

# Investor Presentation

September 2024

*braze*

# Forward Looking Statements and Disclaimer



## Forward-Looking Statements

This presentation contains, and statements made during this presentation contain, "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, statements regarding Braze's financial outlook for the third quarter and full fiscal year ended January 31, 2025. Words such as "anticipate," "believe," "could," "estimate," "expect," "goal," "hope," "intend," "may," "might," "potential," "predict," "project," "shall," "should," "target," "will" and variations of these terms and similar expressions are intended to identify these forward-looking statements, although not all forward-looking statements contain these identifying words. Forward-looking statements are based on Braze's current assumptions, expectations and beliefs and are subject to substantial risks, uncertainties, assumptions and changes in circumstances that may cause Braze's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks include, but are not limited to, risks and uncertainties related to: (1) unstable market and economic conditions may have serious adverse consequences on Braze's business, financial condition and share price; (2) Braze's recent rapid revenue growth may not be indicative of its future revenue growth; (3) Braze's history of operating losses; (4) Braze's limited operating history at its current scale; (5) Braze's ability to successfully manage its growth; (6) the accuracy of estimates of market opportunity and forecasts of market growth and the impact that global and domestic socioeconomic events on Braze's business; (7) Braze's ability and the ability of its platform to adapt and respond to changing customer or consumer needs, requirements or preferences; (8) Braze's ability to attract new customers and renew existing customers; (9) the competitive markets in which Braze participates and the intense competition that it faces; (10) Braze's ability to adapt and respond effectively to rapidly changing technology, evolving cybersecurity and data privacy risks, evolving industry standards or changing regulations; and (11) Braze's reliance on third-party providers of cloud-based infrastructure. Further information on potential factors that could affect Braze's business and financial results is included in Braze's Annual Report on Form 10-K, filed with the SEC on April 1, 2024, and Braze's Quarterly Report on Form 10-Q that will be filed with the SEC for the fiscal quarter ended July 31, 2024. The forward-looking statements included in this presentation represent Braze's views only as of the date of this presentation and Braze assumes no obligation, and does not intend to update these forward-looking statements, except as required by law.

## Use of Non-GAAP Financial Measures

This presentation contains the following non-GAAP financial measures: non-GAAP gross profit and margin, non-GAAP sales and marketing expense, non-GAAP research and development expense, non-GAAP general and administrative expense, non-GAAP operating loss and margin, non-GAAP net income (loss), non-GAAP net income (loss) per share, basic and diluted, and non-GAAP free cash flow and non-GAAP free cash flow margin. Braze defines non-GAAP gross profit and margin, non-GAAP sales and marketing expense, non-GAAP research and development expense, non-GAAP general and administrative expense, non-GAAP operating loss and margin and non-GAAP net income (loss) as the respective GAAP balances, adjusted for stock-based compensation expense, employer taxes related to stock-based compensation, charitable contribution expense, acquisition related expense, contingent consideration adjustments, amortization of intangible assets and restructuring expense. Further, prior to the fourth quarter of the fiscal year ended January 31, 2024, Braze did not adjust non-GAAP gross profit and margin, non-GAAP sales and marketing expense, non-GAAP research and development expense, non-GAAP general and administrative expense, non-GAAP operating loss and margin or non-GAAP net loss for contingent consideration adjustments, because there were no such adjustments in prior periods. Braze defines non-GAAP free cash flow as net cash provided by/used in operating activities, minus purchases of property and equipment and minus capitalized internal use software costs. Investors are encouraged to review the reconciliation of these historical non-GAAP financial measures to their most directly comparable GAAP financial measures. Braze uses this non-GAAP financial information internally in analyzing its financial results and believes that this non-GAAP financial information, when taken collectively with GAAP financial measures, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, and should not be considered a substitute for financial information presented in accordance with generally accepted accounting principles in the United States (GAAP), and may be different from similarly-titled non-GAAP measures used by other companies. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses that are required by GAAP to be recorded in Braze's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by Braze's management about which expenses are excluded or included in determining these non-GAAP financial measures. A reconciliation is provided at the end of this presentation for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP. Braze encourages investors to review the related GAAP financial measures and the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures, which it includes in press releases announcing quarterly and fiscal year financial results, and not to rely on any single financial measure to evaluate Braze's business. Braze has not reconciled its guidance as to non-GAAP gross margin, non-GAAP operating loss, non-GAAP net loss or non-GAAP net loss per share to their most directly comparable GAAP measure as a result of uncertainty regarding, and the potential variability of, reconciling items such as stock-based compensation expense specific to equity compensation awards that are directly impacted by unpredictable fluctuations in Braze's stock price. Accordingly, reconciliation is not available without unreasonable effort, although it is important to note that these factors could be material to Braze's results calculated in accordance with GAAP.

## Customer Metrics and Market Data

Unless otherwise noted, information in this presentation concerning Braze's industry, including industry statistics and forecasts, competitive position and the markets in which Braze operates is based on information from independent industry and research organizations, other third-party sources and management estimates. Management estimates are derived from publicly available information released by independent industry analysts and other third party sources, as well as data from Braze's internal research, and are based on assumptions made by Braze upon reviewing such data, and Braze's experience in, and knowledge of, such industry and markets, which it believes to be reasonable. Projections, forecasts, assumptions and estimates of the future performance of the industry in which Braze operates and Braze's future performance are necessarily subject to uncertainty and risk due to a variety of factors. Braze has not independently verified the accuracy or completeness of the information provided by independent industry and research organizations, other third parties or other publicly available information. Accordingly, Braze makes no representations as to the accuracy or completeness of that information nor does Braze undertake to update such information after the date of this presentation.

## Trademarks

All third-party trademarks, including names, logos and brands, referenced by Braze in this presentation are property of their respective owners. All references to third-party trademarks are for identification purposes only. Such use should not be construed as an endorsement of the products or services of us.

With Braze, brands can  
continually **imagine, create**  
**and evolve** their customer  
engagement strategies to  
build stronger businesses

*braze*



## KFC India boosts customer retention and revenue with gamified “Bucket It” campaign

KFC India wanted to further grow engagement and conversion rates on their mobile app while enhancing app appeal and functionality

Using Braze, they launched a gamified campaign across IAM, push notifications, SMS, and email; used Liquid to personalize messages with coupon codes and offer attributes

KFC then leveraged Braze Alloys tech partner Branch for tracking and Snowflake for robust data management and query handling

The “Bucket It” campaign led to a 22% increase in average daily order per store, a 23% lift in daily revenue per store, 22% growth in new users, and 27% growth in repeat orders



