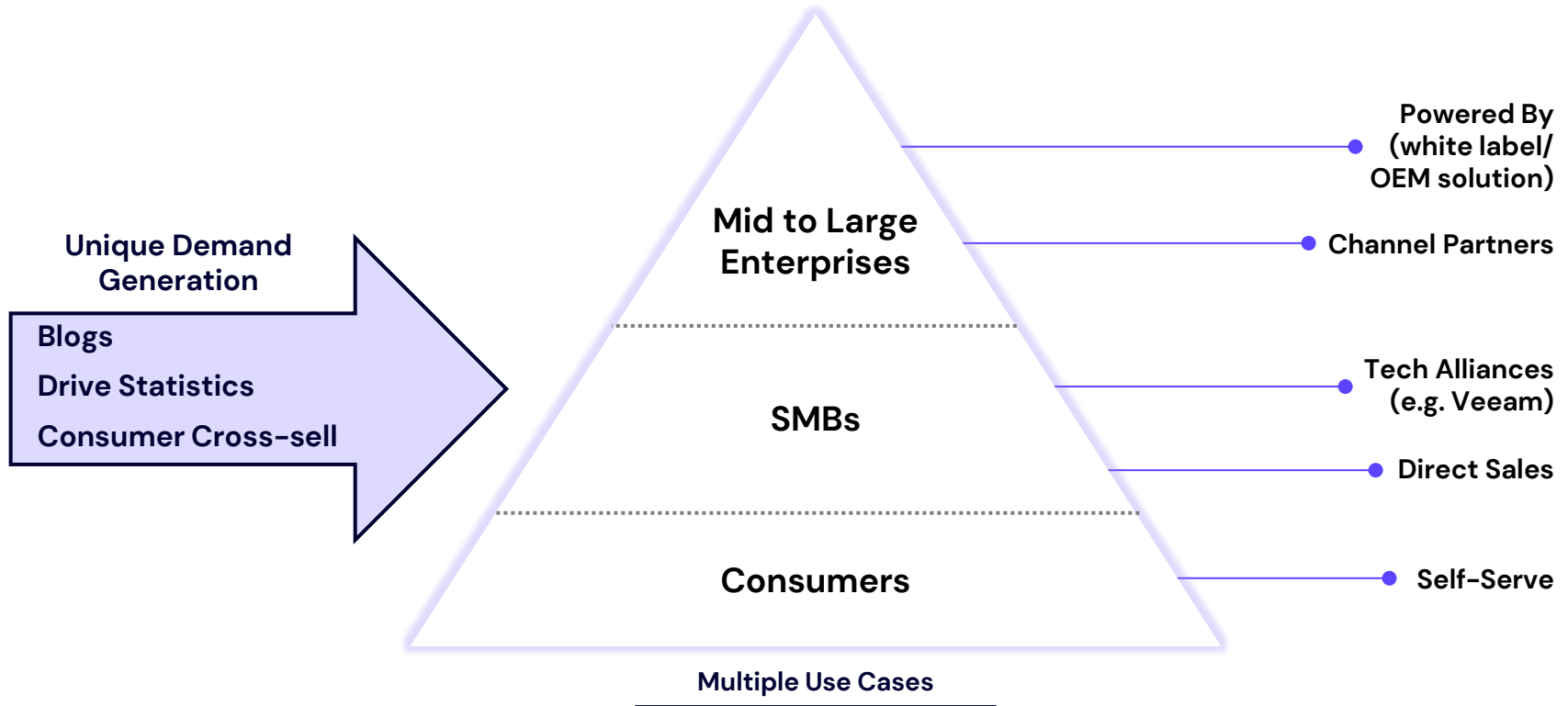
– Co-Founder & Chief Product Officer

Note: Estimated savings reported by customer.

