



Backblaze

Q3 2021 Results



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CFO

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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, 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, performance or achievements to be materially different from any future results, performance or achievements 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 and Adjusted EBITDA Margin. 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 and Adjusted EBITDA Margin to the most directly comparable GAAP financial measures.

Leading Independent Cloud Platforms

Networking



Compute



Communication



Data Storage





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

Blazing Our Own Path: A “Bootstrapping” Story

~500,000

Paying Customers
In 175+ Countries

5 Co-founders

Together for Over 20 Years

\$71M ARR

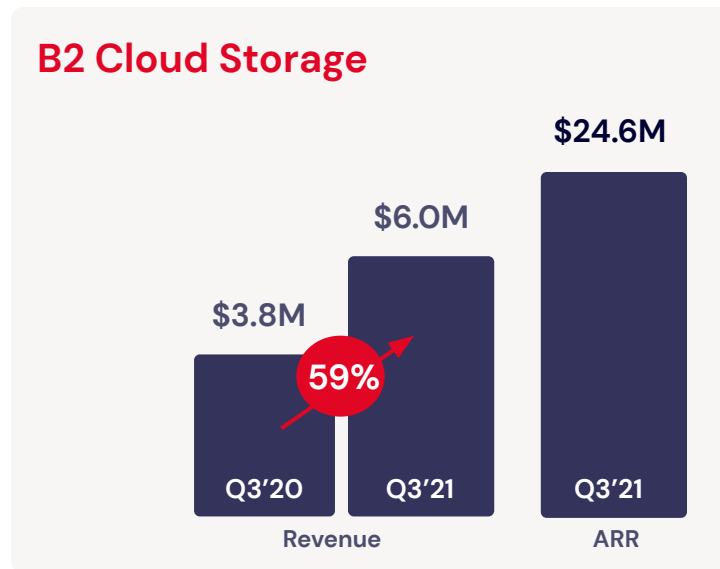
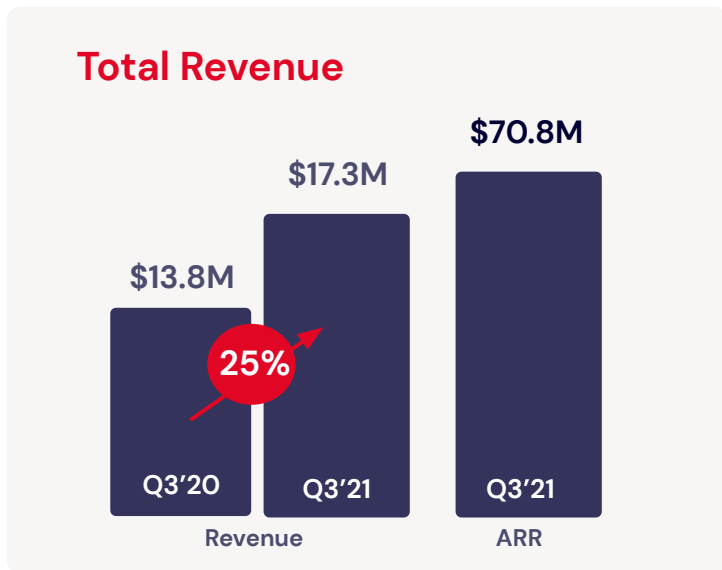
>98% Recurring

< \$13 Million

Outside Equity Investment
pre-IPO

NOTES: All financial and other data is as of September 30, 2021, except as otherwise noted, and is based on unaudited financial data. \$71M ARR is calculated based on the Company's total revenue. Recurring revenue reflects the amount of the Company's revenue for a given period that is recurring in nature. See appendix for definition of ARR (annual recurring revenue).