22%

Increase in average daily orders per store

23%

Lift in daily revenue per store

22%

Growth in new users

27%

Growth in repeat users



## Endowus Transforms the Investing Experience with Cross-Channel Customer Journeys

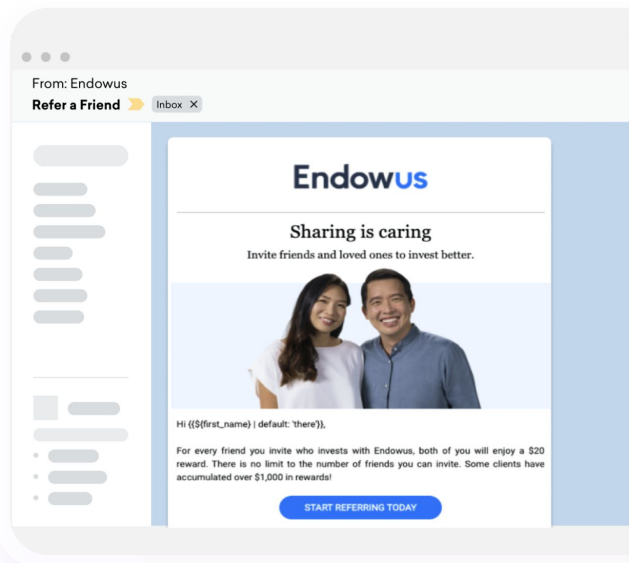


Digital Wealth platform Endowus personalized messaging cross channel, efficiently building trust with customers

Using Braze Canvas, Endowus tested and experimented with different channels and audience segments based on first-party data

Automated journeys using action and time-based triggers and frequency capping, delivering a more personalized experience

Realized a 30% increase in email open rate and a significant decrease in time spent to create and execute campaigns

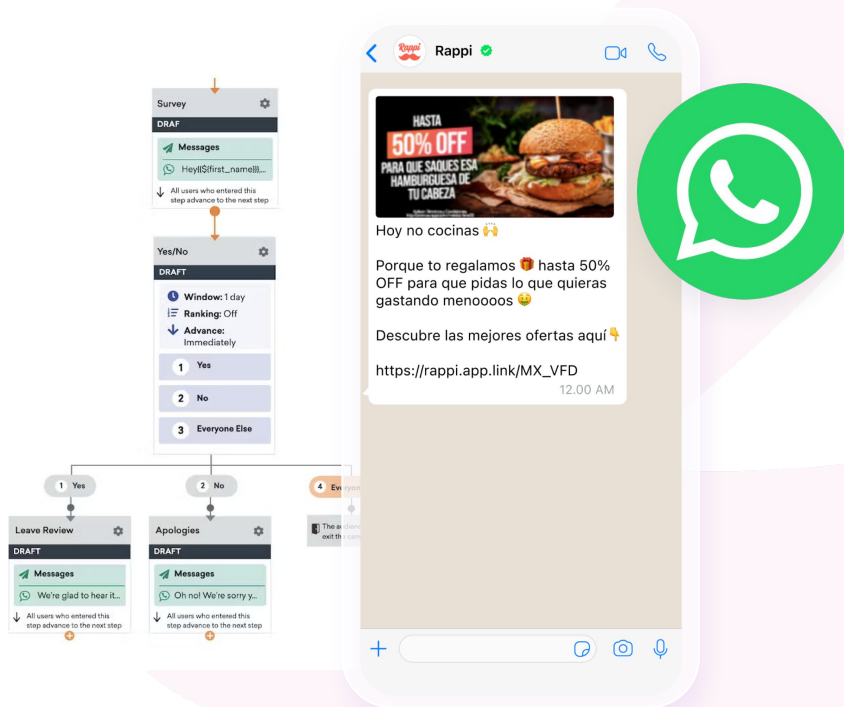


# Rappi Reactivates Users and Increases Purchases with WhatsApp

Rappi built targeted and personalized push notifications, in-app messages, and email

But needed a more effective out-of-product channel to motivate lapsed users to return to the app

Leveraging Braze and WhatsApp, Rappi drove an 80% uplift in users making purchases compared to the control group



# Braze at a Glance

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**\$582M**

QUARTERLY REVENUE RUN  
RATE<sup>1</sup>

**26%**

Y/Y REVENUE  
GROWTH

**96%**

SUBSCRIPTION  
REVENUE

**\$23M**

GAAP  
NET LOSS

**2,163**

CUSTOMERS IN OVER  
75 COUNTRIES

**114%**

DOLLAR-BASED NET  
RETENTION RATE

**6.7B**

MONTHLY ACTIVE  
USERS

**2.6T+**

MESSAGING AND OTHER  
CANVAS ACTIONS IN  
CALENDAR YEAR 2023

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Unless otherwise noted, data is as of July 31, 2024 or the three months ended, as applicable

1. Represents quarterly GAAP revenue multiplied by 4

# Experienced, tenured leadership team with strong technical backgrounds



**Bill Magnuson**

CEO and  
Cofounder 2011



**Isabelle Winkles**

Chief Financial  
Officer 2020



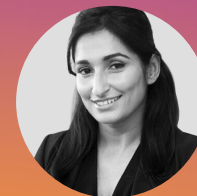
**Myles Kleeger**

President and Chief  
Commercial Officer 2014



**Jon Hyman**

Chief Technology Officer  
and Cofounder 2011



**Astha Malik**

Chief Business  
Officer 2022



**Rod McLeod**

VP, Social Impact  
2019



**Priyanka Singh**

Chief People Officer  
2023



**Kevin Wang**

Chief Product Officer  
2012



**Brian Wheeler**

SVP, Engineering  
2013



**Susan Wiseman**

General Counsel  
2016

## Our Values: The foundation of everything.



**Take Your Seat  
at the Table**



**Don't Ignore  
Smoke**



**Seek  
the Truth**



**Shape  
the Future**

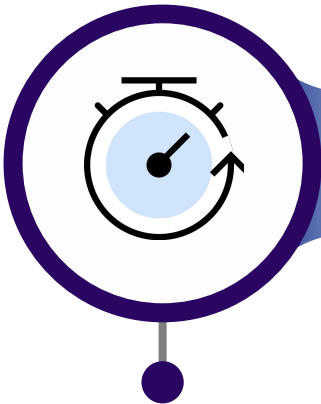


**Embrace  
Curiosity**

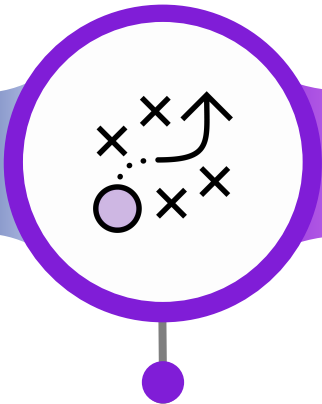


**Be a  
Human**

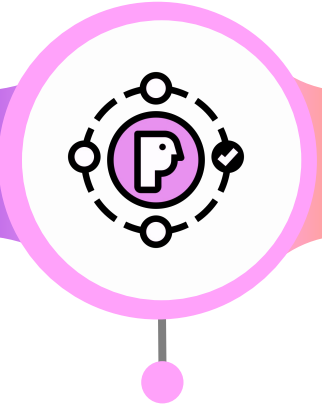
# Key Trends in Our Favor



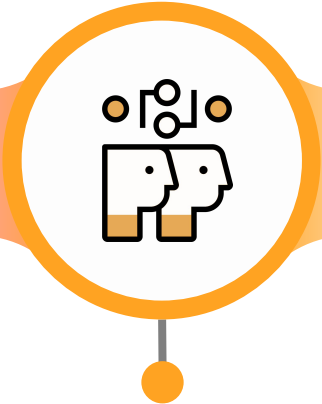
**Consumers Expect Real-Time, Personalized Brand Interactions Across Channels**