Media Streamer
Est. Savings of
~\$800k Annually

- ✓ Increased control of tech stack with the open cloud
- ✓ Invested savings into developing new features
- ✓ Achieved cost-effective scalability

Efficient GTM Model with Multiple Routes to Market



Artificial Intelligence Media Streaming SaaS Native Video Surveillance Ransomware Backup



Next Stage of Growth and Profitability

Go-to-Market Transformation

Initiatives

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

Proof Points

- New Sales & Marketing Leadership
- Strong Large Deal Momentum
- Growing Channel and Overall Pipeline

Streamlining the Cost Structure

Initiatives

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

Proof Points

- Rightsizing with significant annual cost savings
- Strong incremental cash contribution margin
- Significant Adj. EBITDA Margin expansion

Deep Bench of Experience



Gleb Budman, Co-Founder, Chair and CEO

- Founded and exited two companies
- Senior leader at Kendara, sold to Excite@Home



Jason Wakeam, Chief Revenue Officer

- Track record of scaling and building sales teams at SnapLogic, Cloudera, Microsoft, and Hewlett-Packard



Tina Cessna, SVP of Engineering

- 25+ years in software development
- Led engineering and QA at Salesforce, Cisco, Linksys and Oracle



Marc Suidan, CFO

- Drove \$250M cost reduction as former CFO of Beachbody
- Former Sr Partner at PwC and Global Tech M&A Leader
- Former McKinsey consultant



David Ngo, Chief Product Officer

- Former CTO of Metallic (Commvault)
- Deep data protection and cyber security resilience experience, with over 40 innovation patents



Chris Opat, SVP of Cloud Operations

- 25+ years of experience in team-building, technology startup and scale-ups
- Former SVP of Platform Engineering and Operations at StackPath