Strong Q3 Growth: Revenue +25% Y/Y, B2 Storage Cloud +59% Y/Y

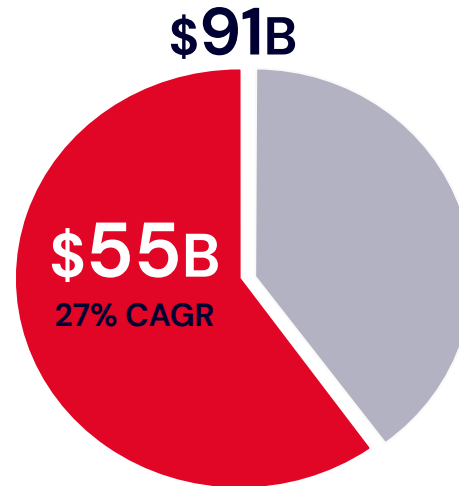


NOTES: Financial data is shown for the quarters ending September 30, 2020 and 2021, and is based on unaudited financial data. See appendix for definition of ARR (annual recurring revenue).

Huge, Underserved Mid-Market

60%
Mid-market business
of IaaS spend

Public Cloud Infrastructure-
as-a-Service Storage



NOTES: Mid-market defined as businesses and organizations with 10 to 999 employees. "60% spend" - Company analysis of IDC Worldwide Semiannual Public Cloud Services Spending Guide Taxonomy, 2019.

"\$91B" - IDC Worldwide Public Cloud Infrastructure as a Service Forecast, 2020-2025; reflects 2025 forecast. "55B" is calculated based on 60% spend IDC mid-market spending guide applied to Public Cloud IaaS market; reflects 2025 forecast.

Computer Backup → Unlimited, Better & Less Expensive

\$46M
Q3'21
ARR

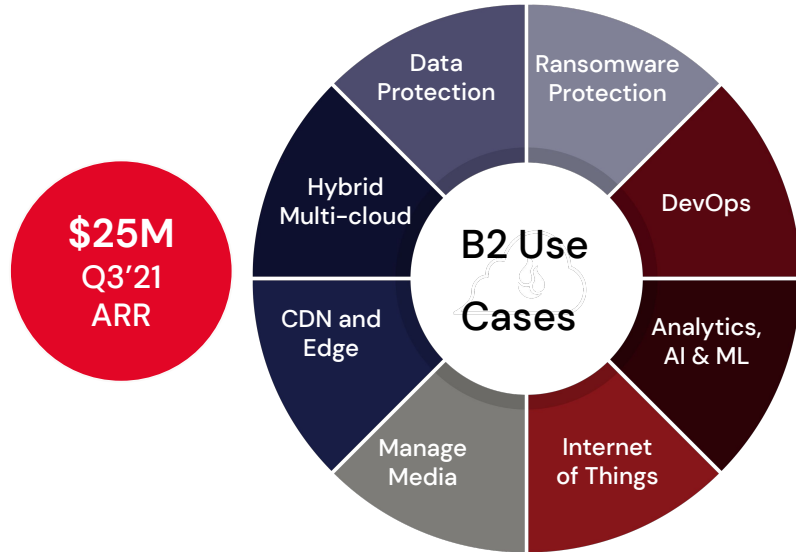
	Backblaze	Dropbox iCloud Google Drive
Price per Year	\$70 Unlimited	\$100 – \$120 2TB
Unlimited Data Backup	✓	
All Data Backed Up Automatically	✓	
Data Recovery by Mail	✓	
Private Encryption Key	✓	

“After years of testing, we think
**Backblaze is the easiest to use
and the best cloud backup
service for most people.**”
(Aug 2021)



NOTES: Annual Recurring Revenue (ARR) for Computer Backup is shown as of September 30, 2021, and is based on unaudited financial data. See appendix for definition of ARR (annual recurring revenue). Price and feature comparison based on publicly available pricing and product information.

B2: Wide Variety of Use Cases & Fills a Market 'Void'



Storage Cloud Platforms



NOTES: Annual Recurring Revenue (ARR) for B2 Cloud Storage is shown as of September 30, 2021, and is based on unaudited financial data. See appendix for definition of ARR (annual recurring revenue).