**Customer Experience is the New Battleground for Business**



**First-Party Data is Critical for Effective Customer Engagement**

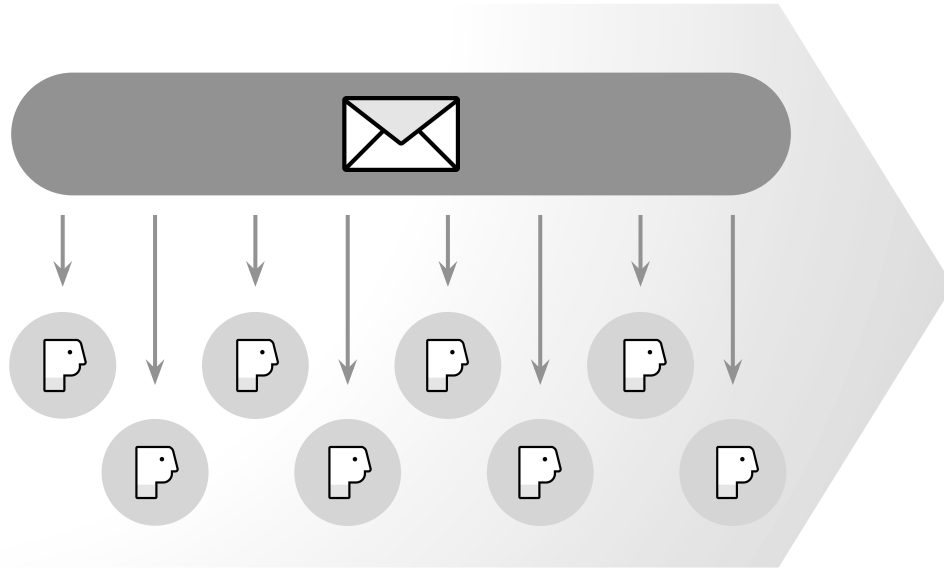


**Customer Engagement Demands Cross-Functional Collaboration**

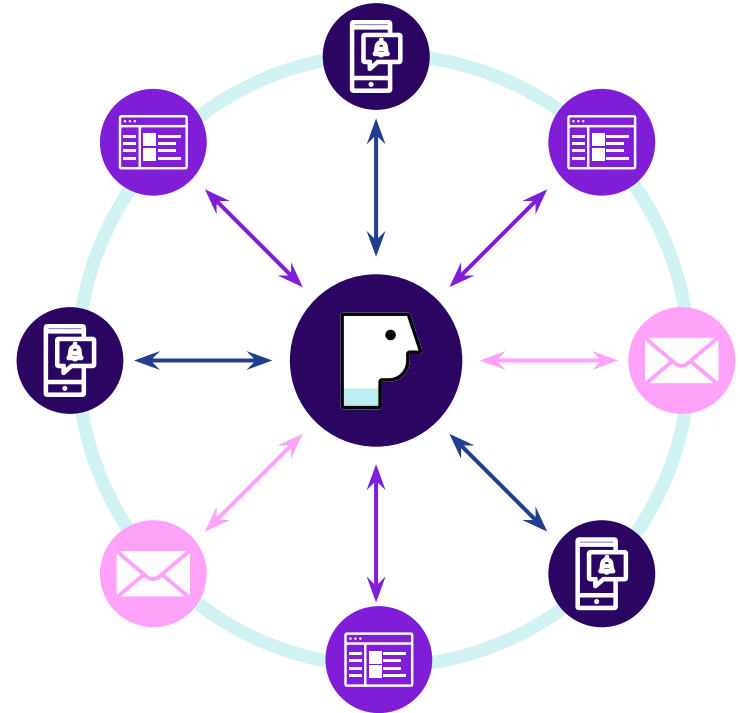


**AI/ML Drives Efficiency, Better Testing, and More Experimentation in Customer Engagement**

# We Believe a Customer's Experience Should Revolve around the Customer, Not the Channel



**CHANNEL-CENTRIC**



**CUSTOMER-CENTRIC**



## LEGACY MARKETING CLOUDS



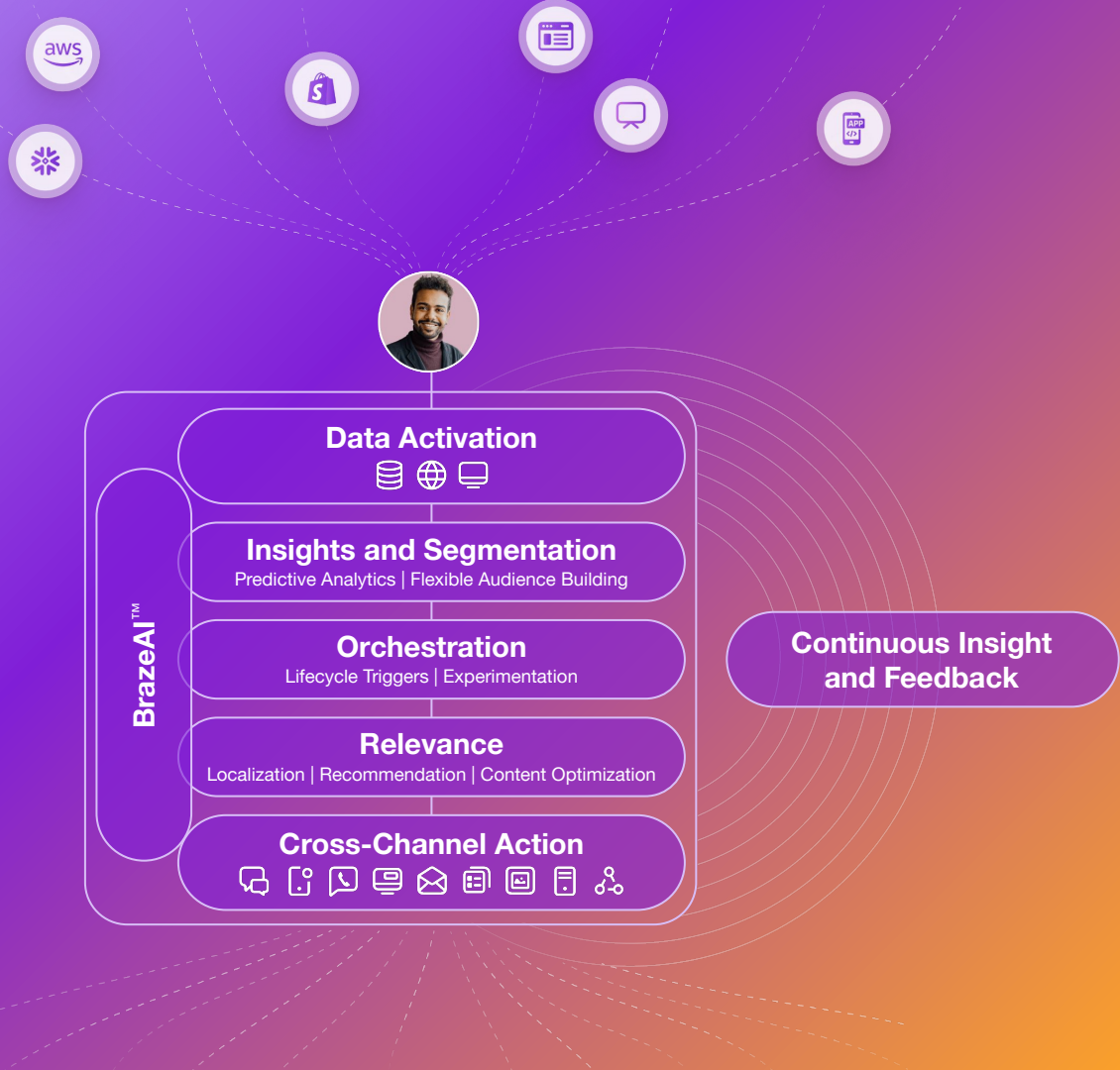
## POINT SOLUTIONS

- Initially Architected as Single-Channel Point Solutions
- Lack of Comprehensiveness
- Limited Interoperability
- High Latency
- Time-Consuming and Difficult to Implement and Use
- Not Enterprise-Grade

# Braze Customer Engagement Platform

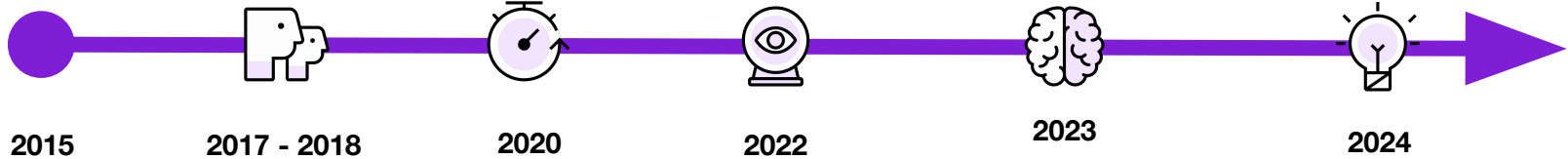
Five functional layers create an interactive feedback loop that allows us to:

Listen  
Understand  
Act





# Proven AI Track Record with Product Momentum



## BRAZE MILESTONES

Year	Milestone
2015	First AI feature introduced
