

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-41026

BACKBLAZE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**2261 Market Street STE 81006
San Francisco, CA**

(Address of principal executive offices)

20-8893125

(I.R.S. Employer
Identification No.)

94114

(Zip Code)

(650) 352-3738

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value per share	BLZE	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

☐

Accelerated filer

☒

Non-accelerated filer

☐

Smaller reporting company

☐

Emerging growth company

☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of April 28, 2026, 60.0 million shares of the registrant's Class A common stock were outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that are in some cases beyond our control and 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. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will” or “would” or the negative of these words or other similar terms or expressions.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our ability to sell our platform to new customers;
- our ability to retain and expand use of our platform by our existing customers;
- our ability to effectively manage our growth;
- our ability to successfully obtain timely returns on our investments in initiatives relating to sales and marketing, research and development, and other areas;
- our ability to maintain our competitive advantages;
- our ability to maintain and expand our partner ecosystem;
- our ability to maintain the security of our platform and the security and privacy of customer data;
- our ability to successfully expand in our existing markets and into new markets;
- the attraction and retention of qualified employees and key personnel;
- our ability to successfully defend litigation brought against us;
- the impact of pandemics, inflation, war, other hostilities and other disruptive events on our business or that of our customers, partners, and supply chain or on the global economy; and
- our ability to prevent material weaknesses in internal controls over financial reporting.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled “Risk Factors” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

BACKBLAZE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except share and per share data) (unaudited)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,276	\$ 29,182
Marketable securities	19,207	22,199
Accounts receivable, net	4,261	3,482
Prepaid expenses	5,687	4,195
Other current assets	7,405	6,630
Total current assets	62,836	65,688
Property and equipment, net	61,305	57,310
Operating lease right-of-use assets, net	21,403	22,713
Capitalized internal-use software, net	40,857	40,825
Other assets	6,265	5,290
Total assets	\$ 192,666	\$ 191,826
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 9,227	\$ 10,994
Finance lease liabilities and lease financing obligations, current	15,181	14,873
Operating lease liabilities, current	4,530	5,253
Deferred revenue, current	30,999	30,498
Total current liabilities	59,937	61,618
Finance lease liabilities and lease financing obligations, non-current	23,627	21,292
Operating lease liabilities, non-current	19,016	20,166
Deferred revenue and other liabilities, non-current	5,443	5,529
Total liabilities	108,023	108,605
Commitments and contingencies (Note 9)		
Stockholders' Equity		
Preferred Stock, \$0.0001 par value; 10,000,000 shares authorized as of March 31, 2026 and December 31, 2025; zero shares issued and outstanding as of March 31, 2026 and December 31, 2025	—	—
Class A common stock, \$0.0001 par value; 113,000,000 shares authorized as of both March 31, 2026 and December 31, 2025; 60,478,861 shares issued and 60,033,083 shares outstanding as of March 31, 2026 and 58,962,339 shares issued and 58,705,790 outstanding as of December 31, 2025.	6	6
Class B common stock, \$0.0001 par value; 295,986 shares authorized as of March 31, 2026 and December 31, 2025; zero shares issued and outstanding as of March 31, 2026 and December 31, 2025.	—	—
Treasury stock, at cost; 445,778 and 256,549 shares as of March 31, 2026 and December 31, 2025, respectively	(2,792)	(1,983)
Additional paid-in capital	315,173	306,795
Accumulated deficit	(227,744)	(221,597)
Total stockholders' equity	84,643	83,221
Total liabilities and stockholders' equity	\$ 192,666	\$ 191,826

The accompanying notes are an integral part of these condensed consolidated financial statements.

BACKBLAZE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(in thousands, except share and per share data)
(unaudited)

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 38,666	\$ 34,613
Cost of revenue	15,137	15,357
Gross profit	23,529	19,256
Operating expenses:		
Research and development	11,286	11,855
Sales and marketing	10,284	9,263
General and administrative	7,312	6,909
Total operating expenses	28,882	28,027
Loss from operations	(5,353)	(8,771)
Investment income	404	533
Interest expense	(1,209)	(853)
Other income (expense), net	39	(149)
Loss before provision for income taxes	(6,119)	(9,240)
Income tax provision	28	84
Net loss and comprehensive loss	\$ (6,147)	\$ (9,324)
Net loss per share, basic and diluted	\$ (0.10)	\$ (0.17)
Weighted average common shares outstanding, basic and diluted	59,290,195	54,060,249

The accompanying notes are an integral part of these condensed consolidated financial statements.

BACKBLAZE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)
(unaudited)

	Three Months Ended March 31, 2026						
	Class A Common Stock		Treasury Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount	Shares	Amount			
Balance as of December 31, 2025	58,962,339	\$ 6	(256,549)	\$ (1,983)	\$ 306,795	\$ (221,597)	\$ 83,221
Net loss	—	—	—	—	—	(6,147)	(6,147)
Purchase of treasury stock	—	—	(189,229)	(809)	—	—	(809)
Issuance of common stock upon exercise of stock options	129,084	—	—	—	343	—	343
Issuance of common stock under the 2021 Equity Incentive Plan, net of taxes withheld	697,648	—	—	—	(241)	—	(241)
Issuance of restricted stock units related to bonus plans, net of taxes withheld	689,790	—	—	—	2,593	—	2,593
Share registration offering costs	—	—	—	—	(89)	—	(89)
Stock-based compensation	—	—	—	—	5,772	—	5,772
Balance as of March 31, 2026	<u>60,478,861</u>	<u>\$ 6</u>	<u>(445,778)</u>	<u>\$ (2,792)</u>	<u>\$ 315,173</u>	<u>\$ (227,744)</u>	<u>\$ 84,643</u>

	Three Months Ended March 31, 2025				
	Class A Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance as of December 31, 2024	53,375,770	\$ 5	\$ 273,602	\$ (195,985)	\$ 77,622
Net loss	—	—	—	(9,324)	(9,324)
Issuance of common stock upon exercise of stock options	395,718	—	978	—	978
Issuance of common stock related to the 2021 Equity Incentive Plan	796,588	—	(458)	—	(458)
Issuance of restricted stock units related to bonus plans	301,571	—	2,014	—	2,014
Stock-based compensation	—	—	6,936	—	6,936
Balance as of March 31, 2025	<u>54,869,647</u>	<u>\$ 5</u>	<u>\$ 283,072</u>	<u>\$ (205,309)</u>	<u>\$ 77,768</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

BACKBLAZE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (6,147)	\$ (9,324)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Noncash lease expense on operating leases	1,310	925
Depreciation and amortization	6,740	7,764
Stock-based compensation	6,901	7,359
Gain on disposal of property and equipment	(13)	(174)
Other, net	(35)	172
Changes in operating assets and liabilities:		
Accounts receivable	(779)	61
Prepaid expenses and other current assets	(2,275)	(1,102)
Other assets	(1,049)	(129)
Accounts payable, accrued expenses and other current liabilities	111	199
Deferred revenue and other liabilities, non-current	415	798
Operating lease liabilities	(1,819)	(1,606)
Net cash provided by operating activities	3,360	4,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(4,965)	(18,285)
Maturities of marketable securities	8,000	14,765
Proceeds from disposal of property and equipment	17	14
Purchases of property and equipment	(651)	(503)
Capitalized internal-use software costs	(2,112)	(2,123)
Net cash provided by (used in) investing activities	289	(6,132)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance leases and lease financing obligations	(4,230)	(4,543)
Payment of offering costs	—	(10)
Payment of debt issuance costs	—	(20)
Purchase of treasury stock	(809)	—
Proceeds from exercises of stock options	351	1,050
Taxes paid for net share settlement of equity awards	(1,778)	(458)
Other	(89)	—
Net cash used in financing activities	(6,555)	(3,981)
Net decrease in cash and cash equivalents	(2,906)	(5,170)
Cash and cash equivalents, at beginning of period	29,182	45,776
Cash and cash equivalents, at end of period	<u>\$ 26,276</u>	<u>\$ 40,606</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 1,129	\$ 829
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accrued bonus settled in restricted stock units	\$ 4,130	\$ 2,014
Accruals related to purchases of property and equipment	\$ 227	\$ 42

The accompanying notes are an integral part of these condensed consolidated financial statements.

BACKBLAZE, INC.**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(unaudited)**Note 1. Organization and Description of Business*****Description of Business***

Backblaze, Inc. and its subsidiaries (collectively, “Backblaze” or the “Company”) is a high-performance storage cloud platform, designed to help businesses and consumers store, use, and protect their data. The Company delivers its services through the Backblaze Storage Cloud platform, a purpose-built, web-scale software architecture operating on commodity hardware. Backblaze’s offerings include B2 Cloud Storage, an Infrastructure-as-a-Service (“IaaS”) solution, and Computer Backup, a Software-as-a-Service (“SaaS”) solution.

Note 2. Basis of Presentation and Summary of Significant Accounting Policies***Basis of Presentation and Principles of Consolidation***

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated. The accompanying condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”) regarding interim financial reporting. Accordingly, they do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. Therefore, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes for the year ended December 31, 2025 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, which was filed with the SEC on March 10, 2026 (the “Annual Report”). In management’s opinion, these unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all adjustments, which include normal recurring adjustments necessary for fair presentation. The results of operations for the three months ended March 31, 2026 and 2025 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Reclassifications

To conform to the current period’s presentation, foreign exchange loss of \$0.1 million that was previously included in “General and administrative” operating expenses is now included within “Other income (expense), net” in the condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2025. This reclassification had no impact on total net loss and comprehensive loss.

Emerging Growth Company

The Company is an emerging growth company (“EGC”), as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, EGCs can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that it (i) is no longer an EGC or (ii) affirmatively and irrevocably opts out of the extended transition period provided in the JOBS Act. As a result, these condensed consolidated financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of public company effective dates. The Company will maintain its EGC status until the fifth anniversary of the Company’s initial public offering. The Company intends to use the extended transition period for any other new or revised accounting standards during the period in which it remains an EGC. As a result, our Annual Report on Form 10-K for the year ending December 31, 2026 will no longer reflect any reduced disclosure requirements as an emerging growth company.

Significant accounting policies

The Company's significant accounting policies are disclosed in the Company's audited consolidated financial statements and related notes thereto included in the Annual Report.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosed in the condensed consolidated financial statements and the accompanying notes. Such estimates and assumptions include the costs to be capitalized as internal-use software, which include determining whether projects will result in new or additional functionality, the useful lives of other long-lived assets, impairment considerations for long-lived assets, the incremental borrowing rate for lease agreements, lease and non-lease component allocation, estimates related to variable consideration, the expected period of benefit of deferred contract acquisition costs, and accounting for income taxes, including estimates for deferred tax assets, valuation allowance, and uncertain tax positions. The Company bases its estimates on historical experience and on assumptions that management considers reasonable. Future actual results could differ materially from these estimates.

During the second quarter of 2025, the Company completed a study on the useful lives of its property and equipment. Effective April 1, 2025, the estimated lives of (i) data center equipment, which includes hard drives, and (ii) machinery and equipment, which includes servers and other infrastructure equipment, were extended on a prospective basis from a range of 3 to 5 years to a uniform 6 years. The reassessment was based on historical data and continuous improvements made to the efficiency and durability of the Company's storage infrastructure.

The change in estimate reduced depreciation expense and increased net income by approximately \$0.9 million for the three months ended March 31, 2026, resulting in an increase of \$0.02 per basic and diluted share. The Company expects an additional reduction in depreciation expense and increase in net income of approximately \$2.8 million for the remainder of the year ending December 31, 2026 as a result of this change in estimate.

Comprehensive Loss

The Company does not have any components of other comprehensive income recorded within the condensed consolidated financial statements and therefore does not separately present a statement of comprehensive income in the condensed consolidated financial statements.

Income Taxes

The Company is subject to U.S. federal and state income taxes as a corporation. The Company's tax provision and the resulting effective tax rate for interim periods is determined based upon its estimated annual effective tax rate adjusted for the effect of discrete items arising in that quarter. The effective tax rate for each of the three months ended March 31, 2026 and 2025 was zero as the Company has incurred continuous operating losses.

Concentrations and Risks and Uncertainties

Credit risk. Financial instruments that potentially subject the Company to credit risk primarily consist of cash, cash equivalents, accounts receivable, marketable securities, and unbilled receivables.

The Company maintains its cash, cash equivalents, and marketable securities with high-quality financial institutions that have investment-grade credit ratings. Although these institutions are considered to be financially sound, deposits may exceed the amounts insured or guaranteed by the Federal Deposit Insurance Corporation, which could subject the Company to risk of loss in the event of the failure of any such financial institution.

The Company is also exposed to credit risk related to accounts receivable and unbilled receivables from customers. The Company does not have separate collateral requirements to support financial instruments subject to credit risk.

Concentration of vendors. The Company acquires infrastructure equipment from third-party vendors. Vendors may have limited sources of equipment and supplies, which may expose the Company to potential supply-chain and service disruptions that could harm the Company's business.

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The following tables present concentrations of vendors and customers that accounted for more than 10% related to the Company's cash disbursements, accounts payable, and accounts receivable.

	Three Months Ended March 31,	
	2026	2025
Cash disbursement concentration		
Number of vendors	2	2
Total cash disbursements represented by vendors listed above	23%	27%
	March 31, 2026	December 31, 2025
Accounts payable concentration		
Number of vendors	4	2
Total accounts payable balance represented by vendors listed above	54%	23%
Accounts receivable concentration		
Number of customers	2	2
Total accounts receivable balance represented by customers listed above	33%	38%

New Accounting Standards Adopted

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-05, "*Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*." This standard allows entities to apply a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets that arise from transactions accounted for under Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*. The Company adopted ASU 2025-05 effective January 1, 2026 and elected the practical expedient. The adoption did not have a material impact on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements

In September 2025, the FASB issued ASU 2025-06, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*." This standard updates the recognition model for internal-use software by eliminating the project stage framework and requiring capitalization once projects are approved and completion is probable, and also clarifies related disclosure requirements. This ASU is effective for all entities fiscal years beginning after December 15, 2027, including interim periods within those years, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard.

In November 2024, the FASB issued ASU 2024-03, "*Income Statement (Subtopic 220-40) - Reporting Comprehensive Income - Expense Disaggregation Disclosures*." The ASU requires disclosure of specified information about certain costs and expenses, including (i) certain amounts already required to be disclosed in the same disclosure as the other disaggregation requirements, (ii) a qualitative description of amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and (iii) the total amount of selling expenses and an entity's definition of such expenses. For public companies, this ASU is effective for fiscal years beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027 on either a prospective or retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of the adoption of this standard.

In December 2023, the FASB issued ASU 2023-09, "*Income Taxes (Topic 740) - Improvements to Income Tax Disclosures*" requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. This ASU is effective for fiscal years beginning after December 15, 2024 for public companies and is effective for fiscal years beginning after December 15, 2025 for non-public business entities. In accordance with our EGC status, the Company will implement the standard on a prospective basis beginning with its annual reporting period ending December 31, 2026. The Company does not expect ASU 2023-09 to have a material impact on its consolidated financial statements.

Note 3. Revenues

Disaggregation of Total Revenue

The following table presents the Company's total revenue disaggregated by product (in thousands):

	Three Months Ended March 31,	
	2026	2025
B2 Cloud Storage	\$ 22,428	\$ 18,048
Computer Backup	16,238	16,565
Total revenue	<u>\$ 38,666</u>	<u>\$ 34,613</u>

The following table presents the Company's total revenue disaggregated by timing of revenue recognition (in thousands):

	Three Months Ended March 31,	
	2026	2025
Consumption-based arrangements	\$ 21,739	\$ 17,413
Subscription-based arrangements	16,801	17,108
Point in time arrangements	126	92
Total revenue	<u>\$ 38,666</u>	<u>\$ 34,613</u>

Total revenue by geographic area, based on the location of the Company's customers, was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
United States	\$ 28,013	\$ 25,381
United Kingdom	1,959	1,752
Canada	1,623	1,654
Other	7,071	5,826
Total revenue	<u>\$ 38,666</u>	<u>\$ 34,613</u>

Earned, Unbilled Revenue

As of March 31, 2026 and December 31, 2025, the Company had \$4.0 million and \$3.7 million, respectively, of unbilled accounts receivable included within other current assets in the condensed consolidated balance sheets.

Deferred Revenue

The following table presents information regarding the Company's total deferred revenue (in thousands):

	March 31, 2026	December 31, 2025
Deferred revenue	\$ 36,312	\$ 35,897

	Three Months Ended March 31,	
	2026	2025
Total revenue recognized, included in each deferred revenue balance at the beginning of each respective period	\$ 12,321	\$ 12,224

Deferred revenue represents the invoiced portion of the Company's contract liabilities for which the related performance obligations are still outstanding. The Company's remaining performance obligations ("RPOs") include deferred revenue as well as future committed revenue under existing customer contracts.

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The following table presents the Company's RPOs (in millions):

	Within 1 Year	Over 1 Year	Total
As of March 31, 2026	\$ 42.9	\$ 33.6	\$ 76.5
As of December 31, 2025 ⁽¹⁾	\$ 39.5	\$ 30.7	\$ 70.2

⁽¹⁾ Effective January 1, 2026, the Company has included contracts with an original duration of one year or less in the above RPOs disclosure. To conform to current period disclosure, the Company has similarly included short-term contracts in the comparative disclosure as of December 31, 2025 resulting in an increase of \$4.0 million from amounts previously disclosed.

Deferred Contract Costs

The following tables present the Company's deferred contract costs and amortization of deferred contract costs (in thousands):

	March 31, 2026	December 31, 2025
Deferred contract costs for marketing affiliates	\$ 244	\$ 335
Deferred contract costs for sales commission	\$ 3,500	\$ 2,639

	Three Months Ended March 31,	
	2026	2025
Amortization of deferred contract costs related to marketing affiliates	\$ 127	\$ 295
Amortization of deferred contract costs related to sales commission	\$ 182	\$ 98

Note 4. Marketable Securities

Fair Values and Gross Unrealized Gains and Losses on Held-to-Maturity Investments

The amortized cost, gross unrealized gains and losses, fair values, and net carrying value of interest-bearing securities, by type of security, were as follows (in thousands):

	Amortized Cost	Gross Unrealized		Fair Value	Net Carrying Value
		Gains	Losses		
As of March 31, 2026		(in thousands)			
Cash equivalents					
Money market funds	\$ 12,057	\$ —	\$ —	\$ 12,057	\$ 12,057
Total cash equivalents	<u>\$ 12,057</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 12,057</u>	<u>\$ 12,057</u>
Investments					
U.S. treasury securities	\$ 9,448	\$ —	\$ (5)	\$ 9,443	\$ 9,448
Corporate debt securities	9,761	—	(6)	9,755	9,759
Total investments	<u>\$ 19,209</u>	<u>\$ —</u>	<u>\$ (11)</u>	<u>\$ 19,198</u>	<u>\$ 19,207</u>

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	Amortized Cost	Gross Unrealized		Fair Value	Net Carrying Value
		Gains	Losses		
As of December 31, 2025			(in thousands)		
Cash equivalents					
Money market funds	\$ 8,729	\$ —	\$ —	\$ 8,729	\$ 8,729
Total cash equivalents	<u>\$ 8,729</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,729</u>	<u>\$ 8,729</u>
Investments					
U.S. treasury securities	\$ 9,461	\$ 12	\$ —	\$ 9,473	\$ 9,461
Corporate debt securities	<u>12,740</u>	<u>4</u>	<u>—</u>	<u>12,744</u>	<u>12,738</u>
Total investments	\$ 22,201	\$ 16	\$ —	\$ 22,217	\$ 22,199

Scheduled Maturities

The amortized cost and fair value of the Company's held-to-maturity investments as of March 31, 2026, by contractual maturity, are shown below.

As of March 31, 2026	Amortized Cost	Fair Value
	(in thousands)	
Within one year	\$ 19,209	\$ 19,198
After one year through five years	—	—
After 5 years through 10 years	—	—
After 10 years	—	—
Total investments	<u>\$ 19,209</u>	<u>\$ 19,198</u>

Aging of Unrealized Losses

As of March 31, 2026, certain securities were in an immaterial unrealized loss position for less than twelve months. There were no securities in an unrealized loss position as of December 31, 2025.

Note 5. Fair Value Measurements

The following table presents the level within the fair value hierarchy at which the Company's held-to-maturity investments are measured (in thousands):

As of March 31, 2026	Level 1	Level 2	Other ⁽¹⁾	Total
Cash equivalents				
Money market funds	\$ —	\$ —	\$ 12,057	\$ 12,057
Investments				
U.S. treasury securities	9,443	—	—	9,443
Corporate debt securities	—	9,755	—	9,755
Total	\$ 9,443	\$ 9,755	\$ 12,057	\$ 31,255

As of December 31, 2025	Level 1	Level 2	Other ⁽¹⁾	Total
Cash equivalents				
Money market funds	\$ —	\$ —	\$ 8,729	\$ 8,729
Investments				
U.S. treasury securities	9,473	—	—	9,473
Corporate debt securities	—	12,744	—	12,744
Total	\$ 9,473	\$ 12,744	\$ 8,729	\$ 30,946

⁽¹⁾ Investments in money market funds measured at fair value using the net asset value per share practical expedient are not subject to hierarchy level classification disclosure. The Company invests in money market funds that seek to maintain a stable net asset value. These investments include commingled funds that comprise high-quality short-term securities representing liquid debt and monetary instruments where the redemption value is likely to be the fair value. Redemption is permitted daily without written notice.

There were no transfers between levels of the fair value hierarchy during the three months ended March 31, 2026 and the year ended December 31, 2025, respectively. There were no material assets or liabilities that were measured at fair value on a non-recurring basis as of March 31, 2026 or December 31, 2025 other than those disclosed in Note 5 to Notes to Consolidated Financial Statements included in our Annual Report.

Note 6. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Data center equipment	\$ 99,452	\$ 95,958
Leased and financed data center equipment ⁽¹⁾	70,757	66,569
Computer equipment	2,193	2,286
Leasehold improvements	259	181
Construction-in-progress	134	89
Total property and equipment	172,795	165,083
Less: accumulated depreciation and amortization	(111,490)	(107,773)
Total property and equipment, net	\$ 61,305	\$ 57,310

⁽¹⁾ The net book value of the Company's equipment under finance lease agreements and lease financing obligations was \$49.4 million and \$45.7 million as of March 31, 2026 and December 31, 2025, respectively.

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The following table presents property and equipment, net and operating lease right-of-use assets by geographic region (in thousands):

	March 31, 2026	December 31, 2025
United States	\$ 68,188	\$ 67,193
Canada	2,836	2,871
The Netherlands	11,684	9,959
Total property and equipment, net and operating lease right-of-use assets	<u>\$ 82,708</u>	<u>\$ 80,023</u>

Note 7. Capitalized Internal-Use Software, Net

Capitalized internal-use software, net consisted of the following (in thousands):

	March 31, 2026	December 31, 2025
Developed software	\$ 71,859	\$ 68,837
General and administrative software	144	144
Total capitalized internal-use software	72,003	68,981
Less: accumulated amortization	(31,146)	(28,156)
Total capitalized internal-use software, net	<u>\$ 40,857</u>	<u>\$ 40,825</u>

Amortization expense of capitalized internal-use software included in the condensed consolidated statements of operations and comprehensive loss as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenue ⁽¹⁾	\$ 2,988	\$ 2,446
General and administrative	2	2
Total amortization expense of capitalized internal-use software	<u>\$ 2,990</u>	<u>\$ 2,448</u>

⁽¹⁾ Includes \$0.1 million of restructuring charges for the three months ended March 31, 2026 related to our 2025 Restructuring and Transformation Plan. See Note 14 for further information.