Prior Experience



CLLOUDERA



McKinsey
& Company



ORACLE





Financial Overview



Financial Highlights

\$131M

Q3 Total ARR

~98% Recurring Revenue

29% YoY Growth

128%

Q3 Net Revenue Retention

B2 Cloud

90%

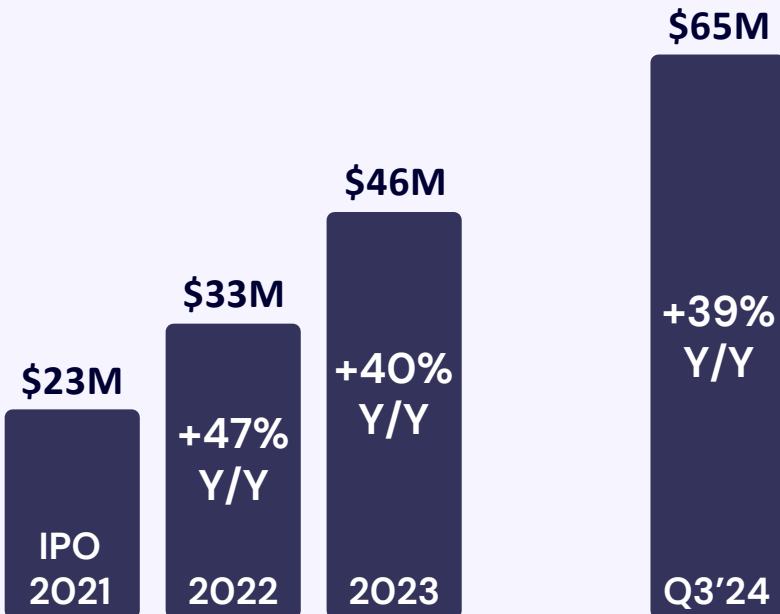
Q3 Gross Customer Retention



Q3 2024 Total ARR of \$130.5M

B2 is the disruptive high growth business

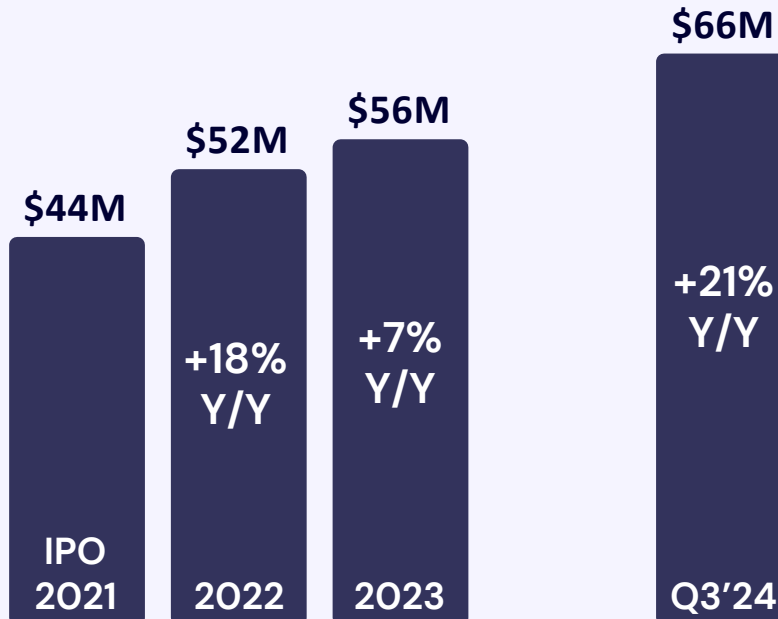
B2 Cloud Storage



Revenue

ARR

Computer Backup



Revenue

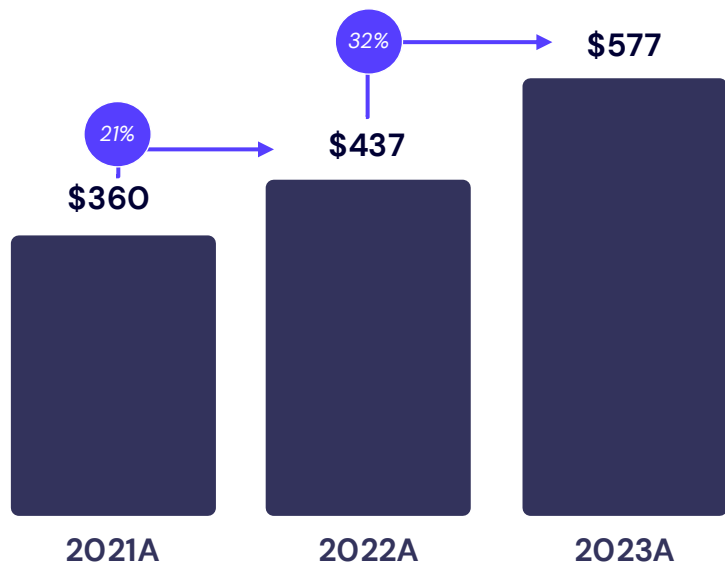
ARR

Note: Revenue is shown for the years ending December 31, 2021, 2022 and 2023. ARR is calculated as of September 30, 2024. ARR growth rates are for Q3'24 compared to Q3'23. See appendix for the definition of ARR (Annualized Recurring Revenue).



Customers Pulling Us Upmarket

B2 Annual Average Revenue Per Customer

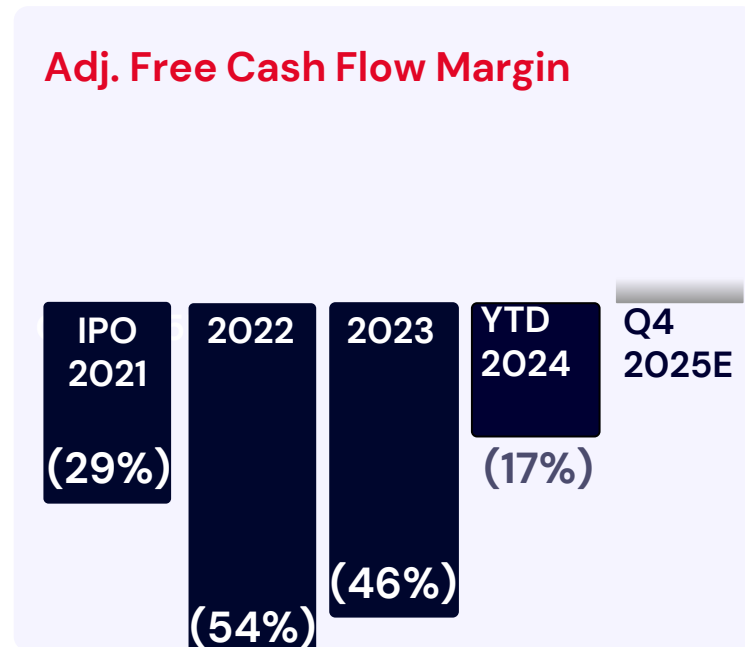
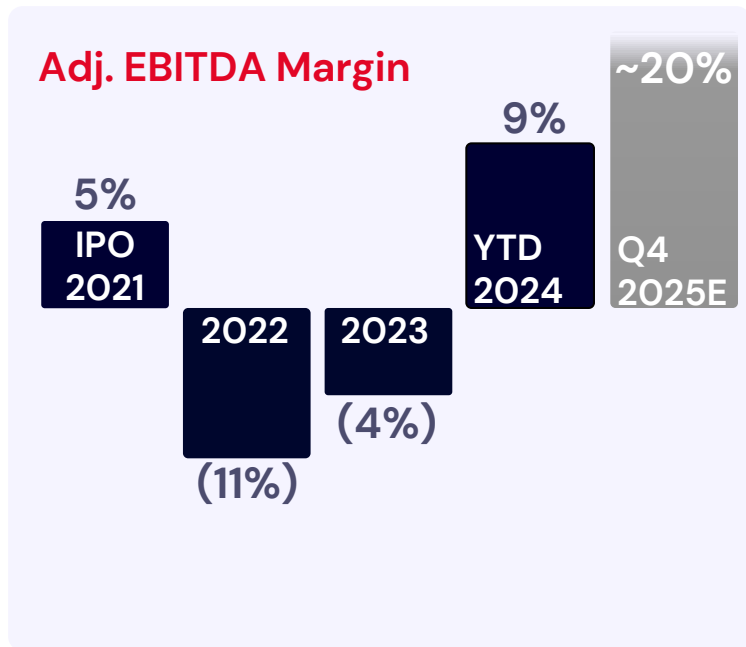