2017 - 2018	Built a team of data engineers and scientists to build ML
2020	Predictive Suite Launched
2022	Generative AI introduced
2023	BrazeAI™ Launch June '23
2024	Continued AI Innovation and new offerings

## BRAZE SOLUTIONS

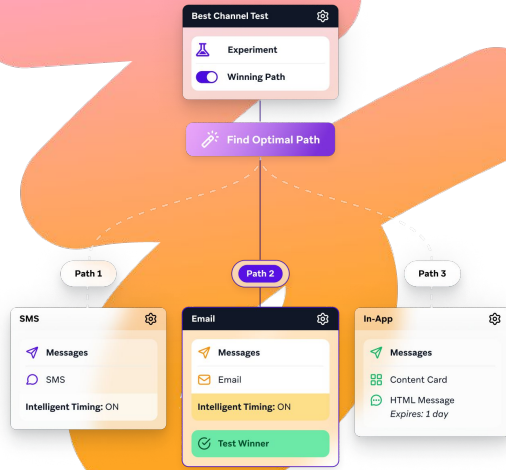
Year	Solutions
2015	Intelligent Selection
2017 - 2018	Increased AI/ML functionality in Braze
2020	Predictive Churn Predictive Events
2022	GPT3 integration May '22 (AI Copywriting Assistant) Dall-E integration December '22 Personalized Variant
2023	Personalized Variant Winning Paths AI Content QA AI Image Generator Estimated Real Open Rates
2024	AI Item Recommendations Personalized Path Tone Control On-Brand Content Generation Brand Guidelines Message Likelihood Filter

# BrazeAI™ drives stronger customer engagement outcomes



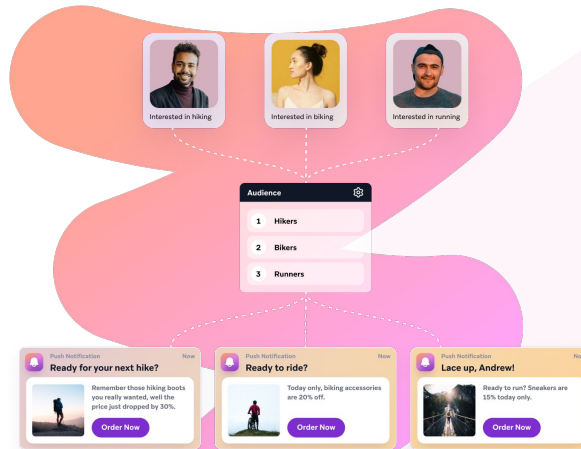
## Flexible Experimentation

Easily accessible A/B testing tools open up more opportunities for AI optimization and personalization at any step of the customer journey



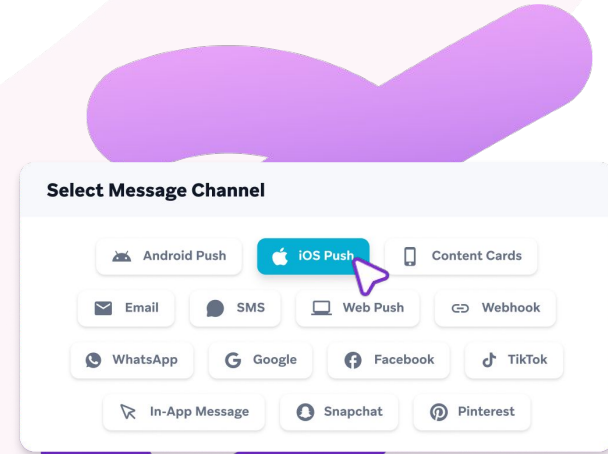
## Real-Time Data Execution

Real-time processing of customer data enable BrazeAI™ to make better, faster decisions.