As of March 31, 2026, future amortization expense is expected to be as follows (in thousands):

Year Ending December 31,	
Remainder of 2026	\$ 9,111
2027	11,539
2028	9,894
2029	6,962
2030	2,758
Thereafter	593
Total	<u>\$ 40,857</u>

Note 8. Leases

Finance Leases

The Company generally enters into finance lease arrangements to obtain hard drives and other infrastructure equipment for its data center operations. The terms of these agreements generally range from three to five years and certain of these arrangements have optional renewals to extend the term of the lease generally at a fixed price. Finance leases are generally secured by the underlying leased equipment. The Company's finance leases have original lease periods expiring between

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2026 and 2031. Financing lease right-of-use assets are included in property and equipment, net in the Company's condensed consolidated balance sheets.

Operating Leases

The Company leases data center spaces and office space under non-cancelable operating leases with various expiration dates. Certain lease agreements include renewal options to extend the lease term at a price to be determined upon exercise. These options are not reasonably certain to be exercised and therefore are not factored in the determination of lease payments. Contingent rental payments are generally not included in the Company's lease agreements. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company's leases have original lease periods expiring between 2026 and 2033.

Summary of Lease Information

The weighted average remaining lease terms and discount rates as of March 31, 2026 and December 31, 2025 were as follows:

	March 31, 2026		December 31, 2025	
	Operating leases	Finance Leases ⁽¹⁾	Operating leases	Finance Leases ⁽¹⁾
Remaining lease term	5.3 years	2.7 years	5.4 years	2.5 years
Discount rate	6.9 %	12.9 %	6.9 %	12.6 %

⁽¹⁾ Includes lease financing obligation costs.

The following table presents the components of lease expense (in thousands):

	Three Months Ended March 31,	
	2026	2025
Finance lease costs		
Depreciation expense ⁽¹⁾	\$ 2,336	\$ 2,840
Interest expense	\$ 1,099	\$ 755
Lease financing obligation costs		
Depreciation expense ⁽¹⁾	\$ 213	\$ 609
Interest expense	\$ 13	\$ 98
Operating lease costs		
Rental expense related to lease components	\$ 1,645	\$ 1,186
Rental expense related to non-lease components ⁽²⁾	1,232	1,100
Variable lease costs	908	1,092
Total operating lease costs	\$ 3,785	\$ 3,378
Total included in cost of revenue	\$ 3,744	\$ 3,186
Total included in general and administrative expense	\$ 41	\$ 192

⁽¹⁾ Substantially all of the depreciation expense on assets acquired through the Company's finance leases and lease financing obligations is included in cost of revenue in its condensed consolidated statements of operations and comprehensive loss.

⁽²⁾ Non-lease components represent non-tangible utilities and services associated with the Company's co-location lease agreements and are not recorded on the Company's condensed consolidated balance sheets. The Company used judgment and third-party data in determining the stand-alone price for allocating consideration to lease and non-lease components under these lease agreements, such as the price of utilities as compared to its tangible data center footprint within each facility.

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The following table presents supplemental cash flow information relating to the Company's leases (in thousands):

	Three Months Ended March 31,	
	2026	2025
Operating cash flows		
Cash paid for interest on finance lease and lease financing obligations	\$ 1,111	\$ 829
Cash paid for operating lease liabilities	\$ 2,227	\$ 1,241
Non-cash items		
Equipment acquired through finance leases	\$ 6,907	\$ 7,513

The future minimum commitments for finance leases and lease financing obligations as of March 31, 2026 were as follows (in thousands):

Year Ending December 31,	Finance leases	Lease financing obligations	Total
Remainder of 2026	\$ 14,443	\$ 339	\$ 14,782
2027	15,631	—	15,631
2028	7,808	—	7,808
2029	6,854	—	6,854
2030	1,653	—	1,653
Thereafter	123	—	123
Total future minimum lease and financing commitments	46,512	339	46,851
Less imputed interest	(8,032)	(11)	(8,043)
Total finance lease and lease financing obligation liabilities	\$ 38,480	\$ 328	\$ 38,808

As of March 31, 2026, the Company's future minimum obligations for operating leases and non-cancellable contractual commitments related to non-lease components were as follows (in thousands):

Year Ending December 31,	Operating leases	Non-lease components	Total
Remainder of 2026	\$ 4,535	\$ 3,226	\$ 7,761
2027	5,586	3,063	8,649
2028	5,246	3,069	8,315
2029	4,149	2,552	6,701
2030	3,163	1,351	4,514
Thereafter	5,525	108	5,633
Total future minimum operating lease commitments	28,204	\$ 13,369	\$ 41,573
Less imputed interest	(4,658)		
Total liability	\$ 23,546		

In June 2025, we amended an existing lease for a data center facility to (i) extend the non-cancellable term of the original lease and (ii) expand into additional infrastructure designed to support multiple-storage offerings. The extension of the original lease commenced in June 2025. The expansion is expected to commence in the second quarter of 2026 and includes a non-cancellable lease term of approximately seven years. The undiscounted future lease payments associated with this expansion are approximately \$17.5 million.

Note 9. Commitments and Contingencies

Contractual Commitments

Other non-cancellable commitments relate mainly to service agreements to support the Company's operations. As of March 31, 2026, the Company had non-cancelable purchase commitments of \$1.9 million, \$2.3 million, \$0.8 million, and \$0.1 million payable for these commitments during the remainder of the year ending December 31, 2026 and the years ending December 31, 2027, 2028, and 2029 respectively.

401(k) Plan

The Company sponsors a 401(k) defined contribution plan covering all eligible U.S. employees. Contributions to the 401(k) plan are discretionary. The Company contributed \$0.5 million to the 401(k) plan for each of the three months ended March 31, 2026 and 2025.

Legal Matters

The Company is involved from time to time in various claims and legal actions arising in the ordinary course of business. Where appropriate, the Company establishes accruals for matters that are both probable and reasonably estimable and generally maintains insurance to cover certain types of litigation claims, subject to policy limits, retentions and deductibles, and other factors. As of March 31, 2026, the Company was not subject to any claims that are expected to have a material adverse effect on its financial position, results of operations, or cash flows. Nonetheless, the outcome of litigation is inherently uncertain, any such matters, individually or in the aggregate, could result in adverse impacts on the Company, including defense and settlement costs, diversion of management resources, and other factors.

Indemnification

The Company enters into indemnification provisions under agreements with other parties from time to time in the ordinary course of business. These agreements may require the Company to indemnify and defend the indemnified party against third-party claims arising from the Company's activities or from any breaches of representations or warranties made by the Company. To date, the Company has not incurred any material costs or losses in connection with such indemnification obligations. However, it is not possible to reasonably estimate the maximum potential amount under these indemnification agreements due to the unique facts and circumstances of each arrangement. As a result, the Company has not recorded any liabilities related to these obligations in its condensed consolidated financial statements as of the periods presented.

Note 10. Debt

The Company has a credit agreement (the "Credit Agreement") with Citizens Bank, N.A. (the "Lender"), which includes a senior secured revolving credit facility with a total borrowing capacity of up to \$20.0 million (the "Revolving Credit Facility") for general corporate purposes and working capital needs. The Revolving Credit Facility includes a sub-limit of up to \$3.0 million for the issuance of letters of credit. As of March 31, 2026, the Company had no outstanding borrowings and no letters of credit under the Revolving Credit Facility and \$20.0 million remained available for borrowing. The fair value (level 2 of the fair value hierarchy described in Note 5) of this debt instrument approximates the carrying value as borrowings under this debt instrument are based on a current variable market interest rate.

The Credit Agreement contains customary restrictive financial and operating covenants, including limitations on our ability to incur additional indebtedness, pay dividends, make certain investments, sell assets, repurchase shares up to \$10.0 million in any fiscal year and engage in other specified transactions. The Credit Agreement also requires the Company to comply with the following financial covenants on a quarterly basis: (i) a minimum liquidity of \$10.0 million held on deposit with the Lender, over which the Company retains control and considers as cash and cash equivalents, (ii) a minimum consolidated earnings before interest, taxes, depreciation and amortization ("EBITDA") threshold, and (iii) a maximum total leverage ratio of 2.75 to 1.00, which is calculated based on consolidated EBITDA.

The Credit Agreement defines consolidated EBITDA on a trailing four fiscal quarter basis and includes specified adjustments and exclusions. As a result, EBITDA as defined under the Credit Agreement may differ materially from Adjusted EBITDA as presented elsewhere in this report. For example, the calculation of EBITDA under the Credit Agreement includes exceptions and caps related to adjustments for (i) restructuring and other strategic initiatives, (ii) legal

settlements, (iii) completed acquisitions, and (iv) all other non-cash and non-specified non-recurring charges. As of March 31, 2026, the Company was in compliance with the covenants under the Credit Agreement.

On April 30, 2026, the Company entered into an amendment to the Credit Agreement. The amendment, among other things, (i) extends the maturity date from June 4, 2027 to June 4, 2028, (ii) resets the option that allows the Company to extend the maturity date by one year, subject to certain conditions, and (iii) modifies certain negative covenants, including increasing the limit on share repurchases from up to \$10.0 million to up to \$15.0 million per fiscal year and increasing the limit on permitted acquisitions to up to \$20.0 million of cash consideration.

Note 11. Stockholders' Equity

Share Repurchase Program

In August 2025, the Company's Board of Directors approved a share repurchase program authorizing the Company to repurchase up to \$10.0 million of its Class A common stock through August 1, 2026. The program is intended to offset dilution resulting from stock-based compensation. Repurchases are to be funded from the proceeds of employee stock option exercises and from employee contributions under the Company's 2021 Employee Stock Purchase Plan (the "2021 ESPP").

During the three months ended March 31, 2026, the Company repurchased a total of 189,229 shares of its Class A common stock for \$0.8 million. As of March 31, 2026, approximately \$7.2 million remained available for repurchases under the program.

Note 12. Stock-Based Compensation

Restricted Stock Units ("RSUs")

RSUs granted under the Company's 2021 Equity Incentive Plan (the "2021 Plan") and the 2024 New Employee Equity Incentive Plan (the "Inducement Plan") generally vest based on continued service up to a four-year period for employees and over a one-year period, for non-employee directors and consultants.

RSU activity for the three months ended March 31, 2026 was as follows:

	RSUs	Weighted-average grant date fair value per unit
RSUs unvested as of December 31, 2025	4,609,077	\$ 6.44
Granted	3,497,158	\$ 4.16
Vested	(1,161,649)	\$ 5.35
Forfeited	(231,099)	\$ 6.50
RSUs unvested as of March 31, 2026	6,713,487	\$ 5.44

As of March 31, 2026, total unrecognized compensation cost related to RSUs was \$33.3 million, which will be recognized over a weighted-average period of 2.4 years.

In April 2026, the Compensation Committee approved the issuance of RSUs totaling 553,420, which vest over a three-year service period. The Company expects to recognize approximately \$2.0 million of stock-based compensation expense on a straight-line basis over the vesting period.

Performance-based RSUs (“PSUs”)

PSUs granted under the 2021 Plan vest based on the Company’s achievement of predefined operational performance targets and continued service through the requisite service period, measured over a one-year performance period. PSUs are subject to one-year cliff vesting and are settled in shares of the Company’s Class A common stock. The number of PSUs earned will range from 0% to 150% of the initial award. Compensation expense is recognized over the requisite service period based on the grant-date fair value of the awards and the estimated number of PSUs expected to vest. The Company revises its estimate of the achievement of performance conditions at each reporting period, with cumulative catch-up adjustments recorded in the period of change.

PSU activity for the three months ended March 31, 2026 was as follows:

	PSUs	Weighted-average grant date fair value per unit
PSUs unvested as of December 31, 2025	—	\$ —
Granted	128,205	\$ 3.56
Vested	—	\$ —
Forfeited	—	\$ —
PSUs unvested as of March 31, 2026	128,205	\$ 3.56

As of March 31, 2026, total unrecognized compensation cost related to PSUs was \$0.4 million, which will be recognized over a weighted-average period of 0.9 years.

In April 2026, the Compensation Committee approved the issuance of 754,275 PSUs, which vest based on the achievement of predefined operational performance targets over a one-year performance period and continued service over a three-year service period. The Company expects to recognize approximately \$2.7 million of stock-based compensation expense over the requisite service period, based on the grant-date fair value and estimated number of PSUs expected to vest.

Bonus Plan

The Company maintains an annual bonus program under which bonus awards are contingent upon the achievement of corporate performance targets and individual performance objectives, and are generally settled in RSUs issued under the Company’s 2021 Plan. Bonus amounts represent fixed monetary values that are settled in a variable number of RSUs based on the Company’s stock price at the date of settlement. Participants must remain employed with the Company through the payout date to maintain eligibility for bonus awards. The requisite service period for these awards begins on the date the Compensation Committee approves the bonus plan and ends on the payout date. The 2026 bonus plan will be settled in cash for a limited number of executives and offshore contracted employees. The expense for cash-based bonus is excluded from stock-based compensation expense.

In February 2026, the Compensation Committee approved the issuance of RSUs with an aggregate grant-date fair value of approximately \$4.1 million based on actual performance against the targets set in the bonus plan for the year ended December 31, 2025. Upon issuance, 689,790 RSUs vested and were settled on a net share basis with a fair value of \$2.6 million.

Pursuant to the bonus plans, the Company recognized \$2.0 million and \$1.1 million in stock-based compensation during the three months ended March 31, 2026 and 2025, respectively, of which the Company capitalized \$0.3 million and \$0.1 million in each period for the development of internal-use software.

Stock Options

Stock options granted under the equity plans generally vest based on continued service over four years and expire ten years from the date of grant.

A summary of stock option activity under the Company's equity plans and related information is as follows (in thousands, except share, price and year data):

	Outstanding stock options	Weighted- average exercise Price	Weighted- average remaining contractual life (years)	Aggregate intrinsic value
Balance as of December 31, 2025	4,498,025	\$ 8.42		
Options granted	—	\$ —		
Options exercised	(129,084)	\$ 2.66		
Options canceled	(131,046)	\$ 11.49		
Balance as of March 31, 2026	<u>4,237,895</u>	<u>\$ 8.50</u>	<u>4.13</u>	<u>\$ 1,271</u>
Vested and exercisable as of March 31, 2026	<u>4,237,895</u>	<u>\$ 8.50</u>	<u>4.13</u>	<u>\$ 1,271</u>

The intrinsic value of options exercised for the three months ended March 31, 2026 and 2025 was \$0.3 million and \$1.5 million, respectively. As of March 31, 2026, there was no unrecognized compensation cost, as all outstanding options were fully vested.

2021 ESPP

Stock-based compensation under the 2021 ESPP was \$0.6 million and \$0.5 million for the three months ended March 31, 2026 and 2025, respectively, of which the Company capitalized \$0.1 million for each period, for the development of internal-use software.

As of March 31, 2026, the total unrecognized stock-based compensation expense related to the 2021 ESPP was \$2.0 million and is expected to be recognized over a weighted average period of 0.7 years.

Total Stock-Based Compensation Expense

Stock-based compensation expense included in the condensed consolidated statements of operations and comprehensive loss was as follows (in thousands):

	Three Months Ended March 31,	
	2026	2025
Cost of revenue	\$ 458	\$ 420
Research and development	2,881	3,467
Sales and marketing	1,643	1,797
General and administrative	1,919	1,675
Total stock-based compensation expense	<u>\$ 6,901</u>	<u>\$ 7,359</u>

During the three months ended March 31, 2026 and 2025, the Company capitalized \$0.9 million and \$0.7 million, respectively, of stock-based compensation expense for the development of internal-use software.

Note 13. Net Loss per Share Attributable to Common Stockholders

Basic net loss per share attributable to common stockholders is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. The diluted net loss per share attributable to common stockholders is computed by giving effect to all potentially dilutive common stock equivalents during the period. For purposes of this calculation, the Company's stock options, share purchase rights pursuant to the Company's 2021 ESPP, shares issuable under the Company's bonus plans, and unvested RSUs and PSUs are considered to be potential common stock equivalents, but have been excluded from the calculation of diluted net loss per share attributable to common stockholders as their effect is antidilutive.

The following table presents the calculation of basic and diluted net loss per share (in thousands, except share and per share data):

	Three Months Ended March 31,	
	2026	2025
Numerator:		
Net loss and comprehensive loss attributable to common stockholders	\$ (6,147)	\$ (9,324)
Denominator for basic and diluted net loss per share:		
Weighted average common shares outstanding, basic and diluted	59,290,195	54,060,249
Net loss per share attributable to common stockholders – basic and diluted	\$ (0.10)	\$ (0.17)

Since the Company was in a loss position for all periods presented, basic net loss per share is the same as diluted net loss per share as the inclusion of all potential common shares outstanding would have been antidilutive. The weighted average potential shares of common stock that were excluded from the computation of diluted net loss per share attributable to common stockholders for the periods presented are as follows:

	Three Months Ended March 31,	
	2026	2025
RSUs	4,176,317	2,287,700
PSUs	1,869	—
Stock options	2,900,518	3,960,307
Shares issuable pursuant to the 2021 ESPP	1,335,819	1,401,770
Bonus Plan	707,924	190,995

Note 14. Restructuring

2025 Restructuring and Transformation Plan

In November 2025, the Company initiated a restructuring and transformation plan designed primarily to improve the effectiveness and efficiency of its sales and marketing functions in support of its go-to-market objectives (the "2025 Restructuring and Transformation Plan"). The 2025 Restructuring and Transformation Plan includes the redesign and implementation of new strategies and processes, organizational realignment and reallocation of resources, and other corporate actions.

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Restructuring costs related to the 2025 Restructuring and Transformation Plan for the three months ended March 31, 2026 and from the inception of the plan through March 31, 2026 were as follows (in thousands):

	Three Months Ended March 31, 2026	From Inception Through March 31, 2026
Workforce reduction	\$ 486	\$ 1,456
Impairment loss on right-of-use asset ⁽¹⁾	—	901
Other transformation costs	1,705	2,372
Total restructuring costs	<u>\$ 2,191</u>	<u>\$ 4,729</u>

⁽¹⁾ The impairment loss relates to the Company's exit from its corporate headquarters facility.

The following table presents the restructuring costs as reported in the consolidated statements of operations and comprehensive loss for the three months ended March 31, 2026 (in thousands):

Restructuring Costs		
Cost of revenue	\$	237
Research and development		155
Sales and marketing		1,401
General and administrative		398
Total	<u>\$</u>	<u>2,191</u>

The following table presents the stock-based compensation costs related to our restructuring activity as reported in the condensed consolidated statement of operations and comprehensive loss for the three months ended March 31, 2026 (in thousands):

Stock-based Compensation		
Sales and marketing	\$	66
General and administrative		123
Total	<u>\$</u>	<u>189</u>

As of March 31, 2026, the Company expects to incur additional charges of approximately \$2.1 million to \$4.3 million through the first quarter of 2027, at which time the 2025 Restructuring and Transformation Plan is expected to be completed. These charges include estimated employee termination expenses of approximately \$0.1 million to \$0.2 million, and other business transformation costs.

The following table summarizes liabilities incurred under the 2025 Restructuring and Transformation Plan that are included in accounts payable and accrued expenses and other current liabilities on the consolidated balance sheet (in thousands):

	Workforce Reduction	Transformation	Total
Balance as of December 31, 2025	\$ 510	\$ 165	\$ 675
Charges incurred	486	1,705	2,191
Noncash charges	(118)	(218)	(336)
Cash payments during the period	(611)	(1,037)	(1,648)
Balance as of March 31, 2026	<u>\$ 267</u>	<u>\$ 615</u>	<u>\$ 882</u>

2024 Restructuring Plan

In November 2024, management approved a restructuring plan intended to improve the Company's cost structure and operating efficiency (the "2024 Restructuring Plan"). The 2024 Restructuring Plan included an involuntary reduction in headcount of approximately 12% of the Company's workforce. In addition, as part of the 2024 Restructuring Plan, the

Company reduced its footprint at its corporate headquarters. The 2024 Restructuring Plan was substantially completed as of December 31, 2024.

The 2024 Restructuring Plan resulted in total restructuring charges of \$4.9 million, which were recognized in the fourth quarter of 2024, and primarily consisted of employee severance and benefits in connection with the workforce reduction, which amounted to \$3.9 million. The Company also recorded an impairment charge of \$0.9 million to its operating right-of-use assets related to the lease of the Company's corporate headquarters and \$0.1 million of professional services fees related to the execution of the Company's 2024 Restructuring Plan.

No restructuring charges were recognized under the 2024 Restructuring Plan during the three months ended March 31, 2026 and 2025.

Note 15. Segment Reporting

The Company operates in one operating and reportable segment, which derives revenue from the services operating on its storage platform. The Company's chief operating decision maker (the "CODM") is its Chief Executive Officer, who reviews financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance and allocating resources.

Measure of Segment Assets

The CODM reviews asset information on a consolidated basis; accordingly, the measure of segment assets is total consolidated assets as reported on the consolidated balance sheet.

Measure of Segment Profit or Loss

The key GAAP measure of segment profit or loss utilized by the CODM is consolidated net income (loss), which is presented on the consolidated statements of operations and comprehensive loss, and is used to monitor budget versus actual results.

Significant Segment Expenses

The CODM also evaluates operating performance using adjusted research and development, adjusted sales and marketing, and adjusted general and administrative (collectively, “adjusted operating expenses”) that we define as each respective GAAP expense category excluding stock-based compensation expense, depreciation and amortization, restructuring costs, and other non-recurring charges. These adjusted operating expense measures provide the CODM with greater transparency into the underlying trends in our business by facilitating period-to-period comparisons of our ongoing cost structure, excluding the impact of certain non-cash or non-recurring items that may not be indicative of our operating performance. These measures are intended to assist in forecasting and budgeting, in order to inform resource-allocation decisions. The table below presents each adjusted operating expense as well as the items excluded from each adjusted measure for the three months ended March 31, 2026 and 2025 (in thousands):

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 38,666	\$ 34,613
Adjusted cost of revenue	7,929	7,293
Adjusted research and development	8,210	8,330
Adjusted sales and marketing	7,282	7,426
Adjusted general and administrative	5,102	5,212
Depreciation	3,750	5,251
Amortization ⁽¹⁾	2,843	2,513
Stock-based compensation ⁽²⁾	6,712	7,359
Restructuring costs	2,191	—
Other segment items ⁽³⁾	794	553
Net loss and comprehensive loss	\$ (6,147)	\$ (9,324)

⁽¹⁾ \$0.1 million of amortization expense for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

⁽²⁾ \$0.2 million of stock-based compensation expense for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

⁽³⁾ Other segment items include investment income, interest expense, foreign exchange (gain) loss, impairment of long-lived assets, and income tax provision.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the year ended December 31, 2025 included in the Annual Report on Form 10-K for the year ended December 31, 2025 (our "Annual Report"). This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans, and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note Regarding Forward-Looking Statements" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "Risk Factors" in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those described or implied in these forward-looking statements. Our historical results are not necessarily indicative of the results that may be expected for any period in the future. Unless the context otherwise requires, all references in this report to "Backblaze," the "Company", "we," "our," "us," or similar terms refer to Backblaze, Inc. and its consolidated subsidiaries.