115 Customers
Contributing over
\$50k ARR as of Q2'24
(55% Y/Y Growth)

Note: B2 Cloud Storage Annual Average Revenue Per Customer are shown for the quarter ending December 31, 2021, 2022 and 2023. Customer count is shown for the quarter ending June 30, 2024. Deals and pipeline statistics shown for the quarter ending September 30, 2024.



On The Path to Positive Adj. Free Cash Flow



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.



Investment Highlights

- ✓ **Large, fast growing market**
- ✓ **Disruptive cloud platform**
- ✓ **Accelerating upmarket momentum**
- ✓ **Strong financial profile with high operating leverage**
- ✓ **Experienced management team**

The Backblaze logo, a red flame icon, is positioned to the left of the text.

Backblaze
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 (and Margin)”** We define adjusted EBITDA margin as Adjusted EBITDA, 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, as a percentage of revenue. 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



For the three months ended September 30,

<i>(Dollars In Millions)</i>	Q3'24	Q3'23
Gross Profit	\$17.80	\$11.75
<i>Gross Margin</i>	55%	46%
Adjustments for Cost of Revenue		
Stock Based Compensation	0.48	0.65
Depreciation and Amortization	7.19	6.34
Adjusted Gross Profit	\$25.47	\$18.74
<i>Adjusted Gross Margin</i>	78%	74%



Reconciliation of Non-GAAP Measures: Net Income

For the three months ended September 30,

(Dollars and Shares In Millions)

	Q3'24	Q3'23
Net Loss	(\$12.75)	(\$16.06)
<i>Net Loss Margin</i>	(39%)	(63%)
Adjustments:		
Total Stock Based Compensation	8.44	7.96
Non-recurring Professional Services	—	0.28
Workforce Reduction and Related Severance Charges	—	0.01
Non-GAAP Net Income (Loss)	(\$4.32)	(\$7.80)
<i>Non-GAAP Net Income Margin</i>	(13%)	(31%)
Non-GAAP Diluted Shares	43.52	36.67
Non-GAAP Net Loss per Diluted Share	(\$0.10)	(\$0.21)



Reconciliation of Non-GAAP Measures: Adjusted EBITDA

For the three months ended September 30,

<i>(Dollars In Millions)</i>	Q3'24	Q3'23
Net Loss	(\$12.75)	(\$16.06)
<i>Net Loss Margin</i>	(39%)	(63%)
Adjustments:		
Total Depreciation & Amortization	7.33	6.47
Total Stock Based Compensation	8.44	7.96
Interest Expense and Investment Income	0.56	0.49
Non-recurring Professional Services	—	0.28
Foreign Exchange Loss (Gain)	0.18	(0.01)
Workforce Reduction and Related Severance Charges	—	0.01
Adjusted EBITDA	\$3.75	(\$0.85)
<i>Adjusted EBITDA Margin</i>	12%	(3%)



Reconciliation of Non-GAAP Measures: Adjusted Free Cash Flow

For the three months ended September 30,

(Dollars In Millions)

	Q3'24	Q3'23
Net Cash Provided by (Used In) Operating Activities	\$4.63	(\$0.17)
Capital Expenditures	(3.60)	(4.31)
Principal Payments on Finance Leases and Lease Financing Obligations	(5.04)	(5.14)
Workforce Reduction and Related Severance Charges	—	0.61
Adjusted Free Cash Flow	(\$4.01)	(\$9.01)
<i>Adjusted Free Cash Flow Margin</i>	(12%)	(36%)