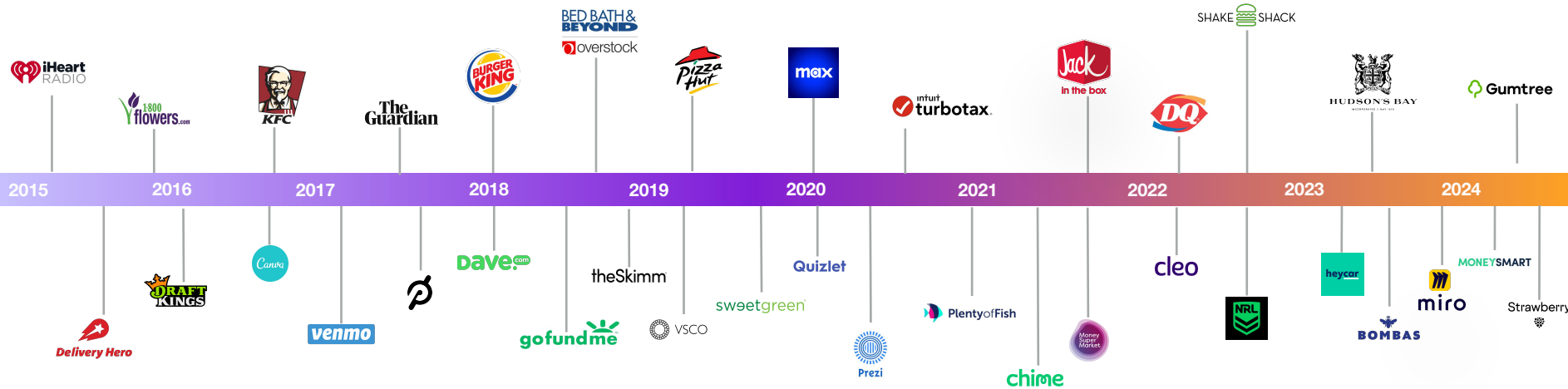
## Cross-Channel Touchpoints

Native cross-channel interactions power comprehensive inputs into AI decisioning and unlock a wider range of engagement on all relevant touchpoints



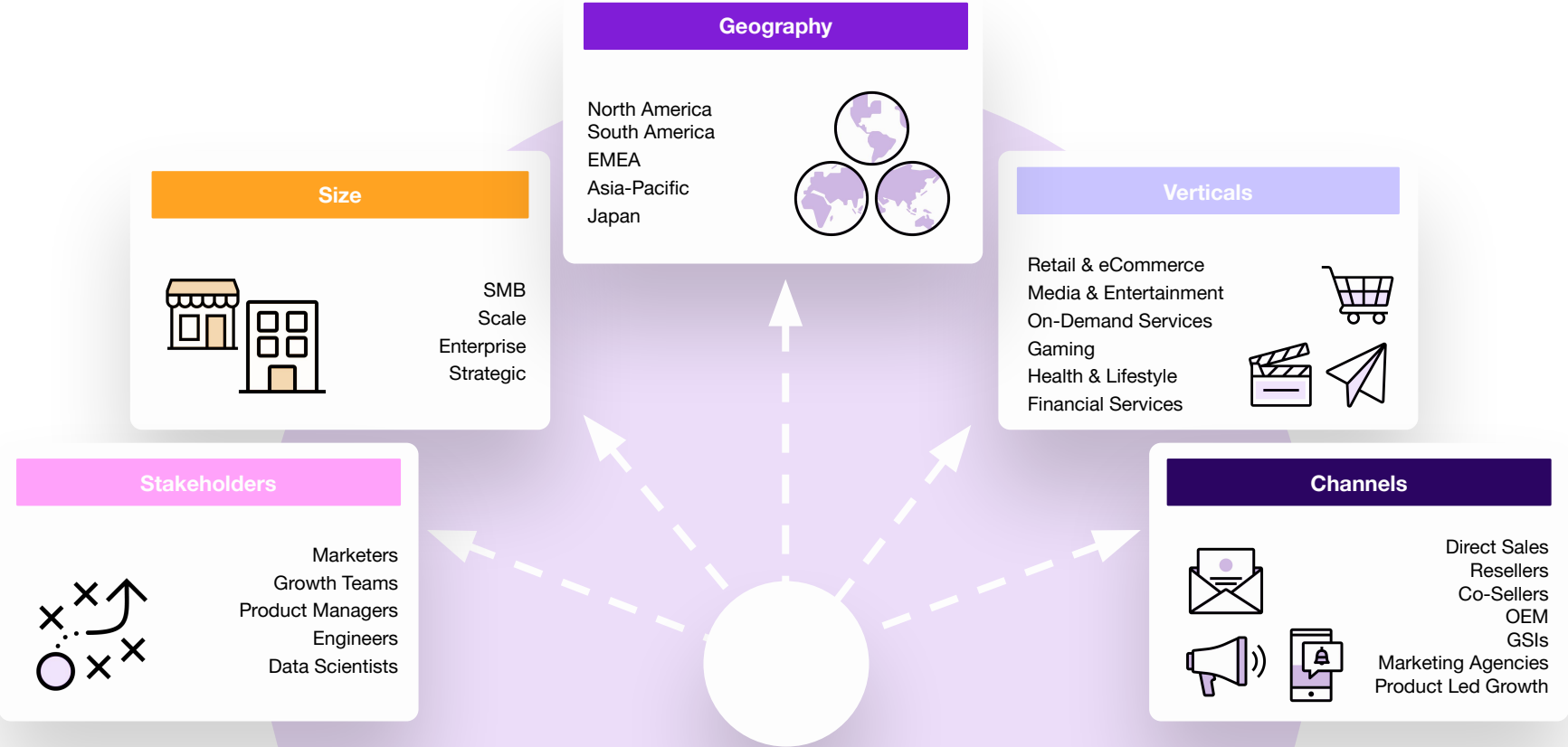
# We Continue to Build Momentum as Brands of all Sizes and Types Place a Higher Value on Customer Engagement