Overview

We are a high-performance cloud storage platform for data-intensive use cases in the artificial intelligence ("AI") era and across a broad range of modern cloud workloads, designed to help customers address complex storage needs by reducing the barriers of lock-in, complexity, and cost. Our mission is to make customers succeed by solving their toughest data storage challenges. We aim to achieve this mission through our purpose-built, web-scale software infrastructure, which is essential to the global data center and compute infrastructure buildout.

We provide cloud services through a purpose-built, web-scale software infrastructure built on commodity hardware. We believe that by offering a cloud storage solution optimized for price-to-performance at scale, engineered for efficiency, and priced predictably, we substantially reduce the cost, complexity and frustration of storing, using, and protecting data, and we empower customers to focus on their core business operations. We focus on specialized storage and an open cloud ecosystem that integrates with a broad range of partners. Ongoing investment in our technology platform and related features has driven customer, community, and product milestones. Customers use us to support their AI workflows, help ensure the cyber-resilience of their organizations, streamline their media workflows, and enable a variety of other data-focused application and information technology ("IT") needs. Through our blog and culture of transparency, we have built a community of millions of readers and brand advocates. Our direct sales activities, channel and technology partners, and referrals from our community of brand advocates, combined with our highly efficient and self-serve customer acquisition model have allowed us to attract over 500,000 customers as of March 31, 2026, and our direct sales activities have historically supported us in acquiring larger customers, including leading neocloud platforms. As we continue expanding and accelerating our movement up-market, we expect our direct sales activities to increasingly contribute to the acquisition of customers like these. Our customers use our Backblaze Storage Cloud platform across more than 175 countries to store and protect their data with an aggregate of approximately 5 billion gigabytes of data storage under management.

Our Backblaze Storage Cloud provides a platform that is the foundation for our B2 Cloud Storage Infrastructure-as-a-Service ("IaaS") offering, our B2 Overdrive high-performance IaaS offering, our Powered by Backblaze white label IaaS offering, and our Computer Backup Software-as-a-Service ("SaaS") offering. B2 Cloud Storage enables customers to store data, developers to build applications, and partners to expand their use cases. The amount of data stored in this cloud service can scale up and down as needed primarily on a pay-as-you-go basis or can be paid for on a capacity or committed contract basis for greater predictability. B2 Overdrive is built on the foundation of B2 Cloud Storage. It enables AI and data-driven workloads with up to 1Tbps throughput, unlimited free egress, and private networking support. Powered by Backblaze is also built on the foundation of B2 Cloud Storage. It enables neocloud and application platforms to bolster existing products or expand their product offerings with cloud storage via the Backblaze Partner API and custom domains technology. Computer Backup automatically backs up data from laptops and desktops for businesses and individuals. This cloud backup service offers easily understood primarily flat-rate pricing to continuously back up a virtually unlimited amount of data.

To continue expanding and accelerating our movement up-market and aligning to emerging AI-related opportunities, we recently launched B2 Neo and the Backblaze Flamethrower startup program. B2 Neo is our white-label, enterprise-grade cloud object storage solution purpose-built for and with neocloud platforms. B2 Neo enables neoclouds to ship a native,

branded storage offering in weeks rather than months, without diverting engineering resources from their core GPU and compute roadmaps. Flamethrower is our founder-first startup program designed for the next generation of AI developers, builders, and entrepreneurs. The program offers up to \$100,000 in storage credits coupled with direct support from the Backblaze team and a community of peers to help startup companies build economically sound businesses at a critical time in their lifecycle. Together, these launches reflect our dual motion of capturing large, AI supply-side platform relationships at the enterprise level while seeding a developer-led growth pipeline through our self-serve motion.

2025 Restructuring and Transformation Plan

In November 2025, we initiated a restructuring and transformation plan designed primarily to improve the effectiveness and efficiency of our sales and marketing functions in support of our go-to-market objectives (the “2025 Restructuring and Transformation Plan”). The 2025 Restructuring and Transformation Plan includes the redesign and implementation of new strategies and processes, organizational realignment and reallocation of resources, and other corporate actions. From inception to date, we have incurred charges of approximately \$4.7 million, including employee termination expenses, an impairment charge related to our exit from our corporate headquarters facility, and other transformation costs. For the three months ended March 31, 2026, we have incurred charges of approximately \$2.2 million, primarily related to employee termination expenses and other transformation costs.

We expect to incur additional charges of approximately \$2.1 million to \$4.3 million through the first quarter of 2027, at which time the 2025 Restructuring and Transformation Plan is expected to be completed. These charges include estimated employee termination expenses of approximately \$0.1 million to \$0.2 million, and other business transformation costs.

Factors Affecting Our Performance

We believe that the future growth and performance of our business will depend on several factors, including the following:

Execution of Our Go-to-Market Transformation

In the second half of 2025, we initiated a multi-faceted go-to-market transformation designed to scale our business more efficiently and further accelerate our movement up-market. This includes scaling our direct sales organization, enhancing our marketing and demand generation capabilities, and driving expansion within our existing customer base.

We are optimizing our direct sales organization to focus on larger enterprise customers and strategic accounts. Our refined go-to-market motion is designed to improve sales productivity while preserving the cost-efficient self-serve model that has historically supported our customer acquisition. We believe effective execution of this transformation will improve customer acquisition efficiency, increase average contract values, and drive long-term revenue growth.

Additionally, we are investing in targeted marketing initiatives including account-based marketing, digital advertising, industry events, and content programs anchored by our blog, case studies, and earned media, to increase brand awareness, improve conversion rates, and prioritize higher-value prospects. This disciplined acquisition mix is intended to reduce reliance on promotional or lower-margin license types while cultivating long-term customer relationships that generate referrals and advocacy.

Finally, we are focused on expanding revenue within our current customer base through the introduction of new features and use cases, continued enhancement of our Customer Success programs under new leadership, and the natural growth of customer data stored on our platform. Customers continue to broaden their use of Backblaze for complementary workloads, including media storage, hybrid cloud support, and analytics repositories.

Positioning in New Ecosystems

We believe the AI era is reshaping the cloud storage landscape and creating opportunities to establish Backblaze in emerging ecosystems where the scale, economics, and openness of our platform are differentiated. We are making targeted investments to position the Company in two such ecosystems where we see meaningful market potential.

Neocloud platforms

Through B2 Neo, our white-label, enterprise-grade cloud object storage solution designed for integration with neocloud platforms, we are pursuing the large, AI supply-side platform relationships that are emerging as GPU and compute providers seek to offer native, branded storage to their customers.

Next-generation developers and startups

Through the Backblaze Flamethrower program, our founder-first startup initiative, we are working to engage the next generation of AI developers, builders, and entrepreneurs. The program offers up to \$100,000 in storage credits coupled with direct support from the Backblaze team and a community of peers to help startup companies build economically sound businesses at a critical point in their lifecycle. We view Flamethrower as a seeding investment in a developer-led growth pipeline that complements our self-serve motion.

Continued Investment in Our Platform

We remain committed to continued investment in our technology platform to meet the performance requirements of modern enterprise and AI workloads. We believe this continued focus on enhancing our core platform is critical to supporting existing customers and driving increased usage over time.

Operating More Efficiently

As we execute our growth initiatives, we are focused on improving operational efficiency across the organization. This includes integrating talent added through our transformation initiatives and driving productivity across functions. We also continue to evaluate operating models intended to enhance efficiency, including the expanded use of offshore talent and the application of AI across our business functions. These efforts are designed to help optimize our cost structure and support the reallocation of resources toward strategic growth initiatives.

International Expansion

While our sales and marketing efforts have primarily focused on the United States, our existing customer base spans more than 175 countries, with 28% and 27% of our total revenue originating outside of the United States for the three months ended March 31, 2026 and 2025, respectively. We believe international expansion may represent a meaningful opportunity. We may invest in our operations internationally to reach new customers by expanding into targeted key geographies where we believe there are opportunities for significant return on investment. In January 2025, for example, we entered into an agreement with a leading hybrid cloud solutions provider in Canada to extend our market reach in this region. This agreement resulted in the launch of a new data center region in Canada in January 2025.

Key Business Metrics

We monitor the key business metrics set forth below to help us evaluate our business and growth trends, establish budgets, measure the effectiveness of our sales and marketing investments, and assess operational efficiencies. The calculation of the key metrics discussed are calculated under the same method for B2 Cloud Storage, Computer Backup, and total Company. The below metrics may differ from other similarly titled metrics used by other companies, securities analysts or investors.

	March 31,	
	2026	2025
B2 Cloud Storage		
Net revenue retention rate ⁽¹⁾	110 %	105 %
Gross customer retention rate	89 %	89 %
Annual recurring revenue ⁽²⁾ (in millions)	\$ 93.0	\$ 72.5
Computer Backup		
Net revenue retention rate ⁽¹⁾	95 %	103 %
Gross customer retention rate	91 %	90 %
Annual recurring revenue ⁽²⁾ (in millions)	\$ 65.2	\$ 66.9
Total Company		
Net revenue retention rate ⁽¹⁾	103 %	105 %
Gross customer retention rate	91 %	90 %
Annual recurring revenue ⁽²⁾ (in millions)	\$ 158.2	\$ 139.4

⁽¹⁾ Beginning in the first quarter of 2026, we are presenting the net revenue retention rate (“NRR”) using a single-quarter calculation, comparing current quarter revenue to the corresponding prior year quarter, rather than an average of quarterly rates over the prior four quarters, in order to provide a more current measure of customer retention. Prior period NRR amounts have been recast to conform to the current period presentation.

⁽²⁾ Beginning in the first quarter of 2026, to improve comparability between periods, we revised our methodology for calculating annual recurring revenue (“ARR”) for our consumption-based arrangements to use a daily revenue rate during the last month of the period rather than a monthly rate. Prior period ARR amounts presented have been recast to conform to the current period presentation.

Net Revenue Retention Rate

We believe the growth in the use of our platform by our existing customers is an important measure of the health of our business and our future growth prospects. We measure this growth by monitoring our overall net revenue retention rate, which measures our ability to retain and expand revenue from existing customers. The enhancement of our B2 Cloud Storage offerings is driving significant revenue retention, resulting in NRRs of 110% and 105% as of March 31, 2026 and March 31, 2025, respectively. The decrease in the NRR for Computer Backup reflects the prior-year period benefit from the phased impact of earlier price increases on renewing subscriptions, whereas pricing was stabilized in the NRR as of March 31, 2026.

To calculate NRR for a specific quarter, we determine the revenue recognized in that quarter from customers who generated revenue during the last month of the same quarter of the previous year. This revenue is then divided by the revenue generated from those same customers in the prior year quarter.

Gross Customer Retention Rate

We use gross customer retention rate to measure our ability to retain our customers. Our gross customer retention rate reflects only customer losses and does not reflect the expansion or contraction of revenue we earn from our existing customers. We have maintained gross customer retention rates of approximately 90% across our revenue products as of both March 31, 2026 and March 31, 2025. We believe our high gross customer retention rates demonstrate that we provide a vital service to our customers, as the vast majority of our customers tend to continue to use our platform from one period to the next.

To calculate our gross customer retention rate, we take the trailing four-quarter average of our quarterly gross customer retention rates. We calculate the quarterly gross customer retention rates 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.

Annual Recurring Revenue

Given the renewable nature of our business, we view ARR as an important indicator of our financial performance and operating results, and we believe it is a useful metric for internal planning and analysis. For subscription-based arrangements, ARR is calculated by multiplying the monthly revenue for the last month of a period by 12. For consumption-based arrangements, ARR is calculated by multiplying average daily revenue for the last month of a period by 365. Total Company ARR represents the annualized value of all B2 Cloud Storage consumption- and subscription-based arrangements and Computer Backup subscription-based arrangements as of the end of a period. See Note 3 to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on revenue from B2 Cloud Storage and Computer Backup arrangements.

ARR does not have a standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and is not intended to be combined with or to replace that item. ARR is not a forecast and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.

While ARR is not a guarantee of future revenue, we consider substantially all of our revenue as recurring in nature for the periods presented. As noted above, our gross customer retention rate has been consistent over the periods presented at approximately 90%. Although B2 Cloud Storage is generally consumption-based and paid for by customers in arrears, we recognize revenue in the month these storage services are delivered and consider this revenue recurring as customers are charged as long as their data is stored with us. Further, during the periods presented, customers who store data with us generally increase the amount of their data stored over time, as evidenced by our B2 Cloud Storage NRR rate of 110% as of March 31, 2026. Computer Backup (subscription-based arrangements) revenue is recognized on a straight-line basis over the contractual term of the arrangement beginning on the date that the service commences, provided that all other revenue recognition criteria have been met. See Note 2 to our audited consolidated financial statements included in our Annual Report for details on our revenue recognition policy. Additional limitations of ARR include the fact that consumption-based revenue is not guaranteed for future periods, although we believe that our high historic gross customer retention rate is indicative of ARR, and the fact that our subscription terms can be on a monthly basis, although the significant majority of our customers have subscription terms of one year or longer during the periods presented above.

Changes to recurring revenue may result from the expansion of our offerings to our existing customers, as well as new customer acquisition and the timing of customer renewals. Our ARR increased by \$20.5 million for B2 Cloud Storage as of March 31, 2026 compared to March 31, 2025, representing 28% growth. ARR for Computer Backup experienced a slight decline of \$1.7 million compared to the prior year, but continues to serve as a stable source of recurring revenue, supported by multi-year subscription commitments and increased demand from business environments.

Key Components of Results of Operations

Revenue

We generate revenue primarily from our B2 Cloud Storage and Computer Backup cloud services offered on our platform. Our platform is offered to customers primarily through two pricing models: a consumption- or committed-contract basis for B2 Cloud Storage, and a subscription-based arrangement for Computer Backup. Our subscription arrangements generally range in duration from one month to five years, for which we bill our customers up front for the entire period.

Consumption-based arrangements are generally recognized based on fees charged for customer usage of our platform, with fees recorded as revenue in the period in which the consumption occurs. For our subscription arrangements, we provide our cloud services evenly over the contractual period, for which revenue is recognized on a straight-line basis over the contract term beginning on the date that the service is made available to the customer.

Effective May 1, 2026, we implemented changes to our B2 Cloud Storage pricing, including an increase in pay-as-you-go storage pricing and the elimination of API transaction fees. We expect these changes to impact the mix and level of revenue recognized from consumption-based arrangements in future periods. The overall effect on revenue will depend on customer usage patterns and adoption of our platform, including by customers with more data-intensive workloads.

Cost of Revenue and Gross Margin

Cost of revenue consists of our expenses in providing our platform and cloud services to our customers. These expenses include operating our data center spaces, network and bandwidth costs, and depreciation of our equipment and finance leased equipment in data center spaces. Personnel-related costs associated with customer support and maintaining service availability, including salaries, benefits, bonuses, and stock-based compensation are also included. Cost of revenue also includes credit card processing fees, amortization of capitalized internal-use software development costs, and allocated overhead costs.

We plan to continue investing in our infrastructure to support the growth of our business. These investments include the purchase and expansion of infrastructure equipment (and related depreciation) as well as software development activities and associated amortization. Because these costs are often incurred ahead of revenue generation, delays in realizing anticipated revenue or fluctuations in the timing of revenue could adversely affect our gross margin from period to period.

During the second quarter of 2025, we completed a study on the useful lives of our property and equipment, resulting in an extension of the useful life of our infrastructure equipment. This update resulted in a reduction in depreciation expense of approximately \$0.9 million for the three months ended March 31, 2026, and is anticipated to result in further reduction of approximately \$2.8 million for the remainder of the year ending December 31, 2026 as a result of this change in estimate.

Operating Expenses

The most significant components of our operating expenses are personnel costs, which consist of salaries, benefits, bonuses, and stock-based compensation. We expect our operating expenses, excluding depreciation, amortization, restructuring charges, and stock-based compensation expenses, to remain relatively flat in 2026 compared to 2025, as efficiencies from our restructuring activities in 2025 offset increased investments in research and development and other growth-related costs. However, sales and marketing expenses may increase in absolute dollars as we invest in marketing initiatives to support business growth.

Research and Development

Research and development expenses consist primarily of our investments in personnel, infrastructure engineering, technology tooling and computational resources (including AI), as well as an allocation of certain facility and IT-related expenses. We capitalize the portion of our software development costs that meets the criteria for capitalization.

We expect our investments in research and development to increase in absolute dollars for the foreseeable future as we continue to add new features to our platform, integrate advanced technologies such as AI into our development lifecycle, further enhancing our cloud service offerings, and increase the functionality of our existing features. Our research and development expenses may fluctuate as a percentage of total revenue from period to period due to the timing and extent of these expenses.

Sales and Marketing

Sales and marketing expenses include the cost of personnel focused on developing and executing selling and marketing activities. Sales and marketing expenses also include program investments related to advertising, demand generation, brand awareness activities, sales commissions paid to our employees, and an allocation of our general overhead expenses.

Sales and marketing expenses also reflect ongoing investments in sales initiatives, including supplementing our self-serve model with a direct sales approach, expanding our partner ecosystem, building our lead generation and brand awareness, and sponsoring marketing events.

In addition, as part of our ongoing go-to-market transformation, we expect sales and marketing expenses to increase as we continue to invest in key initiatives, including a programmatic overhaul of our developer experience focused specifically on the tooling and documentation that serves developers using or building with AI, the launch of Flamethrower, a startup program designed to provide early-stage companies with product credits, technical support, and ecosystem partnerships to drive early adoption and long-term customer growth, and the introduction of B2 Neo, a white-label cloud storage solution designed to expand our reach through enterprise platform partners.

General and Administrative

General and administrative expenses consist primarily of personnel costs for our accounting, finance, legal, security, human resources, and administrative support personnel and executives. General and administrative expenses also include costs related to legal and other professional services fees, sales and other taxes; depreciation and amortization; and an allocation of our general overhead expenses. While we expect general and administrative expenses to increase in absolute dollars as our business scales, we anticipate that these costs will decline as a percentage of revenue over time.

Investment Income

Investment income consists primarily of interest earned on our cash, cash equivalents and investments in marketable securities.

Interest Expense

Interest expense consists primarily of interest related to our finance lease agreements, interest on the outstanding balance of our debt facility, and the amortization of debt issuance costs.

Income Tax Provision

Provision for income taxes consists primarily of income taxes in certain foreign and state jurisdictions in which we conduct business. We maintain a full valuation allowance against our U.S. deferred tax assets because we have concluded that it is more likely than not that our deferred tax assets will not be realized.

Results of Operations

The following table sets forth our condensed consolidated statements of operations and comprehensive loss data for the periods indicated:

	Three Months Ended March 31,			
	2026		2025	
	\$	%	\$	%
	(dollars in thousands)			
Revenue	\$ 38,666	100 %	\$ 34,613	100 %
Cost of revenue	15,137	39 %	15,357	44 %
Gross profit	23,529	61 %	19,256	56 %
Operating expenses:				
Research and development	11,286	29 %	11,855	34 %
Sales and marketing	10,284	27 %	9,263	27 %
General and administrative	7,312	19 %	6,909	20 %
Total operating expenses	28,882	75 %	28,027	81 %
Loss from operations	(5,353)	(14)%	(8,771)	(25)%
Investment income	404	1 %	533	2 %
Interest expense	(1,209)	(3)%	(853)	(2)%
Other income (expense), net	39	— %	(149)	— %
Loss before provision for income taxes	(6,119)	(16)%	(9,240)	(27)%
Income tax provision	28	— %	84	— %
Net loss and comprehensive loss	\$ (6,147)	(16)%	\$ (9,324)	(27)%

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The following table includes stock-based compensation, depreciation and amortization, and restructuring charges as they are included in the results of operations:

	Three Months Ended March 31,	
	2026	2025
	(in thousands)	
Stock-based compensation ⁽¹⁾		
Cost of revenue	\$ 458	\$ 420
Research and development	2,881	3,467
Sales and marketing	1,577	1,797
General and administrative	1,796	1,675
Total stock-based compensation	<u>\$ 6,712</u>	<u>\$ 7,359</u>
Depreciation and amortization		
Cost of revenue ⁽²⁾	\$ 6,513	\$ 7,644
Research and development	40	58
Sales and marketing	24	40
General and administrative	16	22
Total depreciation and amortization	<u>\$ 6,593</u>	<u>\$ 7,764</u>
Restructuring charges		
Cost of revenue	\$ 237	\$ —
Research and development	155	—
Sales and marketing	1,401	—
General and administrative	398	—
Total restructuring charges	<u>\$ 2,191</u>	<u>\$ —</u>

⁽¹⁾ \$0.2 million of stock-based compensation expense incurred during the three months ended March 31, 2026 is classified as restructuring charges in the table above, including \$0.1 million related to sales and marketing costs, and \$0.1 million related to general and administrative costs. For further information on our restructuring plans, see Note 14 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

⁽²⁾ \$0.1 million of depreciation and amortization expense related to cost of revenue for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

Comparison of the Three Months Ended March 31, 2026 and 2025

Revenue

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
	(dollars in thousands)			
B2 Cloud Storage revenue	\$ 22,428	\$ 18,048	\$ 4,380	24 %
Computer Backup revenue	16,238	16,565	(327)	(2)%
Total revenue	\$ 38,666	\$ 34,613	\$ 4,053	12 %

Total revenue increased by \$4.1 million, or 12%, for the three months ended March 31, 2026 compared to the same period in 2025.

Primary factors influencing the \$4.4 million increase in B2 Cloud Storage revenue include the following:

- a \$2.7 million increase in sales to new customers; and
- a \$1.7 million increase driven by higher storage usage as a result of upselling and organic growth by existing customers.

Primary factors influencing the \$0.3 million decrease in Computer Backup revenue include the following:

- a \$0.9 million decrease from a decline in license counts;
- a \$0.3 million increase from the phased impact of earlier price increases on renewing subscriptions; and
- a \$0.3 million increase driven by increased utilization by existing customers.

Cost of Revenue and Gross Margin

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
	(dollars in thousands)			
Cost of revenue	\$ 15,137	\$ 15,357	\$ (220)	(1)%
Gross margin	61 %	56 %		

Cost of Revenue

Primary factors influencing the \$0.2 million, or 1%, decrease in cost of revenue for the three months ended March 31, 2026 compared to the same period in 2025 include the following:

- a \$1.5 million decrease in depreciation expense primarily due to the extension of the useful life of our infrastructure equipment;
- a \$0.6 million increase primarily reflecting incremental rent and facility costs associated with expanding our data center footprint to support increased storage capacity;
- a \$0.4 million increase in amortization expense related to capitalized investments in platform enhancements and new software features;
- increases of \$0.1 million each in workforce reduction costs and amortization related to our restructuring activities; and
- a \$0.1 million increase in baseline operating spend.

Gross Margin

Gross margin was 61% for the three months ended March 31, 2026, compared to 56% for the same period in 2025. The increase in our gross margin was primarily driven by higher revenue and lower fixed costs, including reduced depreciation expense resulting from the extension of the useful life of our infrastructure equipment, effective April 1, 2025, which increased gross margin by approximately 2% for the three months ended March 31, 2026. In addition, improved economies of scale related to personnel supporting cost of sales contributed to the increase. These benefits were partially offset by higher variable costs associated with the expansion of our data center spaces.