Backblaze B2: Disrupting Storage-as-a-service



Easy

Up to 92% Time Saving

Offer only storage
Focus on mid-market needs
Build simple-to-use products



Affordable

1/5th the price

Purpose built storage cloud
Software-driven infrastructure
Scale & time expertise



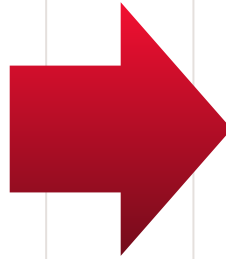
Trusted

Independent Cloud

Neutral provider
No vendor lock-in
Non-competitive

Customers Choose Backblaze Because

Complex
Expensive
Conflicted



Easy
Affordable
Trusted



Other Recent Highlights

IPO



Partnership



Inaugural Developer Day



Q3 Financial Overview



Frank Patchel,
CFO

Financial and Operational Q3 Highlights

	Revenue (\$M)	Y/Y Growth (%)	NRR	Gross Customer Retention
B2 Cloud Storage	\$6.0	59%	129%	92%
Computer Backup	\$11.2	13%	103%	91%
Total Company	\$17.3	25%	110%	91%

NOTES: All financial information is as of September 30, 2021, with year-over-year revenue comparisons to the same period as of September 30, 2020, and is based on the unaudited financial information. NRR (Net Revenue Retention) and Gross Customer Retention are defined in the appendix.

Financial and Operational Q3 Highlights

Adj. Gross Margin:

74%

Adj. EBITDA
Margin:

5%

Balance Sheet
Cash:

\$4.7M

NOTES: All financial information is as of September 30, 2021 and is based on the unaudited financial information. Adjusted Gross Margin excludes capex depreciation, stock-based compensation and R&D amortization. R&D, S&M, G&A and Adjusted EBITDA metrics are shown on an adjusted basis excluding stock-based compensation. See appendix for reconciliation of GAAP to non-GAAP metrics.

Q4 2021 Outlook Ranges



Revenue (\$M)
17.7 to 18.2



Adj. EBITDA Margin
-10% to -6%

NOTES: The above financial information guidance for the fourth quarter of the fiscal year 2021 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.

Q&A



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

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.

Reconciliation of Non-GAAP Measures: Gross Margin

Adjusted Gross Profit	Q3'21	Q3'20
Gross Profit	\$8.801	\$6.720
Gross Margin	51%	49%
Adjustments for Cost of Revenue:		
Stock Based Compensation	0.139	0.034
Depreciation and Amortization	3.896	3.224
Adjusted Gross Profit	\$12.836	\$9.978
Adjusted Gross Margin	74%	72%

Dollars in Millions

Reconciliation of Non-GAAP Measures: EBITDA

Adjusted EBITDA	Q3'21	Q3'20
Net Loss	\$(5.993)	\$(1.860)
Net Loss Margin	-34%	-13%
Adjustments:		
Total Depreciation & Amortization	4.059	3.362
Total Stock Based Compensation	1.448	0.471
Interest Expense	0.968	0.793
Income Tax Provision	–	0.012
Unrealized Loss on Safe	0.359	–
Adjusted EBITDA	\$0.841	\$2.778
Adjusted EBITDA Margin	5%	20%

Dollars in Millions

Reconciliation of Non-GAAP Measures: Operating Expenses

Adjusted Operating Expenses	Q3'21	Q3'20
R&D	\$5.338	\$3.300
Adj: Stock Based Compensation	(0.466)	(0.195)
S&M	5.025	2.956
Adj: Stock Based Compensation	(0.489)	(0.137)
G&A	3.104	1.519
Adj: Stock Based Compensation	(0.354)	(0.105)
Adjusted R&D (% revenue)	28%	22%
Adjusted S&M (% revenue)	26%	20%
Adjusted G&A (% revenue)	16%	10%

Dollars in Millions