## Traditional Enterprises



## Emerging Disruptors

# GTM Strategy Vectors



# Diverse Customer Base that Cuts Across Industry Verticals and Company Sizes

## RETAIL & E-COMMERCE



## QUICK SERVE RESTAURANTS & ON-DEMAND



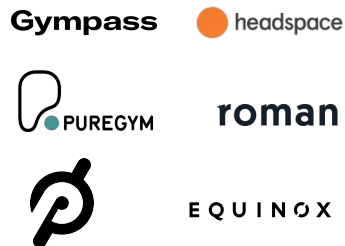
## MEDIA & ENTERTAINMENT



## FINANCIAL SERVICES



## HEALTH & FITNESS



## SOCIAL, MESSAGING & GAMING



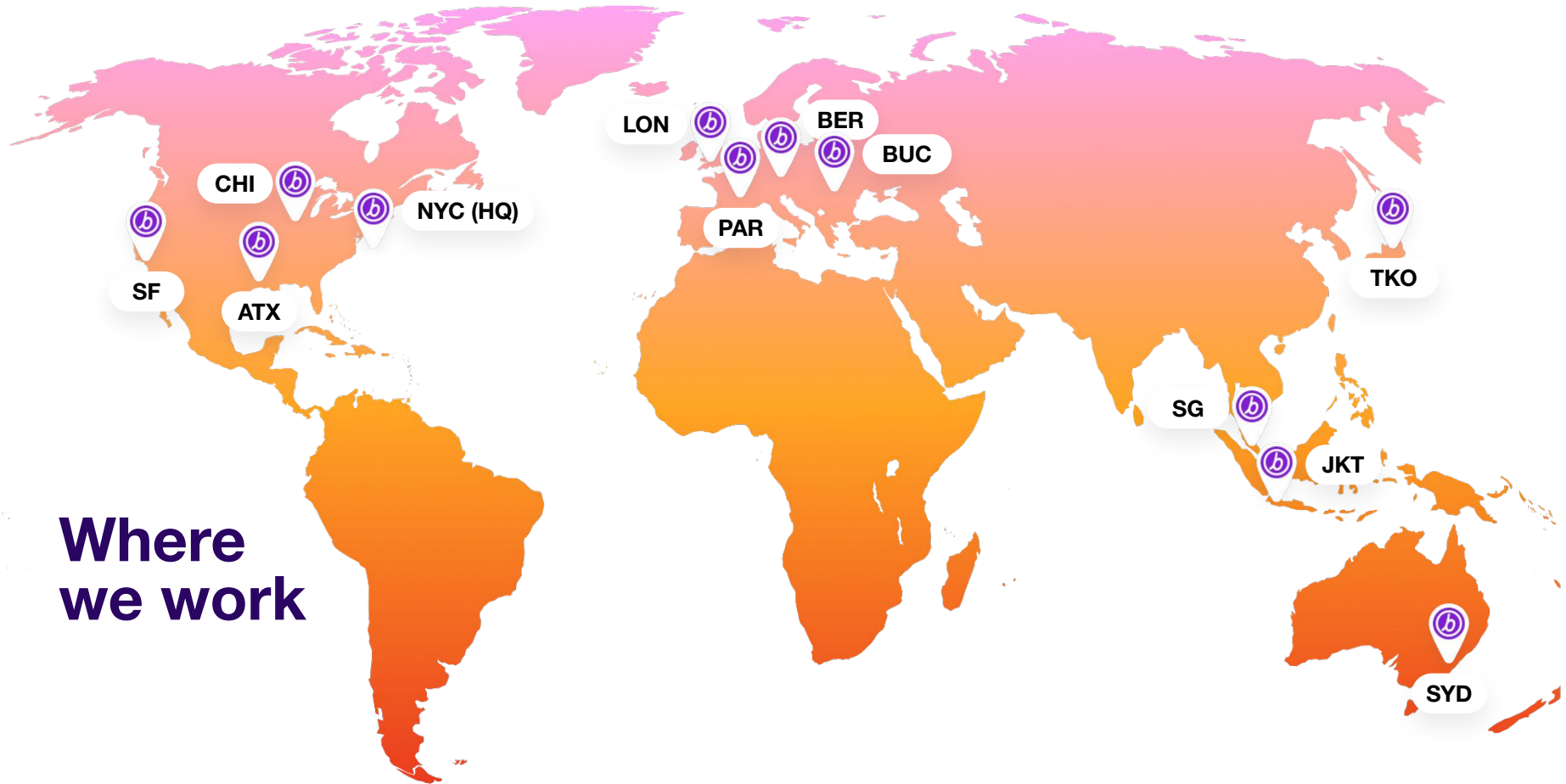
## PRODUCTIVITY & UTILITIES



## TRAVEL & HOSPITALITY



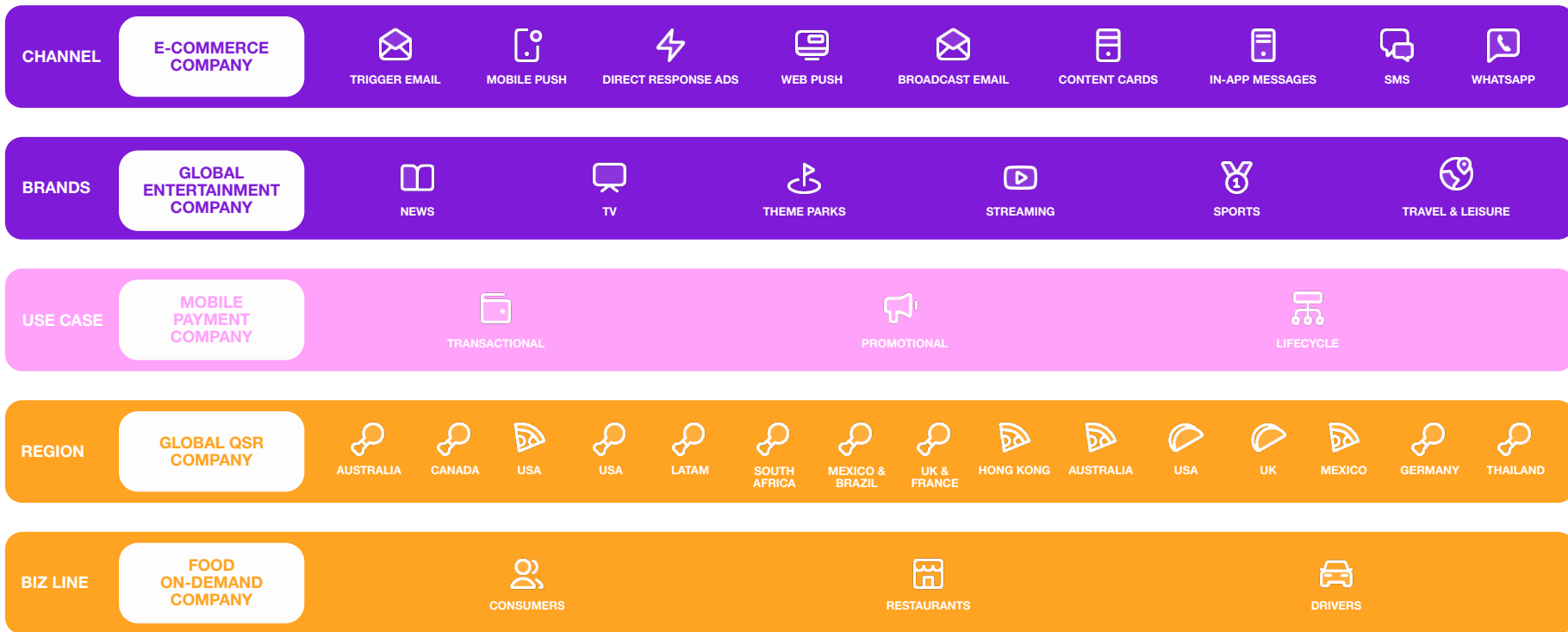
# Where we work



# Flexibility enables brands to solve a range of use cases:

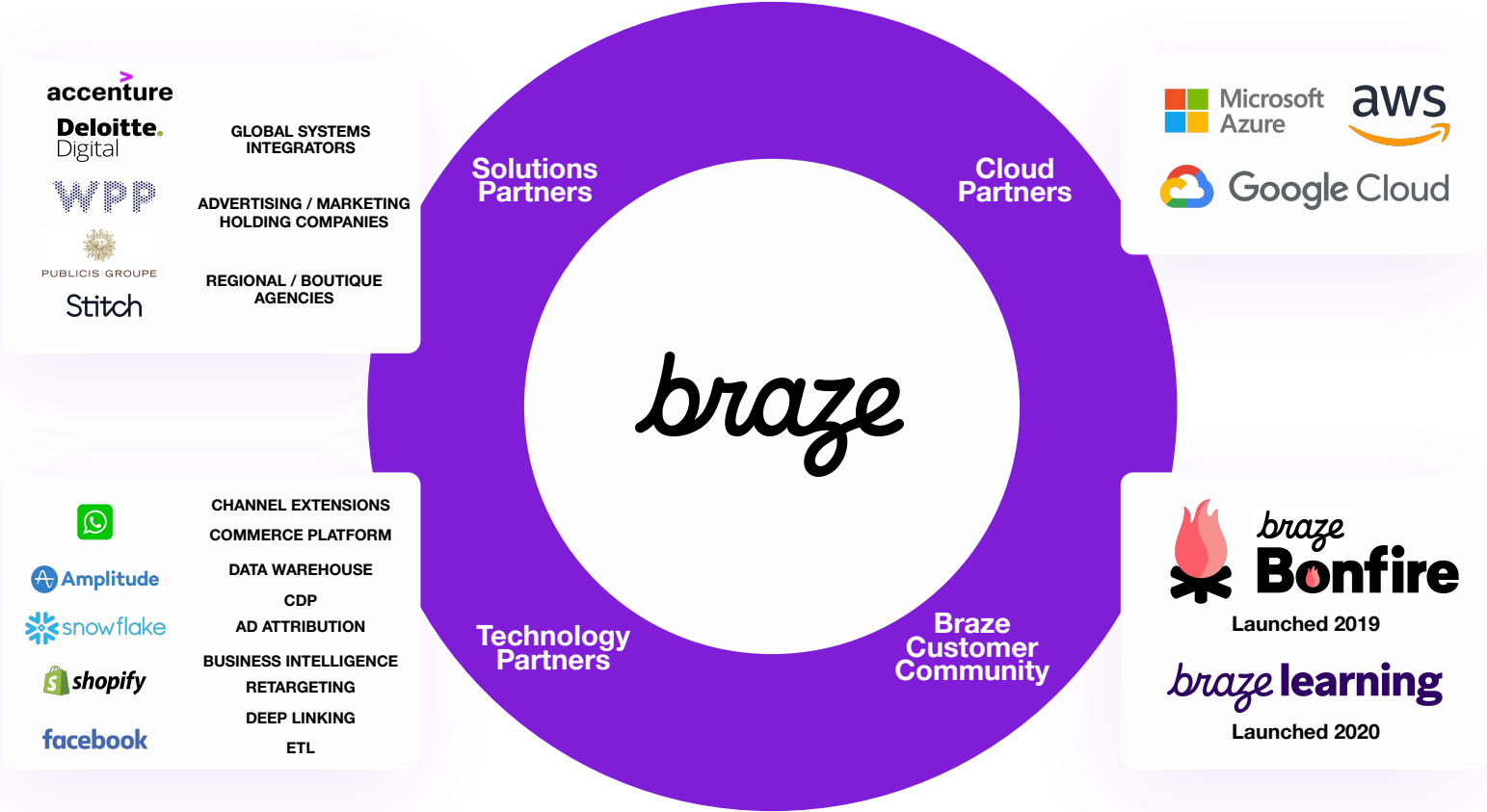
Start anywhere and go everywhere

*braze*



# Our Partner Ecosystem and Community is Building a Deep Competitive Moat

*braze*





# Q2 FY'25 Key Financial Highlights



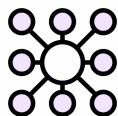
**Growth  
at Scale**

**26%**

Y/Y Revenue Growth

**\$582M**

Quarterly Revenue  
Run Rate<sup>1</sup>



**Strong Large  
Customer Growth**

**28%**

Y/Y Growth in Large  
Customers<sup>2</sup>



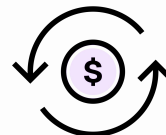
**Proven Ability  
to Land and  
Expand**

**114%**

Dollar-Based NRR

**117%**

Large Customer<sup>2</sup>  
Dollar-Based NRR



**Recurring and  
Visible Business  
Model**

**96%**

Subscription Revenue



**Stable Margins  
While Investing  
for Growth**