Operating Expenses

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
	(dollars in thousands)			
Research and development	\$ 11,286	\$ 11,855	\$ (569)	(5)%
Sales and marketing	\$ 10,284	\$ 9,263	\$ 1,021	11 %
General and administrative	\$ 7,312	\$ 6,909	\$ 403	6 %

Primary factors influencing the change in operating expenses for the three months ended March 31, 2026 compared to the same period in 2025 include the following:

Research and Development

- a decrease of \$0.6 million in stock-based compensation expense, including a \$0.9 million decrease primarily related to outstanding options vested during the prior year and a lower number of award grants and a \$0.2 million decrease related to higher capitalization of internally developed software resulting from changes in project timing and scope, partially offset by a \$0.5 million increase related to our 2026 bonus plan;
- a decrease of \$0.2 million in personnel-related costs due to a decrease of \$0.2 million related to higher capitalization of internally developed software resulting from the timing and level of qualifying development activities, a \$0.1 million decrease primarily related to lower headcount, partially offset by an increase of \$0.1 million in workforce reduction costs related to our restructuring activities; and
- a \$0.3 million increase in baseline operating spend.

Sales and Marketing

- an increase of \$1.4 million in restructuring costs, including \$1.2 million to support our go-to-market transformation initiatives and \$0.2 million in workforce reduction costs;
- an increase of \$0.4 million in advertising and marketing costs; and
- decreases of \$0.4 million and \$0.2 million in personnel-related expenses and stock-based compensation, respectively, primarily related to a reduction in headcount following our recent restructuring and ongoing efficiency initiatives.

General and Administrative

- an increase of \$0.4 million in restructuring costs, including \$0.3 million to support our go-to-market transformation initiatives; and \$0.1 million in workforce reduction costs.

Investment Income

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
	(dollars in thousands)			
Investment income	\$ 404	\$ 533	\$ (129)	(24)%

Investment income decreased for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to lower interest rates on marketable securities.

Interest Expense

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
	(dollars in thousands)			
Interest expense	\$ (1,209)	\$ (853)	\$ (356)	(42)%

Interest expense increased for the three months ended March 31, 2026 compared to the same period in 2025 primarily due to a higher volume of finance leases, reflecting continued investment in data center infrastructure.

Other Income (Expense), Net

The change in other income (expense), net was attributable to foreign currency transaction gains and losses, which fluctuate based on changes in exchange rates between the U.S. dollar and foreign currencies.

Income Tax Provision

Our provision for income taxes was immaterial for the three months ended March 31, 2026 and 2025.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with generally accepted accounting principles in the United States (“GAAP”), we provide investors with non-GAAP financial measures including adjusted gross profit (and margin), adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”), adjusted EBITDA margin, each as defined below. These measures are presented for supplemental informational purposes only, have limitations as analytical tools and should not be considered in isolation or as a substitute for financial information presented in accordance with GAAP. In addition, other companies, including companies in our industry, may calculate similarly-titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of these measures as tools for comparison. Because of these limitations, when evaluating our performance, you should consider each of these non-GAAP financial measures alongside other financial performance measures, including the most directly comparable financial measure calculated in accordance with GAAP and our other GAAP results. A reconciliation of each of our non-GAAP financial measures to the most directly comparable financial measure calculated in accordance with GAAP is set forth below.

Adjusted Gross Profit and Adjusted Gross Margin

We believe adjusted gross profit (and margin), when taken together with our GAAP financial results, provides a meaningful assessment of our performance, and is useful to us for evaluating our ongoing operations and for internal planning and forecasting purposes.

We define adjusted gross profit as gross profit, excluding stock-based compensation expense, depreciation and amortization and restructuring charges within cost of revenue. We define adjusted gross margin as a percentage of adjusted gross profit to revenue. We exclude stock-based compensation, which is a non-cash item, and restructuring charges 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 profit (and margin) provides consistency and comparability with our past financial performance and facilitates period-to-period comparisons of operations.

The following table presents a reconciliation of gross profit, the most directly comparable financial measure stated in accordance with GAAP, to adjusted gross profit (and margin), for each of the periods presented:

	Three Months Ended March 31,	
	2026	2025
	(dollars in thousands)	
Gross profit	\$ 23,529	\$ 19,256
Adjustments:		
Stock-based compensation	458	420
Depreciation and amortization ⁽¹⁾	6,513	7,644
Restructuring charges	237	—
Adjusted gross profit	\$ 30,737	\$ 27,320
Gross margin	61%	56%
Adjusted gross margin	79%	79%

⁽¹⁾ \$0.1 million of amortization expense recorded to cost of revenue for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA 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, and certain non-recurring and infrequent items, including impairment of long-lived assets, restructuring charges, legal settlement costs, and other similar charges. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenues for the period. We use Adjusted EBITDA and Adjusted EBITDA Margin to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Adjusted EBITDA and Adjusted EBITDA Margin, when taken together with our GAAP financial results, provide 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 and Adjusted EBITDA Margin to be important measures because they help illustrate underlying trends in our business and our historical operating performance on a more consistent basis.

Our calculation of Adjusted EBITDA may differ from the calculations of Adjusted EBITDA by other companies and therefore comparability may be limited. Because of these limitations, when evaluating our performance, you should consider Adjusted EBITDA alongside other financial performance measures, including our net loss and other GAAP results. The following table presents a reconciliation of net loss, the most directly comparable financial measure stated in accordance with GAAP, to Adjusted EBITDA for each of the periods presented.

	Three Months Ended March 31,	
	2026	2025
	(dollars in thousands)	
Net loss and comprehensive loss	\$ (6,147)	\$ (9,324)
Adjustments:		
Depreciation and amortization ⁽¹⁾	6,593	7,764
Stock-based compensation ⁽²⁾	6,712	7,359
Interest expense and investment income, net	805	320
Income tax provision	28	84
Foreign exchange (gain) loss	(39)	149
Restructuring charges	2,191	—
Adjusted EBITDA	\$ 10,143	\$ 6,352
Net loss and comprehensive loss margin	(16%)	(27%)
Adjusted EBITDA Margin	26%	18%

⁽¹⁾ \$0.1 million of amortization expense for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

⁽²⁾ \$0.2 million of stock-based compensation expense for the three months ended March 31, 2026 is classified as restructuring charges in the table above.

Liquidity and Capital Resources

General

Since inception, we have financed operations primarily through payments received from our customers and, in later periods, from the net proceeds from our public offerings. As of March 31, 2026 and December 31, 2025, our principal sources of liquidity were cash, cash equivalents and marketable securities of \$45.5 million and \$51.4 million, respectively.

We believe that our existing cash, cash equivalents, and marketable securities, together with cash provided by operations and our revolving credit facility, will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. Our material cash requirements include contractual and other obligations under our credit facility, finance and operating lease agreements, and purchase commitments as discussed below. Our future capital requirements will depend on many factors, including our total revenue growth rate, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the potential expansion of our data center spaces, the price at which we are able to purchase or lease infrastructure equipment, the impact of inflation on interest rates, the introduction of platform enhancements, and the continuing market adoption of our platform. In the future, we may enter into arrangements to acquire or invest in complementary businesses, products, and technologies. To support our revenue growth and increased demand for our B2 cloud storage, we expect to increase our capital expenditures, continue leveraging finance lease agreements for infrastructure investments and, when strategic opportunities arise, we may supplement our revolving credit facility with additional equity or debt funding to accelerate enterprise-focused growth. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, results of operations, and financial condition.

We maintain cash deposits in the United States, in Federal Deposit Insurance Corporation insured banks. In the event of a failure of any financial institutions where we maintain deposits, we may lose timely access to our funds at such institutions and incur significant losses to the extent our funds exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation.

Debt

We have a credit agreement (the “Credit Agreement”) with Citizens Bank, N.A. (the “Lender”), which includes a senior secured revolving credit facility with a total borrowing capacity of up to \$20.0 million (the “Revolving Credit Facility”) for general corporate purposes and working capital needs. The Revolving Credit Facility includes a sub-limit of up to \$3.0 million for the issuance of letters of credit. As of March 31, 2026, we had no outstanding borrowings and no letters of credit under the Revolving Credit Facility and \$20.0 million remained available for borrowing.

The Credit Agreement contains customary restrictive financial and operating covenants, including limitations on our ability to incur additional indebtedness, pay dividends, make certain investments, sell assets, repurchase shares up to \$10.0 million in any given year and engage in other specified transactions. The Credit Agreement also requires us to comply with the following financial covenants on a quarterly basis: (i) a minimum liquidity of \$10.0 million held on deposit with the Lender, over which we retain control and consider as cash and cash equivalents, (ii) a minimum consolidated EBITDA threshold, and (iii) a maximum total leverage ratio of 2.75 to 1.00, which is calculated based on consolidated EBITDA.

The Credit Agreement defines consolidated EBITDA on a trailing four fiscal quarter basis and includes specified adjustments and exclusions. As a result, EBITDA as defined under the Credit Agreement may differ materially from Adjusted EBITDA as presented elsewhere in this report. For example, the calculation of EBITDA under the Credit Agreement includes exceptions and caps related to adjustments for (i) restructuring and other strategic initiatives, (ii) legal settlements, (iii) completed acquisitions, and (iv) all other non-cash and non-specified non-recurring charges. As of March 31, 2026, we were in compliance with the covenants under the Credit Agreement.

On April 30, 2026, we entered into an amendment to the Credit Agreement. The amendment, among other things, (i) extends the maturity date from June 4, 2027 to June 4, 2028, (ii) resets the option that allows the Company to extend the maturity date by one year, subject to certain conditions, and (iii) modifies certain negative covenants, including increasing

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the limit on share repurchases from up to \$10.0 million to up to \$15.0 million per fiscal year and increasing the limit on and permitted acquisitions to up to \$20.0 million of cash consideration.

Commitments

Finance Leases

We generally enter into finance lease arrangements to obtain hard drives and other infrastructure equipment for our data center operations. See Note 8 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for our future minimum commitments related to our finance leases. The weighted average discount rate for finance leases was 12.9% as of March 31, 2026.

Operating Leases

We lease data center spaces and office space under non-cancelable operating leases with various expiration dates. The weighted average discount rate for operating leases was 6.9% as of March 31, 2026. See Note 8 to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q for our future minimum commitments related to our operating leases.

Purchase Commitments

In addition, we have purchase commitments that relate mainly to infrastructure agreements used to facilitate our operations. As of March 31, 2026, the Company had \$1.9 million, \$2.3 million, \$0.8 million, and \$0.1 million payable for these commitments during the remainder of the year ending December 31, 2026 and the years ending December 31, 2027, 2028, and 2029, respectively.

Share Repurchase Program

In August 2025, our Board of Directors approved a share repurchase program authorizing us to repurchase up to \$10.0 million of our Class A common stock through August 1, 2026. The program is intended to offset dilution resulting from stock-based compensation. Repurchases are to be funded from the proceeds of employee stock option exercises and from employee contributions under the 2021 Employee Stock Purchase Plan.

During the three months ended March 31, 2026, we repurchased a total of 189,229 shares of our Class A common stock for \$0.8 million. As of March 31, 2026, approximately \$7.2 million remained available for repurchases under the program.

Cash Flows

The following table shows a summary of our cash flows for the periods presented:

	Three Months Ended March 31,	
	2026	2025
	(in thousands, unaudited)	
Net cash provided by operating activities	\$ 3,360	\$ 4,943
Net cash provided by (used in) investing activities	\$ 289	\$ (6,132)
Net cash used in financing activities	\$ (6,555)	\$ (3,981)

Operating Activities

Our largest source of operating cash is payments received from our customers. Our primary uses of cash from operating activities are for personnel-related expenses, sales and marketing expenses, infrastructure expenses, and overhead expenses.

For the three months ended March 31, 2026, cash provided by operating activities was \$3.4 million, which resulted from a net loss of \$6.1 million, adjusted for non-cash charges of \$14.9 million and net cash outflow of \$5.4 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$6.9 million for stock-based compensation expense, \$6.7 million for depreciation and amortization expense, and noncash lease expense on operating leases of \$1.3 million. The net cash outflow from changes in operating assets and liabilities was primarily due to a \$2.3 million increase in prepaid expenses and other current assets primarily due to the timing of prepayments, \$1.8 million decrease in

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operating lease liabilities reflecting the timing of lease payments, a \$1.0 million increase in other assets related to employee sales commissions plan, and a \$0.8 million increase in accounts receivable driven by higher revenue from enterprise customers and the timing of billings and related collections.

For the three months ended March 31, 2025, cash provided by operating activities was \$4.9 million, which resulted from a net loss of \$9.3 million, adjusted for non-cash charges of \$16.0 million and net cash outflow of \$1.8 million from changes in operating assets and liabilities. Non-cash charges primarily consisted of \$7.8 million for depreciation and amortization expense, \$7.4 million for stock-based compensation expense, and noncash lease expense on operating leases of \$0.9 million. The net cash outflow from changes in operating assets and liabilities was primarily the result of cash outflows related to a decrease of \$1.6 million in operating lease liabilities, as well as an increase in prepaid and other current assets of \$1.1 million, each related to the timing of payments of our expenses. The cash outflows were partially offset by a cash inflow due to an increase of \$0.8 million in deferred revenue, which increased due to our growing sales and to timing of collections from our customers.

Investing Activities

Cash provided by investing activities during the three months ended March 31, 2026 was \$0.3 million, resulting primarily from the following activity:

- Proceeds of \$8.0 million from the maturity of our marketable securities;
- Purchases of marketable securities of \$5.0 million;
- Cash payments of \$2.1 million related to the development of internal-use software for adding new features and enhanced functionality to our platform; and
- Cash payments of \$0.7 million related to capital expenditures in support of infrastructure deployments to support our growing business.

Cash used in investing activities during the three months ended March 31, 2025 was \$6.1 million, resulting primarily from the following activity:

- Purchases of marketable securities of \$18.3 million;
- Cash payments of \$2.1 million related to the development of internal-use software for adding new features and enhanced functionality to our platform;
- Cash payments of \$0.5 million related to capital expenditures in support of infrastructure deployments to support our growing business; and
- Proceeds of \$14.8 million from the maturity of our marketable securities.

Financing Activities

Cash used in financing activities for the three months ended March 31, 2026 was \$6.6 million, resulting primarily from the following activity:

- Principal payments on our finance lease agreements and lease financing obligations of \$4.2 million related to hard drives and other infrastructure equipment used in our data center spaces;
- \$1.8 million related to payments on taxes for net share settlements of vested equity awards;
- \$0.8 million related to repurchases of our Class A common stock; and
- \$0.4 million in proceeds from the exercise of employee stock options.

Cash used in financing activities for the three months ended March 31, 2025 was \$4.0 million, resulting primarily from the following activity:

- Principal payments on our finance lease agreements and lease financing obligations of \$4.5 million related to hard drives and other infrastructure equipment used in our data center spaces;
- \$0.5 million related to payments on taxes for net share settlements of vested equity awards; and
- \$1.1 million in proceeds from the exercise of employee stock options.

Critical Accounting Estimates

Our condensed consolidated financial statements and the related notes thereto included in this Quarterly Report on Form 10-Q are prepared in accordance with GAAP. The preparation of condensed consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

There have been no material changes to our critical accounting estimates as compared to those discussed in the Annual Report.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups (“JOBS”) Act. For so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation. The JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. This provision allows an emerging growth company to delay the adoption of some accounting standards unless and until those standards would otherwise apply to private companies. We have elected to use the extended transition period under the JOBS Act for the adoption of new or revised accounting standards and, as a result, we will adopt such standards on the dates applicable to private companies until we cease to be an emerging growth company on December 31, 2026, which is the last day of the fiscal year following the fifth anniversary of our initial public offering. Accordingly, our financial statements may not be comparable to those of public companies that comply with new or revised accounting pronouncements as of the public company effective dates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

Our exposure to interest rate risk primarily relates to our finance lease arrangements and lease financing obligations for obtaining hard drives and related equipment for our data center operations, which may be impacted by interest rate changes for any future agreements we enter into. We also earn interest income generated by cash, cash equivalents and marketable securities. As of March 31, 2026, we had cash and cash equivalents and marketable securities balances of \$26.3 million and \$19.2 million, respectively. Interest-earning instruments carry a degree of interest rate risk. The primary objective of our investment activities is to preserve principal while maximizing income without significantly increasing risk. As such, we generally do not enter into investments for trading or speculative purposes and have not used any derivative financial instruments to manage our interest rate risk exposure. We intend to hold all investments to their respective maturities. Due to the short-term nature of these investments and as all investments are generally intended to be held-to-maturity, we do not believe that an increase or decrease in interest rates of 100 basis points would have a material effect on our operating results or financial position.

In addition, borrowings under our Revolving Credit Facility bear interest at variable rates, at our discretion, equal to either (a) the average Secured Overnight Financing Rate plus 3.25% or (b) a base rate, as defined in the credit agreement, plus 2.25%. Accordingly, our future interest expense will fluctuate with changes in market interest rates. No borrowings were outstanding under the Revolving Credit Facility as of March 31, 2026.

Inflation Risk

The inflation rate has recently been falling by some measures after reaching a nearly three decade high in 2022, but interest rates remain high and may continue to increase our operating costs and our interest expense. It is uncertain how inflation and interest rates will be impacted in 2026 by the imposition of tariffs and other trade-related actions or inactions. World events, such as the ongoing conflicts in Ukraine and the Middle East, continue to negatively affect the global economy. We continue to monitor the impact of inflation in order to minimize its effects through focusing on upmarket revenue growth, productivity improvements, and cost reductions. However, we may not be able to sufficiently offset our increased costs through these measures, for competitive reasons or because of other factors influencing our operations. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Foreign Currency Exchange Rate Risk

Our reporting currency and the functional currency of our wholly owned foreign subsidiaries is the U.S. dollar. Our revenue and operating expenses are denominated in U.S. dollars and are not subject to foreign currency exchange rate risk. Our exposure to foreign currency exchange rate risk relates to certain finance lease purchase option obligations that are denominated in foreign currencies, including the British pound, Canadian dollar, and Euro. Fluctuations in exchange rates result in remeasurement gains or losses and affect the U.S. dollar value of these lease liabilities. As we expand our international operations and enter into additional foreign currency-denominated lease arrangements, our exposure to exchange rate fluctuations may increase. We do not currently use derivative instruments to hedge foreign currency risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These rules refer to the controls and other procedures of a company that are designed to ensure that information is recorded, processed, accumulated, summarized, communicated and reported to management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding what is required to be disclosed by a company in the reports that it files under the Exchange Act.

As of March 31, 2026, we carried out an evaluation, as required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act, under the supervision and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our chief executive officer and chief financial officer concluded that, as of March 31, 2026, our disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2026 covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II - Other Information

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that we believe are likely to have a material adverse effect on our business, financial condition, or operating results. We also generally maintain insurance to cover certain types of litigation claims, subject to policy limits, retentions and deductibles, and other factors. However, the outcome of litigation is inherently uncertain. Regardless of the outcome, litigation can also have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

ITEM 1A. RISK FACTORS

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed consolidated financial statements and the accompanying notes, included elsewhere in this Quarterly Report on Form 10-Q. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of these risks actually occur, it may materially harm our business, financial condition, liquidity, results of operations, and the market price of our Class A common stock.

Risk Factors Summary

Below is a summary of the principal factors that make an investment in our Class A common stock speculative or risky. Importantly, this summary does not address all of the risks that we face. Our ability to execute our business strategy is subject to numerous risks, as more fully described in the section titled “Risk Factors” immediately following this summary. Significant new and materially modified risk factors are indicated with asterisks in the “Risk Factors” section following this summary. These risks include, among others:

- We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future.
- The markets in which we participate are intensely competitive, and if we do not compete effectively, our operating results would be harmed.
- Any significant disruption to our service, or loss or delay in availability of our customers’ data, could damage our reputation and harm our business and operating results.
- If we are unable to maintain our brand and reputation, our business, results of operations, and financial condition may be adversely affected.
- If our information technology systems, including the data of our customers stored in our systems, are breached or subject to cybersecurity attacks, our reputation and business may be harmed.
- If we are unable to attract and retain customers on a cost-effective basis, our revenue and operating results would be adversely affected.
- If we are unable to provide successful enhancements, new features, and modifications to our cloud services, our business could be adversely affected.
- Material defects or errors in our software could negatively impact our business, harm our reputation, result in significant costs to us, and negatively impact our ability to sell our cloud services.
- We rely on third-party vendors and suppliers, including data center and hard drive providers, which may have limited sources of supply, and this reliance exposes us to potential supply and service disruptions that could harm our business.
- Our business depends, in part, on the success of our strategic relationships with third parties.

- Although we have previously identified and remediated material weaknesses in our internal controls over financial reporting, we could experience material weaknesses in the future and the failure to achieve and maintain effective internal controls over financial reporting could harm our business and negatively impact the value of our Class A common stock.

Risks Related to Our Business and Our Industry

We have a history of cumulative losses, and we do not expect to be profitable for the foreseeable future.

We incurred net losses of \$6.1 million and \$9.3 million for the three months ended March 31, 2026 and 2025, respectively. After more than 18 years of operations, we had an accumulated deficit of \$227.7 million as of March 31, 2026. We cannot guarantee that net losses in future periods will be similar to those from prior periods. We intend to continue scaling our business to increase our customer base and to meet the increasingly complex needs of our customers. We have invested, and expect to continue to invest, in our sales and marketing organization to sell our cloud services around the world and in our development organization to deliver additional features and capabilities of our cloud services to address our customers' evolving needs. We also expect to continue to make significant investments in our data center infrastructure and technical operations organization as we further scale our business. As a result of our continuing investments to scale our business in each of these areas, we do not expect to be profitable for the foreseeable future. We cannot assure you that we will achieve profitability in the future or that, if we do become profitable, we will sustain profitability.

The markets in which we participate are intensely competitive, and if we do not compete effectively, our operating results would be harmed.

The markets in which we operate are highly competitive, with relatively low barriers to entry for certain applications and services. Some of our competitors include cloud-based services such as those offered by Amazon.com, Inc. through Amazon Web Services, Alphabet Inc. through Google Cloud Platform, and Microsoft Corporation through Azure, and on-premises offerings such as those offered by EMC/Dell and NetApp. Many of our competitors and potential competitors are larger and have greater name and brand recognition; longer operating histories; larger budgets for the development, promotion and sale of their products or services; broader service offerings and capabilities; and significantly greater resources than we do. In addition, many of our competitors have established marketing and distribution relationships with channel partners, consultants, system integrators, and resellers. Our competitors may also be able to respond more quickly and effectively to new or changing opportunities, technologies, standards, or customer requirements, including offering multiple types of storage solutions with various price points, feature sets and performance levels. Competition may intensify in the future, particularly as we seek to move up-market and may also include new market entrants, including storage offerings by some of our partners, customers or other third parties in the industry. For example, Cloudflare, CoreWeave, DigitalOcean and Vultr offer at least some form of their own storage solutions. Our competitors could offer their products or services at a lower price or in some combination with other services or applications that we do not offer, which could result in pricing pressures on our business. We have raised prices in the past, including price increases which took effect in the fourth quarter of 2023 and the second quarter of 2026. While we believe that these price increases resulted in increased revenue without a material negative impact on our business, any future price increases by us, or reductions in prices by our competitors, could have a material adverse effect on our business, including potential loss of customers who do not wish to renew their subscriptions at the higher prices, reduction in the number of new customers, or a decrease in the amount of data that existing (or new) customers store with us or subscriptions they purchase from us. Increased competition generally could result in reduced sales, increased customer churn, lower margins, losses, or the failure of our cloud services to achieve or maintain widespread market acceptance, any of which could harm our business.

Any significant disruption in our service or loss, or delay in availability of our customers' data, could damage our reputation and harm our business and operating results.