**71%**

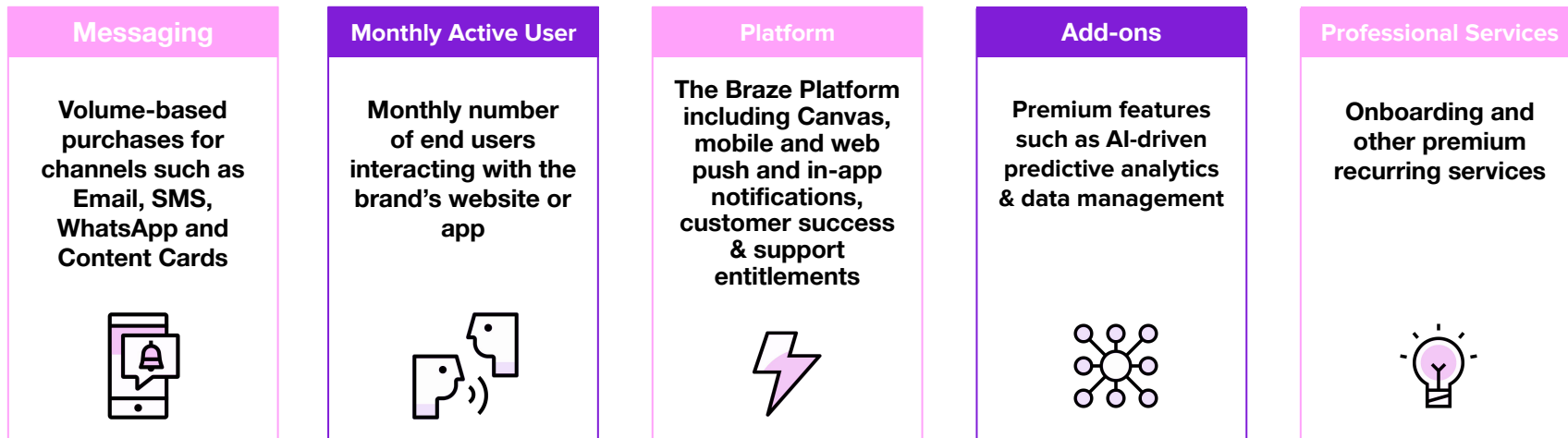
Non-GAAP  
Gross Margin

1. Represents quarter GAAP revenue multiplied by 4  
2. Customers with \$500K+ ARR

Note: All metrics represent figures as of or for the three months ended July 31, 2024 as applicable

See Appendix for GAAP to non-GAAP Reconciliations and other key definition

# Customer Contract Components & Revenue Recognition Model



- Subscription fees are principally based on upfront commitments for messaging volumes, monthly active users, platform access, support, and add-on solutions
- Majority of contracts are billed annually upfront, with revenue recognized ratably over the life of the contract
- Contracts cannot be cancelled or downsized during the contract term; contracts may be upsized or renewed prior to the end of the term
- Dollar weighted contract length of approximately two years across Braze's customer base
- Overages typically represent less than 1% of revenue

Note: As of the quarter ended July 31, 2024

# Appendix

*braze*

# Operating Metrics - Definitions



**Number of Customers:** We define a customer as the separate and distinct, ultimate parent-level entity that has an active subscription with us to use our products. A single organization could have multiple distinct contracting divisions or subsidiaries, all of which together would be considered a single customer.

**Monthly Active User:** A monthly active user is an end user of a customer who has engaged with the customer's applications and websites in the previous 30-day period. We include each distinguishable end user in our calculation of monthly active users, even though some users may access our customers' applications and websites using more than one device, and multiple users may gain access using the same device.

**Dollar-based Net Retention Rate:** We calculate our dollar-based net retention rate as of a period end by starting with the ARR from a cohort of customers as of 12 months prior to such period-end (the Prior Period ARR). We then calculate the ARR from the same cohort of customers as of the end of the current period (the Current Period ARR). Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months, but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the point-in-time dollar-based net retention rate. We then calculate the weighted average point-in-time dollar-based net retention rates as of the last day of each month in the current trailing 12-month period to arrive at the dollar-based net retention rate.

**Annual Recurring Revenue (ARR):** We define ARR as the annualized value of customer subscription contracts, including certain premium professional services that are subject to contractual subscription terms, as of the measurement date, assuming any contract that expires during the next 12 months is renewed on its existing terms (including contracts for which we are negotiating a renewal). Our calculation of ARR is not adjusted for the impact of any known or projected future events (such as customer cancellations, expansion or contraction of existing customers relationships or price increases or decreases) that may cause any such contract not to be renewed on its existing terms.

**Remaining Performance Obligations:** The transaction price allocated to remaining performance obligations represents amounts under non-cancelable contracts expected to be recognized as revenue in future periods, and may be influenced by several factors, including seasonality, the timing of renewals, the timing of service delivery and contract terms. Unbilled portions of the remaining performance obligation are subject to future economic risks including bankruptcies, regulatory changes and other market factors.

# GAAP to Non-GAAP Reconciliation

DOLLARS IN THOUSANDS



## Reconciliation of GAAP to Non-GAAP Gross Margin

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Gross Profit	\$102,079	\$79,633	\$192,990	\$148,726
Plus:				
Stock-based compensation expense	1,078	901	2,042	1,790
Employer taxes related to stock-based compensation expense	46	30	114	52
Non-GAAP Gross Profit	\$103,203	\$80,564	\$195,146	\$150,568
GAAP Gross Margin	70.2%	69.2%	68.7%	68.6%
Non-GAAP Gross Margin	70.9%	70.0%	69.5%	69.4%

## Reconciliation of GAAP to Non-GAAP Operating Expenses

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
GAAP sales and marketing expense	\$68,569	\$60,417	\$138,396	\$117,679
Less:				
Stock-based compensation expense	9,892	7,807	19,337	15,655
Employer taxes related to stock-based compensation expense	282	247	823	364
Restructuring expense	-	541	-	541
Non-GAAP sales and marketing	\$58,395	\$51,822	\$118,236	\$101,119
GAAP research and development expense	\$33,141	\$29,132	\$67,514	\$58,877
Less:				
Stock-based compensation expense	11,448	9,929	22,280	19,772
Employer taxes related to stock-based compensation expense	344	266	1,180	522
Non-GAAP research and development	\$21,349	\$18,937	\$44,054	\$38,583
GAAP general and administrative expense	\$28,319	\$25,453	\$55,110	\$49,436
Less:				
Stock-based compensation expense	7,404	6,139	14,441	11,705
Employer taxes related to stock-based compensation expense	143	65	440	155
1% Pledge charitable contribution expense	1,347	964	1,347	964
Acquisition related expense	-	678	-	1,946
Amortization of intangibles expense	140	148	358	148
Restructuring expense	-	103	-	103
Contingent consideration adjustment	-	-	(137)	-
Non-GAAP general and administrative	\$19,285	\$17,356	\$38,661	\$34,415

# GAAP to Non-GAAP Reconciliation



DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS

## Reconciliation of GAAP to Non-GAAP Operating Income (Loss)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Loss from operations	(\$27,950)	(\$35,369)	(\$68,030)	(\$77,266)
Plus:				
Stock-based compensation expense	29,822	24,776	58,100	48,922
Employer taxes related to stock-based compensation expense	815	608	2,557	1,093
1% Pledge charitable contribution expense	1,347	964	1,347	964
Acquisition related expense	-	678	-	1,946
Amortization of intangibles expense	140	148	358	148
Restructuring expense	-	644	-	644
Contingent consideration adjustment	-	-	(137)	-
Non-GAAP income (loss) from operations	\$4,174	(\$7,551)	(\$5,805)	(\$23,549)
GAAP operating margin	(19.2%)	(30.7%)	(24.2%)	(35.6%)
Non-GAAP operating margin	2.9%	(6.6%)	(2.1%)	(10.9%)

## Reconciliation of GAAP to Non-GAAP Net Income (Loss)

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Net loss attributable to Braze, Inc.	(\$22,999)	(\$31,694)	(\$58,640)	(\$70,148)
Plus:				
Stock-based compensation expense	29,822	24,776	58,100	48,922
Employer taxes related to stock-based compensation expense	815	608	2,557	1,093
1% Pledge charitable contribution expense	1,347	964	1,347	964
Acquisition related expense	-	678	-	1,946
Amortization of intangibles expense	140	148	358	148
Restructuring expense	-	644	-	644
Contingent consideration adjustment	-	-	(137)	-
Non-GAAP net income (loss) attributable to Braze, Inc. <sup>1</sup>	\$9,125	(\$3,876)	\$3,585	(\$16,431)
Non-GAAP net income (loss) per share attributable to Braze, Inc. common stockholders, basic	\$0.09	(\$0.04)	\$0.04	(\$0.17)
Non-GAAP net income (loss) per share attributable to Braze, Inc. common stockholders, diluted	\$0.09	(\$0.04)	\$0.03	(\$0.17)
Weighted-average shares used to compute net income (loss) per share attributable to Braze, Inc. common stockholders, basic	101,449	97,180	101,239	97,023
Weighted-average shares used to compute net income (loss) per share attributable to Braze, Inc. common stockholders, diluted	105,902	97,180	106,407	97,023

# GAAP Cash Flows from Operations to Free Cash Flow



DOLLARS IN THOUSANDS

## Reconciliation of GAAP Cash Flow from Operating Activities to Non-GAAP Free Cash Flow

	Three Months Ended July 31,		Six Months Ended July 31,	
	2024	2023	2024	2023
Net cash provided by/ (used in) operating activities	\$11,612	(\$17,517)	\$31,007	\$5,032
Less:				
Purchases of property and equipment	(3,309)	(387)	(10,224)	(427)
Capitalized internal-use software costs	(1,069)	(788)	(2,108)	(1,640)
Non-GAAP Free cash flow	\$7,234	(\$18,692)	\$18,675	\$2,965

The background consists of several overlapping, rounded, organic shapes in shades of purple, orange, and pink. The colors are vibrant and layered, creating a sense of depth and movement. The word "brazze" is centered in a white, cursive font.

*brazze*