Our brand, reputation, and ability to manage our systems; attract, retain, and serve our customers; and interface with our partners, are dependent upon the reliable performance of our platform, including our underlying technical infrastructure, as well as the systems and infrastructure of various third parties, including third-party hosted data centers that we use and internet access and infrastructure used by us and our customers and partners. Our customers rely on our platform to store and access their data, including financial records, business information, personal information, documents, media, and other important content. There are various reasons that our platform, or the systems that are used to access or support our platform, could experience a disruption in service, some of which are entirely outside of our control. For example, our facilities as well as the data centers that we use are subject to extreme weather events and natural disasters, such as earthquakes, hurricanes and tornados, storms, floods, fires and droughts, which may become more frequent and intense due

to climate change. Our facilities and the data centers that we use are also vulnerable to damage or interruption from human error, intentional bad acts, war or other military conflict, terrorist attacks, cybersecurity attacks or the risk of potential cybersecurity attacks, power losses, hardware failures, systems failures, telecommunications failures, vendor consolidations, restructurings or bankruptcies, and similar events, any of which could disrupt our service, destroy user content, or prevent us from being able to continuously back up or record changes in our users' content. For example, one of the data centers we use had a cooling problem due to equipment failure in October 2025. While the issue was resolved without significantly impacting access to customer data, such events could occur in the future with adverse consequences. We also periodically refresh the hardware infrastructure underlying our Backblaze Storage Cloud platform to improve performance, scalability, and cost-efficiency. These refresh cycles involve operational complexity and capital investment, and any delays, cost overruns, integration issues, or unforeseen performance challenges could adversely affect service reliability, customer satisfaction, and our financial results. While we maintain incident response plans that include defined processes, roles, communications, responsibilities and procedures for responding to cybersecurity incidents and other events that impact our operations, and such plans are tested and evaluated on a regular basis, our disaster recovery planning cannot account for all eventualities and even if we anticipate an incident, our disaster recovery plans may not be sufficient to timely and effectively address the issue. Moreover, our platform and technical infrastructure as well as the infrastructure of our data center partners may not be adequately designed or operate with sufficient reliability and redundancy to avoid delays or outages or other issues that could be harmful to our business. If our platform is unavailable when users attempt to access it, or if it does not perform as quickly as they expect, or if data is lost, users may not use our platform as often in the future, or at all.

If we are unable to maintain our brand and reputation, our business, results of operations, and financial condition may be adversely affected.

The successful promotion of our brand and our ability to maintain our reputation will depend on a number of factors, including our performance and the reliability of our cloud services; our advertising and marketing efforts, including our blog and social media presence, which have been important to building and maintaining our brand and reputation; our ability to continue to develop high-quality features and cloud services; and our ability to successfully differentiate our cloud services from competitive products and services. Our promotional activities may not be successful or yield increased revenue.

The promotion of our brand has in the past, and may in the future cause us to make substantial expenditures, particularly as our markets become more competitive and we expand into new markets or offer new products or services, or additional features. Expenditures intended to maintain and enhance our brand may not be cost-effective or effective at all. If we do not successfully maintain and enhance our brand, we may have reduced pricing power relative to our competitors, we could lose customers, we could fail to attract potential new customers or retain our existing customers, or our blog and thought leadership in our industry may decline in popularity, all of which could materially and adversely affect our business.

If our internal or external information technology systems, including the data of our customers stored in our systems, are breached or subject to cybersecurity attacks, our reputation and business may be harmed.

Our customers rely on our solutions to store or use their data, which may include confidential, sensitive or personally identifiable information, critical business information, photos, and other meaningful content. To manage and maintain such data, we are highly dependent on internal and external information technology systems and infrastructure, including the internet, to securely process, transmit, and store critical information. Although we take measures to protect our systems and sensitive information from unauthorized access or disclosure, third parties may be able to circumvent our security by deploying viruses, worms, and other malicious software programs that are designed to attack or attempt to infiltrate our systems and networks, including distributed denial of service ("DDoS") or phishing attacks, that can undermine the availability and performance of our systems and cloud services, lead to the blocking of our services by ISPs or governments, fraudulently steal data, or otherwise cause damage to our reputation and negatively impact us and our customers. We regularly encounter attempts to create false or undesirable user accounts, phishing attacks and various types of DDoS attacks, which can disrupt our systems, impair system performance and impact analytics. Moreover, cybersecurity attacks evolve rapidly and are expected to continue to accelerate in both frequency and sophistication, and bad actors may utilize new methods not recognized because they are designed to circumvent controls, avoid detection, and remove or obfuscate forensic evidence. For example, AI technologies may be used in connection with cybersecurity attacks, which may increase the sophistication, frequency or speed of such attacks and, in turn, make them more difficult to detect or mitigate. Although we have taken, and continue to take, various actions to prevent and mitigate potential cybersecurity attacks, it is very difficult to successfully identify, stop, or resolve such attacks, or implement adequate preventative measures and we will continue to incur costs in our efforts to protect against and respond to cyber-attacks and potential

cyber-attacks. Also, societal or political developments resulting in periods of increased political tensions and military conflicts could result in a greater likelihood of cybersecurity incidents that could either directly or indirectly impact our operations. In addition, employee or consultant error, malfeasance, or other errors in the storage, use, or transmission of customer data could result in a breach. Even if a breach is detected, the full extent of the breach may not be determined immediately, or at all. While we maintain insurance coverage to mitigate the potential financial impact of these risks, our insurance may not cover all such events or may be insufficient to compensate us for potentially significant losses, including the potential damage to the future growth of our business, that may result from any such breach. In addition, our business utilizes information technology systems of our partners and vendors, who are also subject to similar cybersecurity risks that could adversely impact the security of our systems and business. Although we take steps to secure customer information that is provided to or accessible by our partners and vendors, such measures may not always be effective, and we may have limited or no control over how cybersecurity attacks on our partners or vendors are addressed. An actual or perceived breach of our network security and systems or other cybersecurity-related events that cause the loss, theft or unauthorized disclosure of our customers' information, including any delay in determining the full extent of a potential breach, could have a material adverse impact on our business, results of operations, and financial condition, including harm to our reputation and brand, reduced demand for our solutions, time-consuming and expensive litigation, fines, penalties, and other damages.

If we are unable to attract and retain customers on a cost-effective basis, our revenue and operating results would be adversely affected.

We generate substantially all of our revenue from the sale of our cloud services either on a consumption or subscription model. To grow, we must continue to attract customers on a cost-effective basis. Any price increases could make it more difficult to attract new customers and retain existing customers or cause existing customers to reduce the amount of data that they store with us, thus negatively impacting our revenue and business. We have historically used, and plan to increase our use of, a variety of advertising and marketing programs to promote our cloud services. Our sales and marketing investments intended to accelerate the scaling of our business, including any expansion of existing programs and new programs to promote our cloud services, may not be successful or provide a reasonable return on investment within a desired timeframe. Significant increases in the pricing of one or more of our advertising channels would increase our advertising and marketing costs or cause us to choose less expensive and perhaps less effective channels. We may also need to expand into channels with significantly higher costs, which could adversely affect our operating results. We may also incur increased sales and marketing expenses and engineering and operating expenses, including infrastructure expenditures, significantly in advance of the time we anticipate recognizing any revenue generated by such expenses, and we may only at a later date, or never, experience an increase in revenue or other benefits as a result of such expenditures. For example, in April 2025 we announced B2 Overdrive, a premium priced high-performance cloud storage solution, which is intended to meet the demands of data-intensive workloads such as AI and machine learning training, high-performance computing, large-scale analytics, and media processing. While this expansion opens new market opportunities, it also introduces risks associated with entering a competitive and rapidly evolving sector, including the need for substantial investment in infrastructure, often in advance of corresponding revenue generation, and potential challenges in meeting specialized customer requirements. If we are unable to achieve effective advertising and marketing programs or successfully expand our solution offerings and operations, our ability to attract new customers could be adversely affected, our advertising and marketing expenses could increase substantially, and our operating results may suffer.

A portion of our potential customers locate our website through search engines and social media platforms. Our ability to maintain the number of visitors directed to our website is not entirely within our control. If search engine companies modify their search algorithms in a manner that reduces the prominence of our listing, or if our competitors' search engine optimization efforts are more successful than ours, or if AI technologies replace traffic from search engines, fewer potential customers may click through to our website. In addition, the cost of purchased listings has increased in the past and may increase in the future. A decrease in website traffic or an increase in promoted search result costs could adversely affect our customer acquisition efforts and our operating results. In addition, we also rely on our blog and word of mouth to drive additional customers. To the extent our blog does not continue to attract readers or if our reputation is harmed, these additional means of attracting customers may no longer provide significant numbers of customers in the future.

In addition, because we offer our Computer Backup cloud service at a fixed price, the amount of data our customers back up affects our costs and gross margins. Subject to certain limitations, we also offer free egress for our B2 Cloud Storage customers. To the extent current or future customers back up unusually large amounts of data, use an excessive amount of egress or growth in the amount of data backed up per customer outpaces decreases in storage costs, our costs and gross margins and infrastructure could be adversely affected.

If we are unable to provide successful enhancements, new features, and modifications to our cloud services, our business could be adversely affected.

Our industry is marked by rapid technological developments and new and enhanced applications and cloud services. If we are unable to provide enhancements and new features for our existing services or develop new services that achieve market acceptance, our business could be adversely affected. We have recently launched various new solutions, product features and other changes, including B2 Overdrive. We cannot be certain whether such features and other changes will achieve a desired level of market adoption and return on investment. We have also launched product features that utilize AI, and may offer additional AI related solutions in the future. Embedding AI in our solutions exposes us to additional risks for potential inaccuracies or bias in AI outputs as well as data privacy, intellectual property, or other regulatory and compliance requirements. In addition, because our cloud services are designed to operate on a variety of systems, we will need to continuously modify and enhance our cloud services to keep pace with changes in internet-related hardware, operating systems, and other software, communication, browser, and database technologies, including the systems of our partners, vendors, and competitors. We also have limited internal resources and thus need to selectively prioritize features and other development and infrastructure projects, and de-prioritize certain other projects. Although we seek to prioritize the projects that we believe are the most important and de-prioritize projects of lesser importance based on the information available to us at any given time, there is no guarantee that our prioritization efforts will achieve the desired market adoption or infrastructure improvements and we may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. In addition, any failure of our cloud services to operate effectively and on a timely basis with network platforms and technologies could reduce the demand for our cloud services, result in customer dissatisfaction and adversely affect our business. Furthermore, any enhancements, new features or offerings generally require upfront investments before any potential return on investment, and may increase our research and development expenses and infrastructure costs, which could adversely impact our pricing advantage, undermine our ease of use, make it more difficult to attract and retain customers, and harm our results of operations.

Material defects or errors in our software or hardware failures could negatively impact our business, harm our reputation, result in significant costs to us, and negatively impact our ability to sell our cloud services.

The software underlying our cloud services is inherently complex and may contain material defects or errors, particularly when first introduced or when new versions or enhancements are released. We have from time to time found defects or errors in our cloud services, and new defects or errors in our existing solutions may be detected in the future by us, our customers or partners, or other third parties. The costs incurred in correcting such defects or errors may be substantial and could negatively impact our business. For example, to the extent that the encryption keys for encrypted customer data stored by us were to be deleted or corrupted, the data could become unrecoverable. In addition, we rely on hardware purchased or leased and software licensed from third parties to offer our cloud services. Hardware is susceptible to failures and may require ongoing maintenance and periodic replacement throughout its useful life. Any defects in, or unavailability of, our software or hardware failures that cause interruptions to the availability of our cloud services or that otherwise impact our business could, among other things:

- require us to issue refunds or credits to our customers or expose us to claims for damages,
- cause us to lose existing customers and make it more difficult to attract new customers,
- divert our development resources or require us to make extensive changes to our cloud services or software,
- harm our reputation and brand, and
- negatively impact our results of operations.

If we fail to effectively manage our workforce and operational needs, our business would be harmed.*

Our business requires that we continuously evaluate and align our workforce, operational capacity, and organizational structure with evolving strategic priorities and market conditions. In 2024 and 2025, we initiated measures to reduce headcount, implemented a hiring freeze, and took other actions to pursue greater cost efficiency and align strategic initiatives. While we believe these actions were necessary to position the company for long-term success, they involve inherent risks, including the loss of institutional knowledge, reduced capacity to execute on strategic initiatives, challenges

retaining key employees during periods of organizational uncertainty, and potential adverse effects on employee morale, productivity, and company culture.

Our headcount needs fluctuate, and we may continue to seek to adjust our workforce from time to time in response to changing business needs, market conditions, and other factors. It may be difficult to manage these workforce transitions effectively or on a timely basis. If our workforce reductions or hiring constraints are too aggressive, we may lack the personnel necessary to support customer commitments, deliver on our product roadmap, or capitalize on emerging opportunities, including those related to AI and neocloud. If they are insufficient, we may not achieve the cost efficiencies required to sustain the business through periods of slower growth.

At the same time, the amount of data stored with us and the storage infrastructure deployed by us has continued to increase, and customer demands on our platform, including the complexity of workloads we support, continue to grow. Managing this operational growth with a constrained workforce places additional strain on our management, administrative, operational, security, and financial infrastructure.

If and when we resume headcount expansion, we will need to effectively recruit, onboard, and integrate new employees while maintaining the operational discipline and cost structure we have worked to establish. Our success will depend in part on our ability to manage these workforce dynamics effectively, which will require that we continue to improve our administrative, operational, financial, and management systems and controls. If we fail to appropriately align our workforce and operational capacity with the needs of our business, the quality of our services may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers and employees. Additionally, we are continuing to evolve our go-to-market strategy to expand our reach among larger enterprise, neocloud, and AI-focused customers. As we target larger customers, our revenue may become increasingly concentrated among a smaller number of large customers, which could expose us to greater revenue volatility and customer concentration risk. While we believe these efforts position us well for long-term growth, they also involve execution risk, and there is no guarantee these initiatives will achieve the anticipated results within the expected timeframe.

Our business could be materially harmed to the extent that we do not effectively manage our data center capacity and the costs associated with our data center spaces.

We must continue to effectively manage our infrastructure, including capital expenditures to maintain and expand our data center capacity, servers and equipment, and locations. The costs of building out and maintaining our data center spaces, including the purchase and leasing of equipment, constitute a significant portion of our capital and operating expenses. To manage our data center capacity and the associated capital expenditures, we continuously evaluate our short and long-term data center capacity requirements. However, because our customer retention and the amount of data that they store with us may increase, decline or fluctuate as a result of a number of factors, potentially with little or no advance notice, it is difficult to accurately predict our capacity needs over time. If we underestimate the data center capacity needed to address increases in volume usage, or there is not enough capacity at the data centers at commercially acceptable rates, or at all, we may be unable to increase our data center capacity in an expedient and cost-effective manner, which could result in materially adverse effects on our business and our results of operations. For example, if we are not able to obtain sufficient data center capacity on a timely basis, the ability for customers to upload or download data could be negatively impacted. As a result, we might be unable to attract new customers or retain existing customers and could cause existing customers to reduce the amount of data that they store with us. In such a scenario, we may also be required to enter into leases or other agreements for data center spaces, servers and other equipment that are more expensive than they otherwise would be as a result of the increased demand and competition in the market for data center capacity.

The competition for data center space, infrastructure and equipment has intensified significantly, particularly due to increased demand from AI and other compute-intensive workloads. As a result, available capacity in key markets is limited, and data center and other vendors have implemented, and may in the future implement, more stringent qualification and other requirements. These heightened requirements may favor larger, better-capitalized companies and could make it more difficult or costly for us to secure additional data center space or renew existing agreements on favorable terms. Adding data center capacity, whether at existing locations or new locations, requires significant lead time, capital investment, and coordination with third-party providers. As a result, our ability to scale infrastructure in line with the storage demands of our customers may be constrained, particularly during periods of accelerated data growth or supply chain disruption. In addition, many of our data center spaces are subject to multi-year leases. If our capacity needs are reduced, or if we decide to close a data center space, we may nonetheless be committed to perform our obligations under the applicable leases including, among other things, paying the base rent for the balance of the lease term and continuing to pay for any servers or other equipment. If we overestimate our data center capacity requirements, and therefore secure

excess data center capacity and servers or other equipment, then our capital expenditures could be materially increased, and our operating margins could be materially reduced. To the extent we pursue any expansion of our data center footprint, our infrastructure and maintenance costs will increase. In addition, we will generally incur expenses in advance of receiving any increase in customers, revenue or other benefits. Any expansion outside of the United States will also increase the costs of compliance with local laws and regulations. As a result, we may not be able to recover the cost of those investments, which could materially adversely affect our business and results of operations. We may also be subject to risks and unanticipated increases in energy costs as a result of: regulations intended to regulate carbon emissions and other pollutants, laws requiring enhanced energy efficiency measures, surcharges related to recovering the cost of extreme weather events and natural disasters, geopolitical conflicts, military conflicts, grid modernization charges, as well as other charges. If we are unable to obtain sufficient data center capacity, or if we are forced to accept less favorable terms, our ability to scale, maintain service levels, or otherwise grow our business could be adversely affected. In addition to availability risks, the cost of data center space, equipment, and energy may fluctuate, and any significant increases could adversely affect our gross margins and operating results.

Our business depends on our ability to retain and increase revenue from customers, and if we are unable to do so, our revenue and operating results would be adversely affected.

It is important for our business that our customers continue to use, and even increase their use of, our cloud services. Many of our customers can terminate their use of our cloud services at will with little-to-no advance notice. Even though some of our customers enter into longer-term multi-year agreements, they generally have no obligation to renew their subscriptions or increase usage. Due to our varied customer base and lack of long-term customer and usage commitments, it can be difficult to accurately predict our customer retention rate on a quarterly basis or long-term basis. Our customer retention and the amount of data that they store with us may decline or fluctuate as a result of a number of factors, including potential customer dissatisfaction with our cloud services and offerings; pricing plans; our customers' own business conditions; customer decisions to delete unneeded or redundant data; the perception, whether or not accurate, that competitive products provide better options; changes in our brand or reputation; and overall general economic conditions. The consumer portion of the market for our Computer Backup has also been experiencing downward pressure as the market for standalone consumer backup solutions has matured. Price increases for Computer Backup and B2 Cloud Storage, such as the price increase for B2 Cloud Storage that took effect in the second quarter of 2026, could make it more difficult to attract new customers and retain existing customers or cause existing customers to reduce the amount of data that they store with us or subscriptions they purchase from us. Our future financial performance also depends in part on our ability to continue to increase revenue from our customers through new features and additional paid products, such as B2 Overdrive, Enterprise Control and multi-region selection. Our customers' decision whether to opt for additional paid products is driven by a number of factors. If our customers do not perceive the value in such additional paid offerings, we may not realize the anticipated benefits of our investments in such additional features, and our financial results could be harmed. If we cannot successfully retain our existing customers and add new customers consistent with historical rates, including maintaining or growing the amount of data that our customers store with us, our revenue and ability to grow may be adversely affected.

To the extent we target different types of customers, we may face increased demands and challenges that adversely impact our business and operations.*

Historically, most of our customers consisted of small-to-medium sized businesses and individuals. Our growth strategy is in part dependent upon attracting and retaining customers that are larger businesses and organizations. To the extent we target other types of customers or customers with different or specific needs, we may face greater demand for certain service enhancements or features that we do not currently offer, or additional performance, availability, durability, and security requirements. We may also face greater peak demands on our infrastructure from customers using our platform that could temporarily impact the quality of our services, strain our resources, increase our operating costs or require additional capital expenditures. For example, we have experienced an increasing number of AI technology companies using our platform and have increased our focus on AI customer opportunities. The market for AI is evolving rapidly and subject to significant changes and demands. Our focus on AI customers subjects us to significant risks including rapid technological obsolescence, intense competition from established companies as well as new market entrants, and high volatility. The AI market is characterized by rapid innovation cycles that could render our solutions obsolete, and may involve significant investments and dedication of resources in engineering, technical operations, sales and marketing. In addition, the nature of AI workloads often requires higher performance, lower latency, and increased utilization of storage infrastructure compared to traditional customers. Certain data heavy use cases, including various AI use cases, place greater demands on our storage systems, including higher throughput, increased hard drive processing, and more intensive data access patterns. These requirements could increase our infrastructure costs, accelerate hardware wear, and require

additional investment in technology and capacity. If we are unable to meet the evolving needs of these types of customers or manage the associated operational challenges, our business, infrastructure, and financial results could be adversely affected. As a result, our business may also fluctuate more significantly as our customers experience volatility and fluctuating demands as the AI market and the business needs of our customers evolve.

We may also face increased competition from some of our competitors that typically target larger businesses and organizations and that may have pre-existing relationships or purchase commitments, that may have more experienced sales personnel or greater budgetary resources available to target larger customers, or that may be able to bundle other services with an offering that is competitive with ours. Certain types of customers may also have longer sales cycles, less predictability or higher volatility in the amount of data they store with us, increased pricing or negotiation leverage, and increased customer education, prolonged contract negotiations and overall customer engagement needs. In addition, some customers may demand more customization, integration, and support services. Any of these factors could require us to devote greater sales, engineering, marketing, operations, and support services as well as make significant infrastructure changes, which could increase our costs, divert key resources from other current and prospective customers, and otherwise adversely affect our business and operating results. These increased demands and challenges may also be for the benefit of a limited number of customers. In addition, the loss of any larger customers will have a greater impact on our financial results than the loss of smaller customers, which could cause our financial results to fluctuate more significantly from period to period. As we continue to target larger enterprise, neocloud, and AI-focused customers, our revenue may become increasingly concentrated among a smaller number of large customers, which could expose us to greater revenue volatility and outsized risk from the loss or significant reduction in usage by any single customer. Large customers may also exercise greater negotiating leverage, leading to pricing pressure, more favorable contract terms, or extended payment terms that could compress our margins. Moreover, we cannot assure you that our efforts to attract and retain customers will be successful or justify the additional investments in a timely manner, or at all.

The material stored using our cloud services may subject us to negative publicity, legal liability, and harm our business.

We are not aware of the contents of the data that customers store using our cloud services. While we do have a detailed process to address any third-party complaint regarding illegal or other inappropriate use of our cloud services by a customer that would violate our terms of service, for security and privacy reasons we do not actively monitor the content of data that is being stored with us. To the extent that sensitive, personally identifiable, illegal, or controversial data is stored in our servers and that becomes known publicly, particularly given the highly volatile nature of the political landscape throughout the world and immediate access by individuals to social media platforms with a broad outreach, it may create negative publicity and adversely impact our reputation and harm our business.

Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.

Our quarterly results of operations have fluctuated in the past and may vary significantly in the future. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly results of operations fluctuate as a result of a variety of factors, many of which are outside of our control, and as a result may not fully reflect the underlying performance of our business. Fluctuation in quarterly results may negatively impact the trading price of our Class A common stock. Factors that may cause fluctuations in our quarterly results of operations include, without limitation:

- our ability to attract new customers;
- the amount of customer churn;
- fluctuations in the amount of data customers store with us;
- the amount and timing of operating expenses and equipment purchases related to the maintenance and expansion of our business;
- interruptions or loss of service of our offerings;
- the timing and success of new product features and service introductions by us or our competitors;
- our ability to retain and increase revenue from customers;

- changes in deferred revenue balances;
- changes in or timing of cash flows;
- changes in the competitive dynamics of our industry, including consolidation among competitors;
- security breaches of our systems;
- our involvement in litigation, or the threat thereof;
- the length of the sales cycle;
- the amount and timing of sales commissions, particularly with respect to pipeline, that may precede or exceed the actual corresponding revenue we receive;
- outbreaks of war or other hostilities, such as the ongoing conflicts in Ukraine and the Middle East;
- inflation in the United States and other regions;
- the impact of pandemics on our business or that of our customers and partners;
- the timing of expenses and receipt of perceived benefits related to any acquisitions;
- changes in laws and regulations that impact our business; and
- general economic and market conditions.

Further, as we continue to grow and scale our business to meet the needs of our customers, we may overestimate or underestimate our infrastructure capacity requirements, which could adversely affect our results of operations. The costs associated with leasing and maintaining our custom-built infrastructure in data center spaces and third-party data center spaces already constitute a significant portion of our capital and operating expenses. We continuously evaluate our short and long-term infrastructure capacity requirements and seek to ensure adequate capacity for new and existing users while minimizing unnecessary excess capacity costs. However, we may not be able to sufficiently predict future demand, or the availability of hardware or infrastructure necessary to support increased demand on a timely basis. If we overestimate the demand for our platform and therefore secure excess infrastructure capacity or equipment, our gross margins could be reduced. If we underestimate our infrastructure capacity requirements or availability of necessary hardware or infrastructure, we may not be able to service the needs of new and existing customers; durability, reliability, and performance could suffer; our costs could rise; and our business could be harmed.

We rely on the performance of key personnel, including our management and other key employees, and the loss of one or more of such personnel, or of a significant number of our team members, could harm our business.

We believe our success has depended, and continues to depend, on the efforts and talents of senior management and other key personnel. Substantially all of our employees, including our senior management, are employed on an at-will basis. We cannot ensure that we will be able to retain the services of any member of our senior management or other key employees, particularly given that some of these employees may hold equity of the Company that is largely vested, or that we would be able to timely replace members of our senior management or other key employees should any of them depart. Various personnel actions, including the restructurings and reductions in force we previously announced in November 2025 and November 2024, can also create disruption and result in additional turnover. Changes in key personnel may result in a loss of institutional knowledge, delay near term decision making, and create uncertainty for employees, customers and partners. The loss of experienced personnel, or delays in hiring and onboarding qualified successors, could adversely affect our go-to market success, product development, engineering execution, and overall business performance.

The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.

To execute our business strategy, we must attract and retain highly qualified personnel. Competition for executive officers, software developers, sales personnel, operational personnel, and other key employees in our industry is intense. In particular, we compete with many other companies for software developers with high levels of experience in designing,

developing, and managing cloud-based software, as well as for skilled sales and operations professionals. In addition, we believe that the success of our business and corporate culture depends on employing a diverse workforce, and the competition for such personnel is significant. Many of the companies with which we compete for experienced personnel have greater resources than we do and can frequently offer such personnel substantially greater compensation than we can offer. In addition, in 2024, we implemented a new commission structure for our sales team and expect to adjust our commission structure at least annually. If our sales commission program does not effectively incentivize our sales team at appropriate compensation levels, we may not be successful in retaining or hiring qualified sales personnel, obtaining new customers, increasing sales to our existing customer base, or effectively managing compensation levels. We also rely from time to time on hiring employees from foreign countries, which may require immigration requirements and pose additional risks related to increased operations in foreign countries detailed elsewhere in these risk factors. In particular, the immigration process can be subject to frequent changes and limitations, and we may experience difficulty in obtaining visas permitting entry for some of our employees that are foreign nationals into the United States, and delays in obtaining visas permitting entry into other countries, which could negatively impact our ability to fully leverage our personnel. For example, the United States government recently announced significant fee changes to the H-1B process. In addition, we may be unsuccessful at retaining our key employees, and it may take significant time for new employees to achieve full productivity, either of which would adversely impact our business, results of operations, and financial condition. If we fail to attract new personnel, including accomplished executive talent, or if we fail to retain and motivate our current personnel, our business would be harmed. In addition, if we are unable to hire new employees on a timely basis or reach productive levels in a short time frame, new growth initiatives and other projects may be delayed or otherwise disrupted, which could cause us to miss our performance goals and negatively impact our business.

Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity, and teamwork fostered by our culture, and our business may be harmed.

We have a culture that encourages employees to be open, collaborate, strive to do the right thing, and develop and launch new and innovative solutions, which we believe is essential to attracting customers and partners and serving the best, long-term interests of our company. As our business grows and becomes more complex, it may become more difficult to maintain culture aligned across the Company. Any failure to preserve our culture and core values could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our strategies. If we fail to maintain our company culture, our business and competitive position may be harmed.

Our operations and those of our customers, vendors and suppliers outside the United States, are subject to increased business, regulatory and economic risks that could impact our results of operations.

In the three months ended March 31, 2026, we derived approximately 28% of our revenue from customers outside of the United States and have customers in over 175 countries worldwide. In addition to a previously existing data center region based in Amsterdam, the Netherlands, we also opened a new data center region in Toronto, Canada and established a wholly owned subsidiary in Canada in January 2025. We expect to continue to expand our international operations, which may include the establishment of foreign subsidiaries, the opening and expansion of data center spaces, hiring employees, building out technical infrastructure, and opening offices in foreign jurisdictions. Any new markets or countries into which we attempt to market and sell our cloud services may not be receptive. For example, we may be unable to expand further in some markets if we are unable to satisfy various government- and region-specific requirements, and the increased costs of compliance with local laws and regulations or standards in other countries may further increase the costs and result in delays, and, as a result, we may not be able to recover the cost of these investments, which could materially adversely affect our business and results of operations. In addition, our ability to manage our business and conduct our operations internationally requires considerable management attention and resources and is subject to the particular challenges and complexities of deploying infrastructure internationally and supporting a rapidly growing business in an environment of multiple languages, cultures, customs, legal and regulatory systems, alternative dispute systems, and commercial markets. International expansion has required, and will continue to require, investment of significant upfront and on-going investments and other resources. Growth in our international operations will subject us to new risks and may increase risks that we currently face, including risks associated with:

- higher costs of doing business internationally, including increased energy, infrastructure, accounting, travel, and legal compliance costs;
- providing our platform, building out the necessary infrastructure and operating our business across a significant distance, in different languages and among different cultures, including the potential need to

modify our platform and features to ensure that they are culturally appropriate and relevant in different countries;

- recouping any upfront investments for new or expanded operations and locations and achieving a reasonable return on a timely basis with respect to any such investments;
- compliance with applicable international laws and regulations, including laws and regulations with respect to privacy, data protection, consumer protection, data sovereignty, and unsolicited email, and the risk of penalties to our users and individual members of management or employees if our practices are deemed to be out of compliance, and additional laws and regulations in the United States that are applicable to international operations;
- compliance with immigration laws, both in the United States and the applicable foreign country, which laws and practices are subject to changes and delays;
- recruiting and retaining talented and capable employees outside the United States, and maintaining our company culture across all of our offices;
- management of an employee base in jurisdictions that may not give us the same employment and retention flexibility as does the United States;
- operating in jurisdictions that do not protect intellectual property rights to the same extent as does the United States;
- compliance by us and our business partners with anti-corruption laws, anti-bribery, anti-money laundering, and similar laws; import and export control laws; tariffs and trade barriers; economic sanctions; and other regulatory limitations on our ability to provide our cloud services in international markets;
- foreign exchange controls that might require significant lead time in setting up operations in certain geographic territories;
- restrictions that might prevent us from repatriating cash earned outside the United States;
- increased tax complexity, including being subject to regular review and audit by both United States federal and state and foreign tax authorities;
- taxing authorities of the United States or foreign jurisdictions in which we operate may challenge our methodologies for valuing intercompany arrangements;
- double taxation of our international earnings and potentially adverse tax consequences due to changes in the income and other tax laws of the United States or the international jurisdictions in which we operate; and
- political and economic instability in various jurisdictions.

Expanding our international operations and complying with applicable laws and regulations may substantially increase our cost of doing business in international jurisdictions. For example, in September 2025, the EU Data Act imposes new requirements on cloud service providers, including enhanced data portability, interoperability, customer switching rights and early termination rights, as well as restrictions on data transfer and access by non-EU authorities. Compliance with these obligations will require changes to customer contracts and internal processes, and could increase our operational costs. We may also be unable to keep current with changes in laws and regulations as they develop, and we or our employees, contractors, partners, and agents may fail to maintain compliance with applicable laws and regulations. Any violations could result in enforcement actions, fines, civil and criminal penalties, damages, injunctions, or reputational harm. We also have numerous international partners and suppliers that could result in a direct or indirect impact on our business based on the international risks described above. If we, or our partners and suppliers, are unable to comply with these laws and regulations or manage the complexity of our global operations successfully, our business, results of operations, and financial condition could be adversely affected.

We use AI technologies internally to increase employee productivity and efficiency, but our business is also increasingly exposed to risks related to our customers, including neocloud partners and AI model builders, and their use of AI on our platform, any of which could harm our business.

A significant and growing part of our strategy is to serve data-heavy workloads, including AI model builders and neocloud platforms through our Powered by Backblaze program, who use our Backblaze Storage Cloud to store data for their AI workflows, such as model training. We are investing in capabilities to serve this market, including our B2 Neo solution, a high-performance storage offering designed for AI and neocloud workloads, and a substantial portion of our growth strategy depends on attracting and retaining these customers. This reliance exposes us to risks arising from their business practices and the evolving regulatory landscape governing AI use. The legal and regulatory landscape around AI is rapidly evolving, including issues of data usage, intellectual property (e.g., training data provenance), and algorithmic transparency. For example, the European Union’s AI Act, which took effect in 2024, imposes significant obligations on AI systems and could affect how our customers develop, train, or deploy AI models using data stored on our platform. In the United States, states such as California and Colorado have enacted AI-specific legislation, and additional federal or state regulations may follow. New or stricter laws or regulations, or new interpretations of existing laws, could impact our customers’ ability to use our platform for their AI model training or data storage, which could negatively affect the growth and adoption of B2 Cloud Storage. Furthermore, if an AI model developed by a customer is found to produce discriminatory, harmful, or legally questionable outputs, or is subject to an intellectual property infringement claim related to its training data (which is stored on our platform), our brand and reputation could be harmed. While our contracts seek to limit our liability, we could still be drawn into litigation or regulatory actions against our customers, incurring defense costs and management distraction. Additionally, our growth strategy depends on attracting these data-intensive neocloud customers and AI model builders; factors that negatively affect their business, such as failure to successfully commercialize their AI products, migration to alternative storage, or broader market downturns affecting AI investment, could materially impact our revenue growth and financial condition. Because revenue from these customers can be concentrated among a small number of large agreements, the loss of even one significant neocloud customer could have a disproportionate effect on our results.

We also use AI, including generative AI tools, in our internal operations, such as for software development, content generation, and streamlining business workflows. While this has the potential to enhance efficiency, AI models can produce inaccurate, biased, or incomplete outputs that may affect critical internal decision-making. If we fail to effectively monitor and validate AI-generated outcomes, we could inadvertently introduce bugs or security vulnerabilities into our proprietary software, or disseminate flawed customer communications, which could harm our platform performance, reliability, or customer trust. Moreover, our reliance on third-party AI tools may involve the processing of sensitive company or customer data. Despite contractual obligations for data protection, we face risks related to inadvertent data leakage, the training of third-party models on our proprietary information, or noncompliance with evolving data privacy and security regulations. Our reliance on third-party AI services also exposes us to potential service disruptions, price increases, or changes in terms that could increase our operating costs or require us to find alternative solutions. Our use of generative AI in coding and content creation may also introduce intellectual property risks, including uncertainty around ownership of AI-generated materials and inadvertent incorporation of third-party proprietary content. The intellectual property rights surrounding AI-generated outputs have not been fully addressed by U.S. courts or federal law, and we could face claims that our use of AI tools infringes third-party rights or that we lack clear ownership of AI-assisted work product. As AI regulation develops globally, we may face increased compliance burdens and restrictions on how we deploy AI internally. We may also fail to achieve anticipated efficiency gains, fall behind competitors who more successfully adopt these technologies, or incur additional costs without realizing expected benefits. Our failure to manage these evolving risks related to both customer and internal use of AI could adversely impact our operations, business, and financial results.

We store personal information and other customer data, which subjects us to various data privacy laws, governmental regulations, and other related legal obligations, and any actual or perceived failure to comply with such requirements could harm our business.

We store personal information and other customer data, as well as use certain cookies on our website, that are subject to numerous federal, state, local, and foreign laws regarding privacy and the storing and protection of personal information and other customer data, and disclosure requirements regarding the use and certain breaches of such laws. For example, we are subject to the General Data Protection Regulation (“GDPR”), the California Consumer Privacy Act (“CCPA”), and the California Privacy Rights Act of 2020 (“CPRA”), among other laws and regulations around the world. Other comprehensive data privacy or data protection laws or regulations requiring local data residency and/or restricting the international transfer of data have been passed or are under consideration in other jurisdictions. In addition, some industries have industry-specific requirements relating to compliance with certain privacy, security and regulatory standards, such as

those required by the Health Insurance Portability and Accountability Act (“HIPAA”). Such laws give rise to an increasingly complex set of compliance obligations regarding our ability to gather, use, and store customer data and customer account data.

These privacy and data protection laws are subject to rapid change and differing interpretations, may require limited timeframes to implement changes, and can be inconsistent among regulatory frameworks or conflict with other rules or our business practices. We strive to comply with all applicable laws, policies, legal obligations, and industry codes of conduct relating to privacy and data protection to the extent possible. Our efforts to comply with the complex matrix of data privacy laws around the world subject us to increasing costs to review and comply with such laws, including updating our policies, procedures, and business practices to address such evolving privacy laws. We also make public statements and commitments regarding our use and disclosure of personal information through our privacy policy, information provided on our website, and data processing agreements with customers and other third parties. Because the interpretation and application of data protection laws, regulations, standards, and other obligations are often uncertain and in flux, and sometimes contradictory, it is possible that the scope and requirements of these laws and other obligations may be interpreted and applied in a manner that is inconsistent with our practices, and our efforts to comply with rapidly evolving data protection laws and obligations may be unsuccessful.

Any failure, or perceived failure, by us to comply with applicable privacy and security laws, policies, or related contractual obligations, or any compromise of security that results in unauthorized access, or the use or transmission of personal information or other customer data, could result in a variety of claims against us, including governmental enforcement actions and investigations, audits, inquiries, whistleblower complaints, class action privacy litigation in certain jurisdictions, and proceedings by data protection authorities. For example, under the GDPR we may be subject to fines of up to €20 million or up to 4% of the total worldwide annual group turnover of the preceding financial year, as well as potentially facing claims from individuals. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. The CPRA added new requirements and consumer privacy rights as well as the creation of the California Privacy Protection Agency as a dedicated agency to implement and enforce California state privacy laws, investigate violations and assess penalties. Any new or currently applicable privacy and security laws, policies, or related contractual obligations may be enacted, adopted, or modified, the result of which may impact our compliance efforts, especially when certain emerging privacy laws are still subject to a high degree of uncertainty as to their interpretation, application and impact. Any non-compliance with data privacy requirements could subject us to significant fines and penalties, adverse media coverage, reputational damage, the loss of current and potential customers, loss of export privileges, or criminal or other civil sanctions, any of which could materially adversely affect our business and financial condition.

Our business is substantially dependent on mid-market organizations, which may be more vulnerable to market fluctuations and other economic factors, and their vulnerability to such factors could negatively impact our business.

If we are unable to successfully market and sell our cloud services to mid-market organizations, our ability to grow our revenue and achieve profitability will be harmed. We expect it will be more difficult and expensive to attract and retain mid-market organization customers than other customers because mid-market organizations are more frequently forced to curtail or cease operations due to the sale or failure of their business; can be more difficult to identify and may require more expensive, targeted sales campaigns; and generally have lesser amounts of data to store than larger organizations, thus requiring us to successfully sell to and support more mid-market organizations for meaningful revenue impact. In addition, mid-market organizations frequently have limited budgets and are more likely to be significantly affected by economic downturns than larger, more established companies. For example, high inflation and recession concerns in the United States could have a greater adverse impact on mid-market organizations. As a result, mid-market organizations may choose to spend funds on items other than our cloud services, particularly during difficult economic times. If we do not achieve continued success among mid-market organizations, our business, operating results, and future growth would be adversely affected.

We are dependent on a small number of service offerings, and any reduced market adoption of these offerings would result in lower revenue and harm our business.

As a specialized cloud vendor, we are dependent on a small number of offerings focused on cloud storage and computer backup, and a limited number of corresponding use cases. Our B2 Cloud Storage and Computer Backup offerings have accounted for substantially all of our total revenue to date and we anticipate that they will continue to do so for the foreseeable future. As a result, our revenue could be reduced as a result of any general or industry decline in demand for

cloud-based storage solutions, particularly given that we would not have meaningful revenue from other market sectors to offset any temporary or longer-term downturn in demand for cloud-based storage solutions.

Changes in global trade policies, including the imposition of tariffs and other trade restrictions, may adversely affect our business.

Global trade policies, including tariffs, have experienced, and may continue to experience, rapid and significant changes. While a significant portion of our purchases of material or equipment is purchased from entities located in the United States (or otherwise assembled in the United States), we source some products or components from foreign countries that may be subject to new tariffs. We also rely on various global suppliers, hardware vendors, and data center partners, many of whom procure equipment, components, or materials from regions affected by the changing trade policies. The imposition of tariffs or other trade measures, particularly involving technology-related goods, could increase our direct costs as well as the costs for our partners and vendors, which may be passed on to us through higher service fees, hardware pricing, increased logistical expenses, or result in delays and longer lead times. In addition, our customers may be adversely affected by the global trade changes, which, in turn, could lead to reduced demand for our solutions, delayed purchases, or lower customer or data retention rates. Any efforts to mitigate these risks by diversifying or expanding our supply chain may not achieve the intended benefits. The changes, including potential changes, to global trade policies have also led to uncertainty, and impacted broad segments of the financial markets, including the Russell 2000 Index, which tracks small-cap stocks such as Backblaze. The long-term implications of changing global trade policies remain uncertain and may have unforeseen consequences for our business and stock.

Uncertainty in general economic conditions may adversely impact our revenue and profitability.

Our operations and financial performance depend in part on worldwide economic conditions and the impact these conditions have on levels of spending on cloud storage solutions. Our business depends on the overall demand for these products and on the economic health and general willingness of our current and prospective customers to purchase our cloud services. Some of our paying customers may view use of cloud storage services as a discretionary purchase and may reduce their discretionary spending on our cloud services during an economic downturn. The ongoing conflicts in Ukraine and the Middle East, the potential escalation of geopolitical tensions that could also directly or indirectly involve other countries, including the United States, volatility in oil prices, inflation, high interest rates, banking and financial crises, and pandemics have added to global economic uncertainty and market volatility, which could cause a reduction in spending on products and solutions storage. Any such conditions could reduce sales, lengthen sales cycles, increase customer churn, and lower demand for our cloud services, which could adversely affect our business, results of operations, and financial condition. We also have been, and may in the future be, subject to increased energy costs, particularly with respect to our data center operations in Europe and elsewhere, which could adversely affect our expenses and business. In addition, political uncertainty and changes to global trade dynamics, including the imposition of tariffs, trade restrictions or retaliatory actions, could have a material adverse impact on our business and results of operations.

Our ability to maintain customer adoption and satisfaction depends in part on the ease of use of our cloud services, and any such failure could have an adverse effect on our business.

Our success in retaining existing customers and obtaining new customers is dependent in part on the ease of use of our cloud services. If our platform and cloud services, including new service offerings and features as they become available, become more complicated and less easy-to-use, customers could experience increased difficulties or disruption with storing or accessing their data, and we may lose existing customers or experience increased challenges obtaining new customers or existing customers may not choose to use additional features of our cloud services. In addition, our customers sometimes depend on our technical support services to resolve issues relating to our platform. If we do not succeed in helping our customers quickly resolve issues or provide effective ongoing education related to our platform, our reputation and business may be harmed.

Future acquisitions and investments could disrupt our business and harm our financial condition and operating results.

Our success will depend, in part, on our ability to grow our business in response to changing technologies, customer demands, and competitive pressures. In some circumstances, we may choose to do so through the acquisition of complementary businesses and technologies rather than through internal development. The identification of suitable

acquisition candidates can be difficult, time-consuming, and costly, and we may be unable to successfully complete proposed acquisitions. The risks we face in connection with acquisitions include:

- diversion of management time and focus from operating our business to addressing acquisition integration challenges;
- coordination of research and development, operational, and sales and marketing functions;
- retention of key employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- liability for activities of the acquired company prior to our acquisition of them, including intellectual property infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities;
- unanticipated write-offs or charges; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, customers, former stockholders, or other third parties.

Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses, incremental operating expenses, or the write-off of goodwill, any of which could harm our financial condition or operating results.

Restrictive covenants under our credit facility may constrain our strategic and operational flexibility.

On June 4, 2025, we entered into a senior secured revolving credit agreement (the "Credit Agreement") with Citizens Bank, N.A. (the "Lender") providing borrowing capacity of up to \$20.0 million, of which up to \$3.0 million is available through a letter-of-credit (the "Revolving Credit Facility"). While we believe the Revolving Credit Facility generally strengthens our overall financial position, the Credit Agreement imposes various affirmative and negative covenants, including financial covenants requiring us to maintain specified minimum liquidity, minimum consolidated EBITDA, and maximum total leverage ratios, as well as limitations on our ability to incur additional indebtedness, create liens on our assets, make certain investments, and take other corporate actions, including mergers and acquisitions, without prior approval from the Lender. As a result, our operating and financial flexibility may be materially restricted by these provisions. If we fail to comply with any covenant or other terms and conditions, the Lender may accelerate amounts outstanding under the facility, require mandatory prepayment or repayment, terminate access to additional borrowings, or foreclose on any or all of the Company's assets secured or otherwise pledged as collateral under the Credit Agreement. These restrictions may limit our ability to respond effectively to changing market or economic conditions, pursue acquisitions, investments, or strategic transactions that we otherwise believe are value enhancing, return capital to stockholders via dividends, share repurchases or other distributions; or make capital expenditures or other internal reinvestments, including investing in product enhancements or scaling key infrastructure. Our ability to comply with these covenants, and to avoid defaults, may be adversely affected by changes in our liquidity position, profitability, working capital, or capital structure that arise due to factors outside of our control, including economic downturns, competitive pressures, or unexpected expense events. A

default under the Credit Agreement could have a material adverse effect on our financial condition, results of operations, and cash flows.

We may require additional capital to support our operations or the growth of our business, and we cannot be certain that this capital will be available on reasonable terms when required, or at all.

We may need additional financing to operate or grow our business. Our ability to obtain additional financing, if and when required, will depend on investor and lender demand, our operating performance, the condition of the capital markets, our financial performance, including compliance with any applicable covenants, and other factors. For example, we often use leases to finance the equipment we use to provide our cloud-based services, and we have a Revolving Credit Facility with the Lender. In addition, the stock market has recently experienced significant volatility, including with respect to technology stocks, due to high inflation, various economic headwinds and other factors. In the event of a failure of any financial institutions where we maintain deposits, we may lose timely access to our funds at such institutions and incur significant losses to the extent our funds exceed the \$250,000 limit insured by the Federal Deposit Insurance Corporation. In addition, we use one or more commercial banks for our banking needs. While we and the banks we have used to date have not been directly affected by the failures of certain banks in 2023, the banking industry overall has experienced disruption, greater uncertainty, and tightened lending standards. This may result in reduced access to capital, increased costs of capital, and reduced opportunities to invest with investment grade securities, which could also lower investment yields and investment income. Any such impact could have a material adverse effect upon our liquidity and business. Our Revolving Credit Facility with the Lender is subject to, among other things, various financial and operating covenants that place limits on our ability to incur indebtedness with the Lender and other financial institutions, and create liens on our property and assets. We cannot guarantee that additional financing will be available to us on commercially reasonable terms when required, or at all. If we raise additional funds through the issuance of equity, equity-linked, or debt securities, those securities may have rights, preferences, or privileges senior to the rights of our Class A common stock, and our existing stockholders may experience dilution. If we are unable to obtain adequate financing or financing on terms satisfactory to us on a timely basis, our ability to continue to support the operation or growth of our business could be significantly impaired and our operating results may be harmed.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our results of operations.

All of our sales contracts, and substantially all of our operations and related financial arrangements, are currently denominated in U.S. dollars and therefore, our revenue and business operations are not directly subject to significant foreign currency risk. We do, however, earn revenue, pay expenses, and incur liabilities in countries using currencies other than the U.S. dollar, which primarily includes the British pound, the Canadian dollar, and the Euro. A strengthening of the U.S. dollar could increase the real cost of our cloud services to our customers outside of the United States, which could reduce demand for our cloud services and adversely affect our financial condition and results of operations. In addition, as we expand our international operations, we may become more exposed to foreign currency risk and may have some of our sales and other operations denominated in one or more currencies other than the U.S. dollar. If we become more exposed to currency fluctuations and are unable to successfully hedge against the risks associated with currency fluctuations, our results of operations could be materially and adversely affected.

Certain of our market opportunity estimates, growth forecasts, and other metrics included in this Quarterly Report on Form 10-Q could prove to be inaccurate, and any real or perceived inaccuracies may harm our reputation and negatively affect our business.

Certain estimates and information contained in this Quarterly Report on Form 10-Q, including general expectations concerning our industry and the market in which we operate, market opportunity, and market size, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Moreover, much of this information is based on information provided by third-party providers. Although we believe the information from such third-party sources is reliable, we have not independently verified the accuracy or completeness of the data contained in such third-party sources or the methodologies for collecting such data, and such information may also not prove to be accurate. If there are any limitations or errors with respect to such data or methodologies, our business opportunities may be limited, which could negatively affect our shares of Class A common stock. Even if the markets in which we compete

meet the size estimates and growth forecasted in this Quarterly Report on Form 10-Q, our business could fail to grow at similar rates, if at all.

Any future litigation against us could be costly and time-consuming to defend.

We may become subject to legal proceedings, investigations, and claims that arise in the ordinary course of business. For example, we may be subject to claims brought by customers, vendors or other third parties in connection with various types of disputes, including relating to commercial or contract matters, violation of securities laws, intellectual property laws or other laws, or privacy or other data breaches, or employment claims made by our current or former employees. Litigation can often be expensive, even when there is a successful outcome, and can divert management's attention and resources, which could harm our business and financial condition. Any adverse outcome could also result in significant monetary damages or other types of unfavorable relief, which could harm our business as well as our reputation. Although we may have various insurance policies, insurance might not cover such claims or provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us, including premium increases or the imposition of large deductible or co-insurance requirements. In addition, we may also be subject to subpoena requests from third parties as well as governmental agencies from time to time that require us to provide certain information relating to matters targeted against other third parties, which can be time consuming.

Risks Related to Reliance on Infrastructure and Third Parties

We rely on third-party vendors and suppliers, including data center and hard drive providers, which may have limited sources of supply, and this reliance exposes us to potential supply and service disruptions that could harm our business.

We depend on a limited number of third-party data centers and other providers to safely house our equipment and provide sufficient power, bandwidth, and other infrastructure needs to support our operations and cloud services. To support our anticipated growth and as we develop and implement new product features we may require more computing infrastructure, which may include the establishment and expansion of data center spaces. The risks we face in connection with the establishment and expansion of data center spaces include:

- we may not be able to expand or find new suitable third-party data center locations with sufficient power, or bandwidth, or such expansion options or new data center locations may not be available on commercially reasonable terms;
- we will be required to commit substantial operational and financial resources to establish new data center spaces, and we may not have sufficient customer demand in those markets to support the new data center spaces;
- unanticipated delays in the completion of such projects or availability of components may lead to increased project costs, operational inefficiencies, or interruptions in the delivery or degradation of quality of our service;
- issues that are not identified during the testing phases of design and implementation, which may only become evident after we have started to fully utilize the underlying equipment, could disrupt the delivery of our cloud services to customers or increase our costs; and
- unanticipated technological changes could affect customer requirements for data center spaces, and we may not have built such requirements into our new data center spaces.

We also rely on key components for our platform, including hard drives and semiconductors, which come from limited sources of supply. Any decrease in hard drive availability could negatively impact our operations. Various events, including without limitation, periodic semiconductor industry shortages, a pandemic or fluctuating demands in AI, could impact our ability to source components in a timely and cost-effective manner from third-party suppliers. From time to time, we may also seek to mitigate the impact of potential supply chain disruptions by acquiring additional hard drives and related infrastructure, which can result in a higher balance of capital equipment and related lease liability, an increase in cash used in financing activities from principal payments, as well as a higher ongoing interest and depreciation expense related to any additional lease agreements. Current or future supply chain interruptions could be triggered or exacerbated by global political tensions, such as the imposition, or threat of potential imposition, of tariffs or other trade restrictions, hostilities or tensions such as the ongoing conflicts in Ukraine and the Middle East, and conflicts between China-Taiwan, particularly if those tensions escalate into an armed conflict or directly or indirectly involve other countries, which may include the implementation of trade barriers, including boycotts or the use of economic sanctions and export control restrictions, any of which could negatively impact our ability to acquire hard drives and semiconductors. In addition, our business could be harmed in the event of any industry consolidations, acquisitions, other restructuring events or bankruptcies. For example, in September 2023, Toshiba Corp., one of our hard drive suppliers, announced the completion of a buy-out by various private equity firms and others. Also, in October 2023, Western Digital, another one of our hard

drive suppliers, announced that it would spin-out its hard drive and other selected businesses into a separate company. One of our data center vendors also went through bankruptcy proceedings in 2022. Although none of these prior examples resulted in any material impact to our business, such industry consolidations, acquisitions or other restructuring events of third-party vendors or partners could result in disruptions to the company, and access to customer data may become unavailable or customer data could be lost, and it may take a significant period of time to achieve full resumption of our cloud services. Any shortage of key components, including hard drives, could materially and adversely affect our ability to provide our cloud services, as well as negatively impact our financial results by increasing our costs, lease liabilities, interest and depreciation expenses, and inventory levels. Shortages or pricing fluctuations could be material in the future. In the event of a shortage, supply interruption, material pricing change or other significant events involving one of our suppliers, we may be unable to develop alternate sources in a timely manner or at all. Developing alternate sources of supply for these infrastructure needs and transitioning our customers' data from one provider to another, may result in loss of availability of our services for a period of time, be time-consuming, costly, difficult, and increase the risk of damage and loss. We may also be unable to source them on terms that are acceptable to us, or at all, which may undermine our ability to operate or scale our platform and harm our business.

Our business depends, in part, on the success of our strategic relationships with third parties.

To maintain and grow our business, we anticipate that we will continue to depend on relationships with third parties, such as channel partners and integrators, which are becoming an increasingly important part of our business and our sales and marketing strategy. Identifying partners and negotiating and building relationships with them requires significant time and resources. Our competitors may be effective in providing incentives to third parties to favor their services over us. In addition, any industry consolidation of such partners or integrators by our competitors or others could result in a decrease in the number of our current and potential customers, as these partners or integrators may no longer facilitate the adoption of our applications by potential customers. Interoperability between our platform and other third-party platforms is also important to our business. Further, some of our partners or integrators are or may become competitive with certain aspects of our cloud services and may elect to no longer integrate with, or support, our platform and cloud services. If we are unsuccessful in establishing or maintaining our relationships with such third parties and maintaining interoperability, our ability to compete in the marketplace or to grow our revenue could be impaired, and our business may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our cloud services or increased revenue.

Our business is exposed to risks associated with online payment processing methods.

Many of our customers pay for our cloud services and products using credit cards. We rely on internal systems as well as those of third parties, including Stripe, to process payments. Acceptance and processing of these payment methods are subject to certain rules and regulations and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payment processing, loss of payment partners, and/or disruptions or failures in our payment processing systems or payment products, including products we use to update payment information, our revenue, operating expenses, and results of operations could be adversely impacted. For example, the ongoing conflicts in Ukraine and the Middle East and tariffs imposed by the current United States administration have each created extreme volatility in the global capital markets and may have further adverse consequences for the global economy, including disruptions of the global supply chain and energy markets. In addition, various banking institutions and companies, including Stripe and credit card companies, began prohibiting any payments from persons located in Russia, which impacts our ability to receive payments from, and transact certain types of business operations with, our customers, and potential new customers, that are located in those regions. Although we do not have a significant number of customers located in those regions, such actions will have some impact on our business. It is also difficult to predict how long the conflict may last, how the conflict could escalate, and how the sanctions may evolve, which could cause a greater adverse impact on our business and operations than we expect.

We rely on third-party systems for certain essential financial and operational services, and a failure or disruption in these services could materially and adversely affect our ability to manage our business effectively.

We rely on third-party software to provide many essential financial, enterprise risk planning and operational services to support our business, including Stripe, HubSpot, NetSuite, FireHydrant, and Zendesk. For example, many of our customers pay for our cloud services and products using credit cards. We rely on internal systems as well as those of third parties, including Stripe, to process such payments. To the extent there are any issues with the payment processing, including increases in payment processing fees, delays in receiving payments from payment processors, or other disruptions or

failures in our payment processing systems, our revenue, operating expenses, and results of operations could be adversely impacted. We depend upon such third-party vendors to provide us with services that are always available and are free of errors or defects that could cause disruptions in our business processes. Any failure by these vendors to do so, or any disruption in our ability to access the internet, would materially and adversely affect our ability to manage our operations, disrupt the delivery of our cloud services to customers, and affect other areas of our business such as our ability to timely provide required financial reporting. In addition, we periodically implement new third party systems, features, and software releases. The implementation of new systems, features or releases may be complex and could introduce undetected errors, bugs, compatibility issues or other integration issues. These issues could lead to service outages, data loss, security vulnerabilities, or other disruptions that negatively impact our customers and business operations. If we fail to successfully manage risks associated with third-party dependencies, our business, financial condition, and results of operations could be materially and adversely affected.

We are an emerging growth company, which provides, among other things, reduced disclosure requirements, and any decision on our part to comply only with reduced reporting and disclosure requirements applicable to such companies could make our Class A common stock less attractive to investors.

As of June 30, 2025, we continued to qualify as an “emerging growth company,” as defined in the securities law. For as long as we continue to be an emerging growth company, we have taken, and may continue to take, advantage of exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies. These exemptions include, but are not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, reduced certain financial disclosure requirements and exemption from the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act. By taking advantage of some or all of the reduced disclosure requirements available to emerging growth companies, investors may find our Class A common stock less attractive, which may result in a less active trading market for our Class A common stock and greater stock price volatility.

We will remain an emerging growth company until December 31, 2026, which is the last day of the fiscal year following the fifth anniversary of our initial public offering. As a result, our Annual Report on Form 10-K for the year ending December 31, 2026 will no longer reflect any reduced disclosure requirements as an emerging growth company.

Risks Related to Accounting and Tax Matters

The failure to maintain effective internal controls over financial reporting could harm our business and negatively impact the value of our Class A common stock.

We have previously identified material weaknesses in our internal controls over financial reporting, which we remediated. However, if we are not able to maintain an effective system of internal controls over financial reporting, we may not be able to accurately report our financial results or timely file our periodic reports. As a result, investors may lose confidence in the accuracy and completeness of our financial reports, and the market price of our Class A common stock may be materially impacted.

Our independent registered public accounting firm is not required to attest to the effectiveness of our internal controls over financial reporting until after we are no longer an “emerging growth company” as defined in the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal controls over financial reporting is documented, designed, or operating. Any failure to maintain effective disclosure controls and internal controls over financial reporting could materially and adversely affect our business, results of operations, and financial condition and could cause a decline in the trading price of our Class A common stock.

As a public company, we are obligated to develop and maintain proper and effective internal control over financial reporting, and if we fail to develop and maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable laws and regulations could be impaired.

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), the listing requirements of the Nasdaq Global Market (“Nasdaq”), and other applicable securities rules and regulations. Compliance with these rules and regulations will increase our legal and financial compliance costs, make some activities more difficult, time-

consuming, or costly, and increase demand on our systems and resources, particularly after we are no longer an emerging growth company. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. It may require significant resources and management oversight to maintain and, if necessary, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. To comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

As a public company, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act ("Section 404"), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. However, we are currently exempt from the requirement for an independent registered public accounting firm to attest to and report on management's assessment of the effectiveness of our internal control over financial reporting under Section 404 until our Annual Report on Form 10-K for the fiscal year ending December 31, 2026. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Class A common stock.

This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on the effectiveness of our internal control over financial reporting. We expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404. Furthermore, if and when we are deemed to be a "large accelerated filer", we will also be required to file a more expansive proxy statement and be subject to shorter filing deadlines, which will require additional time and expense.

An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur costs to remediate them. We will be required to disclose changes made in our internal control and procedures on a quarterly basis. To comply with the requirements of being a public company, we have undertaken and may need to continue to undertake various actions, such as implementing new internal controls and procedures, hiring risk professionals, accounting and internal audit staff, and engaging outside consultants, which will increase our operating expenses.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404. We may not be able to complete our evaluation, testing, and any required remediation in a timely fashion. During the evaluation and testing process, if we identify material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion on the effectiveness of our internal control, including as a result of a material weakness, we could lose investor confidence in the accuracy and completeness of our financial reports, which could cause the price of our Class A common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on Nasdaq.

Because we recognize revenue from our subscription services over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.

We generally recognize revenue from customers of our subscription agreements related to data backup services ratably over the terms of their subscription agreements, a majority of which are one or two-year agreements. Accordingly, the corresponding revenue we report in each quarter from such arrangements is the result of subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may only be partially reflected in our revenue results for that quarter. However, any such decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our cloud services, and

potential changes in our retention rate may not be fully reflected in our operating results until future periods. This subscription model also makes it difficult for us to rapidly increase our revenue through additional subscription sales in any period as part of new growth initiatives or otherwise, as revenue from new customers must be recognized over the applicable subscription term.

Our operating results may be harmed if we are required to collect sales or other related taxes for our cloud services in jurisdictions where we have not historically done so.

We collect sales and value-added tax in connection with our cloud services in a number of jurisdictions. One or more states or countries may seek to impose incremental or new sales, use, or other tax collection obligations on us, including for past sales by us or our resellers and other partners. Online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. A successful assertion by a state, country, or other jurisdiction that we should have been or should be collecting additional sales, use, or other taxes on our cloud services could, among other things, result in substantial tax liabilities for past sales, create significant administrative burdens for us, discourage users from purchasing our platform, or otherwise harm our business, results of operations, and financial condition.

Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.

As of December 31, 2025, we had net operating loss carryforwards for U.S. federal income tax purposes of \$172.5 million available to offset future U.S. federal taxable income. Also, as of December 31, 2025, we had net operating loss carryforwards for state income tax purposes of \$109.7 million available to offset future state taxable income. If not utilized, the federal and state net operating loss carryforwards will begin to expire in 2029. As of December 31, 2025, we also have federal research and development ("R&D") credit carryforwards of \$13.1 million which will begin to expire in 2032 and California R&D credit carryforwards of \$6.6 million which do not expire. The Company also has \$0.1 million of California enterprise zone credits which will begin to expire in 2028.

Utilization of our net operating loss carryforwards and other tax attributes, such as research and development tax credits, may be subject to annual limitations, or could be subject to other limitations on utilization or benefit due to the ownership change limitations provided by Sections 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), and other similar provisions. Under Sections 382 and 383 of the Code, if a corporation undergoes an "ownership change," our ability to use pre-change net operating loss carryforwards and other pre-change attributes, such as research tax credits, to offset post-change income may be limited. Similar rules may apply under state tax laws. We have performed a Section 382 analysis through December 31, 2024. We may experience ownership changes in the future as a result of subsequent changes in our stock ownership, some of which may be outside our control. Accordingly, our ability to utilize the aforementioned carryforwards may be limited.

Changes in tax laws and related matters could materially affect our financial condition, results of operations and cash flows.

The rules dealing with U.S. federal, state and local income taxation are constantly under review by persons involved in the legislative process and by the U.S. Department of Treasury. Changes to U.S. policy implemented by the U.S. Congress, the current administration or any new administration have impacted and may in the future impact, among other things, the U.S. and global economy, international trade relations, unemployment, immigration, healthcare, taxation, the U.S. regulatory environment, inflation and other areas. In July 2025, the federal government enacted the One Big Beautiful Bill Act (the "OBBA Act"), which permanently extended and modified several provisions of the 2017 Tax Cuts and Jobs Act and introduced significant new tax rules applicable to corporations. Among other things, the OBBA Act is expected to increase our net operating losses and related valuation allowances. We will continue to evaluate the specific impacts of the OBBA Act and further guidance or regulation may be issued by the U.S. Department of the Treasury that could impact our business. Although we cannot predict the full impact of these changes to our business, they could affect our business in a variety of ways, including some impacts that may benefit us and other impacts that may adversely affect our business, financial condition, results of operations or cash flows.

International tax laws also undergo frequent change. Changes to tax laws (which changes may have retroactive application) could adversely affect us or holders of our common stock. In recent years, many such changes have been made, and changes are likely to continue to occur in the future. It cannot be predicted whether, when, in what form or with what effective dates tax laws, regulations and rulings may be enacted, promulgated or issued, which could result in an increase in our or our stockholders' tax liability or require changes in the manner in which we operate in order to minimize or mitigate

any adverse effects of changes in tax law. Any significant increase in our future effective tax rate could have a material adverse impact on our business, financial condition, results of operations, or cash flows.

If our estimates or judgments relating to our critical accounting estimates prove to be incorrect, our results of operations could be adversely affected.

The preparation of consolidated financial statements in conformity with United States Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes appearing elsewhere in this Quarterly Report on Form 10-Q. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates.” The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and assumptions involve those related to costs to be capitalized as internal-use software, which include determining whether projects will result in new or additional functionality. We also regularly review long-lived assets, including property and equipment, and intangible assets, for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If parts of our business, including products or features, market conditions or business opportunities change in ways that negatively impact these assets, we may be required to record impairment charges. Any such charges could be material and adversely affect our results of operations and financial condition.

Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions.

Risks Related to Intellectual Property

Assertions by a third-party that our cloud services infringe, misappropriate, or otherwise violate their intellectual property could subject us to costly and time-consuming litigation and adversely impact our business.

There is frequent litigation in the software and technology industries based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Some software and technology companies, including some of our competitors, as well as non-practicing entities, own patents, trademarks, copyrights and other intellectual property rights that they may use to assert claims against us. In our case, third parties have asserted, and may in the future assert, that we have infringed, misappropriated, or otherwise violated their patents or other intellectual property rights. For example, we have faced patent infringement claims from other non-practicing entities in the past. There may be intellectual property rights held by others, including issued or pending patents, that cover significant aspects of our technologies or solutions, and we cannot assure you that we are not infringing, misappropriating, or violating, and have not infringed, misappropriated, or violated, any third-party intellectual property rights or that we will not be held to have done so or be accused of doing so in the future. In addition, as we face increasing competition and become increasingly visible as a publicly-traded company, or if we become more successful, the possibility of new third-party claims may increase.

Any claim that we have violated intellectual property or other proprietary rights of third parties, with or without merit, could be time-consuming and costly to address and resolve, could divert the time and attention of management and technical personnel from our business, could place limitations on our ability to use our current websites and technologies, and could result in an inability to market or provide all or a portion of our cloud services. Furthermore, we could be required to pay substantial monetary damages, including treble damages and attorneys’ fees if we are found to have willfully infringed a party’s intellectual property rights. We may also be required to enter into a royalty or licensing agreement that could include significant upfront and future licensing fees or expend significant resources to redesign our technologies or solutions, which efforts may not be timely or prove successful at all and require us to indemnify customers or other third parties. Royalty or licensing agreements may be unavailable on terms acceptable to us, or at all. If we cannot develop or license technology for any allegedly infringing aspect of our business, we could be forced to limit our cloud services and may be unable to compete effectively. Any of these events could have a material adverse effect on our business.

If we are unable to adequately establish, maintain, protect, and enforce our intellectual property and proprietary rights, our reputation may be harmed, we may be subject to litigation, and our business may be adversely affected.

Our future success and competitive position depend in large part on our ability to establish, maintain, protect, and enforce our intellectual property and proprietary rights. We do not currently own any issued patents and rely on a combination of trademark, copyright, and trade secret laws, as well as confidentiality procedures and contractual restrictions, to establish and protect our proprietary rights, all of which provide only limited protection and may not now or in the future provide us with a competitive advantage. While we currently have patent applications pending, we may be unable to obtain patent protection for the technology covered in our patent applications, the patent protection may not be obtained quickly enough to meet our business needs, any patents issued in the future may not provide us with competitive advantages or they may be successfully challenged by third parties. Additionally, the steps we have taken and will take may not prevent unauthorized use, reverse engineering, or misappropriation of our technologies and we may be unable to detect any of the foregoing. Furthermore, effective trademark, copyright, and trade secret protection may not be available in every country in which our cloud services are available. Our lack of patent protection may restrict our ability to protect our technologies and processes from competition. Defending and enforcing our intellectual property rights may result in litigation, which can be costly and divert management attention and resources. If our efforts to protect our technologies and intellectual property are inadequate, the value of our brand and other intangible assets may be diminished and competitors may be able to mimic our cloud services. Any of these events could have a material adverse effect on our business.

With respect to our technology platform, we consider trade secrets and know-how to be one of our primary sources of intellectual property. However, trade secrets and know-how can be difficult to protect. The use of generative AI tools could also expose us to inadvertently disclosing trade secrets or other confidential information or inadvertently cause us to violate third party intellectual property rights. We seek to protect these trade secrets and other proprietary technology, in part, by internal controls and policies as well as entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, outside contractors, consultants, advisors, and other third parties. We also enter into confidentiality and invention assignment agreements with our employees and consultants. The confidentiality agreements are designed to protect our proprietary information and, in the case of agreements or clauses containing invention assignment, to grant us ownership of technologies that are developed through a relationship with employees or third parties. We cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary information, including our technology and processes. Despite these efforts, no assurance can be given that the confidentiality agreements we enter into or our other internal controls and policies will be effective in controlling access to such proprietary information and trade secrets. The confidentiality agreements on which we rely to protect certain technologies may be breached, and these and other actions that we take may not be adequate to protect our confidential information, trade secrets, and proprietary technologies and may not provide an adequate remedy in the event of unauthorized use or disclosure of our confidential information, trade secrets or proprietary technology. Further, these actions do not prevent our competitors or others from independently developing the same or similar technologies and processes, which may allow them to provide a service similar or superior to ours, which could harm our competitive position.

Our use of “open-source” software could negatively affect our ability to sell our cloud services and subject us to possible litigation.

A portion of the technologies used by us incorporates “open-source” software, and we may incorporate open-source software in the future. Such open-source software is generally licensed by its authors or other third parties under open-source licenses. Companies that incorporate open-source software into their solutions have, from time to time, faced claims challenging the use of open-source software and compliance with open-source license terms. These licenses may subject us to certain unfavorable conditions, including requirements that we offer all or parts of our technology or services that incorporate the open-source software at no cost, that we make publicly available source code for modifications or derivative works we create based upon, incorporating, or using the open-source software, and/or that we license such modifications or derivative works under the terms of the particular open-source licensor other license granting third parties certain rights of further use. Although we monitor our use of open-source software, we cannot assure you that all open-source software is reviewed prior to use in our cloud services, that our developers have not incorporated open-source software into our technology platform or services, or that they will not do so in the future. In the event that we become subject to such claims, we could be subject to significant damages, enjoined from the sale of our solutions that contained the open-source software, and required to comply with onerous conditions. In addition, the terms of open-source software licenses may require us to provide software that we develop using such open-source software to others on unfavorable license terms. As a result of our current or future use of open-source software, we may face claims or litigation, be required to release our proprietary source code, pay damages for breach of contract, re-engineer our solutions, discontinue making

our solutions available in the event re-engineering cannot be accomplished on a timely basis or take other remedial action. Any such re-engineering or other remediation efforts could require significant additional research and development resources, and we may not be able to successfully complete any such re-engineering or other remediation efforts on a timely basis, or at all. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could disrupt the distribution and sale of our solutions and have a material adverse effect on our business and operating results.

Risks Related to Ownership of Our Common Stock

Anti-takeover provisions contained in our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, as well as provisions of Delaware law, could impair a takeover attempt.

Our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law contain provisions which could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by our Board of Directors. Among other things, our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws include provisions:

- creating a classified Board of Directors whose members serve staggered three-year terms;
- authorizing “blank check” preferred stock, which could be issued by our Board of Directors without stockholder approval and may contain voting, liquidation, dividend, and other rights superior to our common stock;
- limiting the liability of, and providing indemnification to, our directors and officers;
- limiting the ability of our stockholders to call and bring business before special meetings;
- requiring advance notice of stockholder proposals for business to be conducted at meetings of our stockholders and for nominations of candidates for election to our Board of Directors; and
- controlling the procedures for the conduct and scheduling of Board of Directors and stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management.

As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the “DGCL”), which prevents certain stockholders holding more than 15% of our outstanding capital stock from engaging in certain business combinations without approval of the holders of at least two-thirds of our outstanding common stock not held by such stockholder. Any provision of our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, or Delaware law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

The market price of our Class A common stock has been, and will likely continue to be, volatile, and you could lose all or part of your investment.

Prior to the listing of our Class A common stock, there was no public market for shares of our Class A common stock. Since our initial public offering, the stock price of our Class A common stock has experienced very high volatility and the market prices of securities of other newly public companies have historically been highly volatile. The market price of our Class A common stock could be subject to wide fluctuations in response to various factors, including those listed in this Quarterly Report on Form 10-Q, some of which are beyond our control and may not be related to our operating performance.

Fluctuations in the price of our Class A common stock could cause you to lose all or part of your investment because you may be unable to sell your shares at or above the price you paid. Factors that could cause fluctuations in the market price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- volatility in the market prices and trading volumes of technology stocks;
- changes in operating performance and stock market valuations of other technology companies generally or those in our industry in particular;
- sales of shares of our Class A common stock by us or our stockholders;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by securities analysts who follow us, or our failure to meet these estimates or the expectations of investors;

- the financial projections we may provide to the public, any changes in those projections or our failure to meet those projections;
- announcements by us or our competitors of new products or services;
- the public’s reaction to our press releases, other public announcements, and filings with the SEC;
- rumors and market speculation involving us or other companies in our industry;
- actual or anticipated changes in our operating results or fluctuations in our operating results;
- actual or anticipated developments in our business, our competitors’ businesses, or the competitive landscape generally;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- developments or disputes concerning our intellectual property or other proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- outbreaks of war or other hostilities;
- any significant change in our management;
- a return of pandemic conditions; and
- general economic conditions and slow or negative growth of our markets.

Our stock and business may be adversely affected by the actions of third parties attempting to manipulate our share price.

We believe our stock and business has been, and may in the future be, subject to short sellers or other third parties who manipulate our share price through false or misleading reports to spark fear and drive down our share price for their personal financial gain at the expense of other stockholders. This technique is also referred to as “short and distort.” These activities are often accompanied by announcements from various fee-chasing law firms trolling for potential plaintiffs and threatening litigation, often without conducting a thorough investigation. Even when there is no merit to the underlying allegations, these campaigns, which may involve social media, anonymous sources, or coordinated trading activity, can materially impact investor sentiment, depress our stock price, harm our reputation and business, and divert management’s attention.

We may fail to meet our publicly announced guidance or other expectations about our business, which could cause our stock price to decline.

We may provide from time to time guidance regarding our expected financial and business performance, which may include projections regarding sales and production, as well as anticipated future revenues, gross margins, profitability, and cash flows. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process, and our guidance may not ultimately be accurate and has in the past been inaccurate in certain respects, such as the timing of new products. Our guidance is based on certain assumptions such as those relating to anticipated production and sales, average sales prices, supplier and commodity costs, and planned cost reductions. If our guidance is not accurate or varies from actual results due to our inability to meet our assumptions or the impact on our financial performance that could occur as a result of various risks and uncertainties, the market value of our Class A common stock could decline significantly.

Sales of a substantial number of our Class A common stock in the public market could cause our share price to fall.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of our Class A common stock in the market, and the perception that these sales could occur may also depress the market price of our Class A common stock. In addition, our daily trading volume may be limited and significantly less than the amount of shares available for sale. In the event that the number of our Class A common stock shares offered for sale on any given day exceeds the existing demand for our shares, it may cause our stock price to fall.

We may also issue additional shares of our Class A common stock, convertible securities or other equity, including pursuant to our equity compensation plans. Such issuances could be dilutive to investors and could cause the price of shares of our Class A common stock to decline. New investors in such issuances could also receive rights senior to those of holders of shares of our Class A common stock.

The above factors may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Any such sales also could cause the market price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

If securities or industry analysts do not publish or cease publishing research or reports about us, our business, our market, or our competitors, or if they adversely change their recommendations regarding our Class A common stock, the market price of our Class A common stock and trading volume could decline.

The trading market for our Class A common stock will be influenced by the research and reports that securities or industry analysts may publish about us, our business, our market, or our competitors. If any of the analysts who may cover us adversely change their recommendations regarding our Class A common stock or provide more favorable recommendations about our competitors, the market price of our Class A common stock would likely decline. If any of the analysts who may cover us were to cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price of our Class A common stock or trading volume to decline.

We do not expect to declare any dividends in the foreseeable future.

We do not anticipate declaring any cash dividends to holders of our Class A common stock in the foreseeable future. Consequently, investors may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment. Investors seeking cash dividends should not purchase shares of our Class A common stock.

Our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America are the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America are the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Specifically, our Amended and Restated Certificate of Incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum provision for: (i) any derivative action or proceeding brought on behalf of us; (ii) any action asserting a claim of breach of a fiduciary duty; (iii) any action arising pursuant to any provision of the DGCL, our Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws (as either may be amended from time to time); (iv) any action to interpret, apply, enforce, or determine the validity of our Amended and Restated Certificate of Incorporation or our Amended and Restated Bylaws; (v) any action asserting a claim against us that is governed by the internal affairs doctrine; or (vi) any action asserting an "internal corporate claim" as defined in the DGCL.

These exclusive forum provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act.

Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our Amended and Restated Certificate of Incorporation further provides that the U.S. federal district courts are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our Amended and Restated Certificate of Incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees. If a court were to find any of the exclusive forum provisions of our Amended and Restated Certificate of Incorporation to be inapplicable to or unenforceable in an

action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

The requirements of being a public company, particularly after we are no longer an “emerging growth company,” may strain our resources, require us to incur substantial costs and will require substantial management attention.

As a public company, and particularly after we cease to be an “emerging growth company”, we have incurred and will continue to incur substantial legal, accounting, and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the applicable requirements of the Sarbanes-Oxley Act, the Dodd-Frank Act, the rules and regulations of the SEC, and the listing standards of Nasdaq. For example, the Exchange Act requires, among other things, we file annual, quarterly, and current reports with respect to our business, financial condition, and results of operations. Compliance with these rules and regulations has increased and will continue to increase our legal and financial compliance costs, and increase demand on our systems, particularly after we are no longer an emerging growth company. In addition, as a public company, we may be subject to stockholder activism, which can lead to additional substantial costs, distract management, and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition has become more visible, which may result in threatened or actual litigation, including by competitors.

Some members of our management team also have limited experience managing a publicly traded company, interacting with public company investors, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage the increased regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, financial condition, and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In August 2025, the Company's Board of Directors approved a share repurchase program authorizing us to repurchase up to \$10.0 million of our Class A common stock through August 1, 2026. The program is intended to offset dilution resulting from stock-based compensation. Repurchases are to be funded from the proceeds of employee stock option exercises and from employee contributions under the 2021 Employee Stock Purchase Plan.

The following is a summary of the repurchases of our Class A common stock, by month, during the quarter ended March 31, 2026 (in thousands, except for share and per share information):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 2026	80,340	\$ 4.90	80,340	\$ 7,624
February 2026	44,772	\$ 4.16	44,772	\$ 7,438
March 2026	64,117	\$ 3.59	64,117	\$ 7,208
Total	189,229	\$ 4.28	189,229	

ITEM 5. OTHER INFORMATION***Rule 10b5-1 Trading Plans***

On February 25, 2026, each of Gleb Budman, our Chief Executive Officer, and Marc Suidan, our Chief Financial Officer, adopted a written trading arrangement intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Each of these trading arrangements was subsequently terminated on March 31, 2026.

Second Amendment to Credit Agreement

On April 30, 2026, we entered into a Second Amendment to Credit Agreement with Citizens Bank, N.A. (the "Second Amendment"). The Second Amendment amends the Credit Agreement to, among other things, (i) extends the maturity date from June 4, 2027 to June 4, 2028, (ii) resets the option that allows the Company to extend the maturity date by one year, subject to certain conditions, and (iii) modifies certain negative covenants, including increasing the limit on share repurchases to up to \$15.0 million per fiscal year and increasing the limit on permitted acquisitions to permit up to \$20.0 million of cash consideration.

The foregoing description of the Second Amendment does not purport to be complete and is qualified in its entirety by reference to the full text of the Second Amendment, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and incorporated herein by reference.

ITEM 6. EXHIBITS

Exhibit Number	Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.1†	Second Amendment to Credit Agreement, dated April 30, 2026, between Backblaze, Inc. and Citizens Bank, N.A., and other Loan Parties thereto.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)					X

† Pursuant to Item 601(a)(5) of Regulation S-K, certain exhibits and schedules to this agreement have been omitted. The Company hereby agrees to furnish supplementally to the Securities and Exchange Commission, upon its request, any or all of such omitted exhibits and/or schedules.

* The certifications attached as Exhibits 32.1 and 32.2 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Backblaze, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 4, 2026

Backblaze, Inc.

/s/ Gleb Budman

Gleb Budman

Chief Executive Officer and Chairperson

(Principal Executive Officer)

/s/ Marc Suidan

Marc Suidan

Chief Financial Officer

(Principal Financial and Accounting Officer)

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this “Amendment”) is made as of April 30, 2026, by and among BACKBLAZE, INC., a Delaware corporation (“Borrower”), the other Loan Parties party hereto, and CITIZENS BANK, N.A. (“Lender”).

RECITALS

WHEREAS, Borrower and Lender are parties to that certain Credit Agreement, dated as of June 4, 2025 (as modified, amended and or amended and restated from time to time, the “Credit Agreement”) with respect to certain financial accommodations made available to Borrower by Lender;

WHEREAS, Borrower has requested that Lender amend the Credit Agreement to make certain revisions to the Credit Agreement as more fully set forth herein; and

WHEREAS, Lender has agreed to amend certain provisions of the Credit Agreement in accordance with, and subject to the terms and conditions of, this Amendment.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration the sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Defined Terms. Unless otherwise specified, capitalized terms not defined herein shall bear the same definitions set forth in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Clause (a)(iv) of the definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(i) non-cash losses and non-cash charges (including, without limitation, (x) amortization of software license implementation costs and (y) amortization of prepaid commissions on newly acquired customers, but excluding any non-cash charges that constitute an accrual of or a reserve for future cash charges or are reasonably likely to result in a cash outlay in a future period); provided that the aggregate amount of amortization of prepaid commissions on newly acquired customers added back pursuant to this clause (iv) shall not exceed five percent (5.00%) of Consolidated EBITDA in any Measurement Period; plus

(b) Clause (a)(vi) of the definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

3. (vi) stock based-compensation (including in connection with restructuring plans), which shall mean any non-cash expense recorded with respect to stock options or other equity based compensation; plus

(a) Clause (a)(x) of the definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

4. (x) cash restructuring charges in an aggregate amount not to exceed \$5,000,000 for any Measurement Period; plus

(a) Clause (a)(xv) of the definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

5. (xv) any other non-recurring charges (excluding charges for the relocation of a data center and expenses associated with the opening of new data centers), including any cash non-recurring and unusual costs or expenses relating to executive searches and sign on bonuses, retention bonuses and severance, employee relocation charges and expense, costs associated with investigations, and charges for establishing new subsidiaries in foreign jurisdictions, in an aggregate amount not to exceed \$1,000,000 for any Measurement Period; plus

(a) The definition of “Consolidated EBITDA” in Section 1.1 of the Credit Agreement is hereby amended by: (i) replacing the “.” at the end of clause (a)(xvi) therein with “; plus” and (ii) adding the following as a new clause (a)(xvii) thereto:

(xvii) any non-recurring charges consisting of incremental charges for the relocation of a data center or expenses associated with the opening of new data centers, in an aggregate amount not to exceed \$3,000,000 for any Measurement Period.

(b) The definition of “Liquidity” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“Liquidity” means unrestricted cash and Cash Equivalents on hand of the Loan Parties in the United States and on deposit with Lender (including amounts borrowed under the Revolving Facility and held on deposit with Lender) that are not subject to any Lien, other than Liens securing the Revolving Facility (the “Unrestricted Cash”).

(c) Clause (G) of the definition of “Permitted Acquisitions” in Section 1.1 of the Credit Agreement is hereby amended by replacing the amount “\$5,000,000” therein with the amount “\$20,000,000”.

(d) Clause (H) of the definition of “Permitted Acquisitions” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

(e) (H) after giving Pro Forma Effect to such Acquisition and, if applicable, the making of a Credit Extension in connection with such Acquisition, Borrower shall remain in, and demonstrate in writing to Lender, compliance with the Financial Covenants set forth in Section 7.12 of this Credit Agreement for the most recently ended fiscal quarter (or Fiscal Year) for which financial statements were required to be delivered pursuant to Section 6.1(a) or Section 6.1(b), as applicable;

(f) The definition of “Revolving Maturity Date” in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6. “Revolving Maturity Date” means the 36-month anniversary of the Closing Date, provided that if such day is not a Business Day, the Revolving Maturity Date shall be the Business Day immediately preceding such day; provided further that the

Revolving Maturity Date may be extended by 12 months (to a date no more than 48 months from the Closing Date), upon written request therefor from Borrower received no later than 30 days prior to the existing Revolving Maturity Date, and subject to Lender's credit approval in its sole discretion.

(a) Clause (a) of the definition of "Term SOFR" in Section 1.1 of the Credit Agreement is hereby amended by removing the words "the sum of (i)" and "plus (ii) the Term SOFR Adjustment" therefrom.

(b) Section 1.1 of the Credit Agreement is hereby amended by removing the defined term "Term SOFR Adjustment" therefrom in its entirety.

(c) Section 6.1(a) of the Credit Agreement is hereby amended by removing the words "BDO USA," therefrom.

(d) Section 6.1(c) of the Credit Agreement is hereby amended by: (i) removing the "and" at the end of clause (iv) thereof; (ii) adding "and" at the end of clause (v) thereof; and (iii) adding the following as a new clause (vi) thereto:

7. (vi) certifying as to the amount of Restricted Payments pursuant to each of clauses (d) and (e) of Section 7.8 during the applicable fiscal quarter or Fiscal Year, as applicable, and in the case of any fiscal quarter, the aggregate amount of such Restricted Payments during the then elapsed portion of the Fiscal Year.

(a) Section 7.8(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(d) Borrower may make Restricted Payments consisting of the repurchase of Borrower's Equity Interests from the holders of such Equity Interests in an aggregate amount not to exceed \$10,000,000 in any Fiscal Year (each, an "Employee Stock Repurchase Transaction"); provided, that (x) Borrower shall fund any such Employee Stock Repurchase Transaction solely from proceeds received by Borrower in respect of: (i) employee exercises of options to purchase Borrower's Equity Interests and (ii) employee purchases of Equity Interests made pursuant to Borrower's employee stock purchase plan, (y) no Default or Event of Default exists prior to, or would result after giving effect to, any such Employee Stock Repurchase Transaction and (z) after giving Pro Forma Effect to any such Employee Stock Repurchase Transaction, the Borrower shall remain in compliance with the Financial Covenants; and

(b) Section 7.8 of the Credit Agreement is hereby amended by adding the following as a new clause (e) thereto:

(e) Borrower may make Restricted Payments consisting of the repurchase of Borrower's Equity Interests from the holders of such Equity Interests pursuant to a stock repurchase plan approved by Borrower's board of directors in an aggregate amount not to exceed \$5,000,000 in any Fiscal Year (each, an "Internally Generated Cash Stock Repurchase Transaction"); provided, that (x) Borrower shall fund any such Internally Generated Cash Stock Repurchase Transaction solely from internally generated cash (and not, for the avoidance of doubt, any Indebtedness), (y) no Default or Event of Default exists prior to, or would result after giving effect to, any such Internally Generated Cash Stock Repurchase Transaction and (z) after giving Pro Forma Effect to any such

Internally Generated Cash Stock Repurchase Transaction, the Borrower shall remain in compliance with the Financial Covenants.

(c) Section 8.1(f) of the Credit Agreement is hereby amended by replacing the amount “\$500,000” therein with the amount “\$2,000,000”.

(d) Section 8.1(k) of the Credit Agreement is hereby amended by replacing the amount “\$500,000” therein with the amount “\$2,000,000”.

(e) Section 10.1(a)(ii) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(ii) if to Lender, (A) DL-CLPS@Citizensbank.com and (B) 3550 Lenox Road NE Suite 1250, Atlanta, GA 30326, Attn: Jason Fukumoto, Coverage Banker for BACKBLAZE, INC., Jason.M.Fukumoto@citizensbank.com. Committed Loan Notices and Letter of Credit Applications shall be delivered to the addressees set forth therein and copy the individual(s) listed in (B) above.

(f) Exhibit C to the Credit Agreement is hereby amended and restated in its entirety as set forth on Exhibit A attached hereto.

8. Miscellaneous.

(a) No course of dealing on the part of Lender or its officers, nor any failure or delay in the exercise of any right by Lender, shall operate as a waiver thereof, and any single or partial exercise of any such right shall not preclude any later exercise of any such right. Lender’s failure at any time to require strict performance by the Loan Parties of any provision shall not affect any right of Lender thereafter to demand strict compliance and performance. Any suspension or waiver of a right must be in writing signed by an officer of Lender.

(b) The Credit Agreement, as amended hereby, and the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of, or as an amendment of, any right, power, or remedy of Lender under the Loan Documents, as in effect prior to the date hereof.

(c) The Loan Parties hereby represent and warrant to Lender that the representations and warranties contained in the Loan Documents are true and correct in all material respects (or, with respect to any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect”, in all respects as so qualified), in each case on and as of the date of this Amendment, provided that to the extent such representations and warranties specifically refer to an earlier date, they are true and correct in all material respects (or, with respect to any representation and warranty that is qualified as to “materiality” or “Material Adverse Effect”, in all respects as so qualified) as of such earlier date, and that no Default or Event of Default has occurred and is continuing.

(d) Section 10.9 (Governing Law; Jurisdiction; Consent to Service of Process) of the Credit Agreement is incorporated herein by this reference as though fully set forth.

9. Conditions Precedent to Amendment. The effectiveness of this Amendment is subject to satisfaction of the following conditions precedent:

(a) Lender shall have received, in form and substance reasonably satisfactory to Lender, this Amendment, duly executed by the Loan Parties.

(b) Lender shall have received a certificate of the President or a Vice President and the Secretary or Assistant Secretary of each Loan Party, dated as of the date of this Amendment, substantially in the form of Exhibit D of the Credit Agreement.

(c) [Reserved].

(d) Lender shall have received satisfactory evidence that all fees, expenses and disbursements required to be paid in connection with this Amendment (including Attorney Costs) have been paid in full.

10. Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Amendment or any other document required to be delivered hereunder, by fax transmission or e-mail transmission (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment. Without limiting the foregoing, upon the request of any party, such fax transmission or e-mail transmission shall be promptly followed by such manually executed counterpart.

11. Reaffirmation; Other Agreements. Subject to any limitations on its obligations expressly stated in the Loan Documents to which it is a party, each Loan Party (a) acknowledges and agrees, as of the date of this Amendment, that all of its obligations under the Loan Documents to which it is a party are reaffirmed and remain in full force and effect on a continuous basis, and (b) reaffirms each Lien granted by each Loan Party pursuant to the Collateral Documents, all of which obligations and Liens remain in full force and effect after giving effect to this Amendment. Nothing contained in this Amendment shall be construed as substitution or novation of the obligations outstanding under the Credit Agreement or the other Loan Documents.

12. No Actions, Claims, Etc. As of the date hereof, each of the Loan Parties hereby acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages and liabilities of whatever kind or nature, in law or in equity, against Lender or Lender's officers, employees, representatives, agents, advisors, consultants, counsel or directors arising from any action by such Persons, or failure of such Persons to act on or prior to the date hereof.

[signature pages follow this page]

IN WITNESS WHEREOF the parties have executed this Amendment as of the date above written.

BORROWER:

BACKBLAZE, INC.

By: /s/ Marc Suidan
Name: Marc Suidan
Title: Chief Financial Officer

OTHER LOAN PARTIES:

BACKBLAZE WORLDWIDE, INC.

By: /s/ Marc Suidan
Name: Marc Suidan
Title: Chief Financial Officer

LENDER:

CITIZENS BANK, N.A.

By: /s/ Kristina Malcolm

Name: Kristina Malcolm

Title: Senior Vice President

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Gleb Budman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Backblaze, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2026

/s/ Gleb Budman
Gleb Budman
Chief Executive Officer and Chairperson
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13A-14(A) AND 15D-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.**

I, Marc Suidan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Backblaze, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2026

/s/ Marc Suidan
Marc Suidan
Chief Financial Officer
(Principal Financial and Accounting Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002.**

In connection with the Quarterly Report on Form 10-Q of Backblaze, Inc. (the "Company") for the quarter ending March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gleb Budman, the Chief Executive Officer and Chairperson of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2026

/s/ Gleb Budman

Gleb Budman

Chief Executive Officer and Chairperson

(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.**

In connection with the Quarterly Report on Form 10-Q of Backblaze, Inc. (the “Company”) for the quarter ending March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Marc Suidan, the Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 4, 2026

/s/ Marc Suidan
Marc Suidan
Chief Financial Officer
(Principal Financial and Accounting Officer)