

**Box Inc.**  
**Third Quarter Fiscal 2026**  
**Conference Call Remarks**  
**December 2, 2025**

**Introduction**

Good afternoon and welcome to Box's Third Quarter Fiscal 2026 Earnings Conference Call. I am Cynthia Hiponia, Vice President Investor Relations. On the call today, we have Aaron Levie, Box co-founder and CEO, and Dylan Smith, Box co-founder and CFO. Following our prepared remarks, we will take your questions.

Today's call is being webcast and will also be available for replay on our Investor Relations website. Supplemental slides are now available on our website.

On this call, we will be making forward-looking statements including:

- Our fourth quarter and full year fiscal 2026 financial guidance, and our expectations regarding our financial performance for fiscal 2026 and future periods, including gross margins, operating margins, operating leverage, future profitability, net retention rates, remaining performance obligations, revenue and billings, and the impact of foreign currency exchange rates and deferred tax expenses; and
- Our expectations regarding
  - the size of our market opportunity;
  - our planned investments, future product offerings, and growth strategies;
  - our ability to achieve our revenue, operating margins and other operating model targets;
  - the timing and market adoption of, and benefits from, our new products, pricing models, and partnerships;
  - our ability to address enterprise challenges, enhance our product capabilities, and deliver cost savings for our customers;

- the impact of the macro environment on our business and operating results; and
- our capital allocation strategies, including potential repurchase of our common stock and settlement of our convertible debt.

These statements reflect our best judgment based on factors currently known to us, and actual events or results may differ materially. Please refer to our earnings press release filed today and the risk factors in documents we file with the Securities and Exchange Commission, including our most recent Quarterly Report on Form 10-Q for information on risks and uncertainties that may cause actual results to differ materially from statements made on this earnings call. These forward-looking statements are being made as of today, December 2, 2025, and we disclaim any obligation to update or revise them should they change or cease to be up-to-date.

In addition, during today's call, we will discuss non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, and not as a substitute for or in isolation from, our GAAP results. You can find additional disclosures regarding these non-GAAP measures, including reconciliations with comparable GAAP results, in our earnings press release and in the related supplemental slides which can be found on the Investor Relations page of our website. Unless otherwise indicated, all references to financial measures are on a non-GAAP basis.

Thank you.

With that, let me turn the call over to Aaron.

### **Third Quarter Fiscal 2026 Overview**

Thanks everyone for joining us today.

Building on the momentum and strong results we delivered in the first half of FY26, third quarter revenue exceeded our guidance, growing 9% year-over-year and producing operating margins of 28.6%. We drove a net retention rate of 104%, ahead of our

expectations of 103%, driven by both price-per-seat increases and seat expansion. Our ongoing strategic investments in go-to-market and products are driving growth, reflected in our Q3 billings growth of 12% year-over-year and RPO growth of 18% year-over-year.

Our strong financial results clearly demonstrate that our Intelligent Content Management platform is building momentum in the market. Just a few weeks ago, I met with dozens of CIOs and IT leaders in New York. What struck me was how the conversations have evolved over time, where the vast majority of these discussions now focus on new use cases for Box around using AI agents for extracting structured data and insights from documents, using AI agents to automate knowledge worker tasks, or leveraging AI agents to democratize access to expertise across their organizations. The full power of AI agents is delivered when you can begin to augment knowledge worker tasks with infinitely scalable automation. But as companies try to do this, they quickly come to the same conclusion: the key to success is ensuring agents have access to the right data, in the right format, and can process it effectively and securely at scale.

And when trying to solve this problem, most enterprises experience how difficult this can be. Enterprises are understanding that not only do you have to excel at everything required for AI on unstructured data, which could mean combining and keeping up with dozens of different technologies, but you also need a platform that can handle the security, compliance, access controls, creation, sharing, and storage of all of this enterprise content. And the problem is only getting harder as more platforms emerge that need to talk to the same unstructured data assets. You can't easily replicate your files across agentic systems like Salesforce, Google, ChatGPT, ServiceNow, and hundreds of other platforms, all which have different security and governance models, access controls, and more.

Companies will increasingly need a trusted AI platform to manage their most important enterprise content that can work with all of their agentic AI platforms. This is what we're building with the Box AI Platform.

Box is the secure, neutral AI Content Platform for the most important enterprise content – it's the single source of truth that connects AI models and agents, prevents the content sprawl and security risks of DIY solutions, and ensures data governance and compliance. And best of all, we integrate with OpenAI, Google, Anthropic, AWS, IBM and more, so customers can use any model without fragmenting their enterprise content.

As we've shared, we introduced Enterprise Advanced less than one year ago to bring together our full suite of powerful AI and intelligent workflow automation capabilities; and Enterprise Advanced continues to drive both upgrades and new logo wins across verticals, segments and geographies.

Examples in Q3 include:

- A leading financial services organization upgraded from Enterprise Plus to Enterprise Advanced to improve management and search across repositories, including an archive of historical records. By using Box Apps and metadata extraction, the organization is streamlining workflows in claims management, HR, legal, and member services, and migrating non-member documents from legacy systems to Box. This supports AI-assisted research into over a century of corporate history and provides updated interfaces for data management.
- A leading international law firm, an early adopter of Enterprise Advanced in Q4 of FY25, expanded its use of Box by hundreds of seats in Q3. Driven by Box's proven ability to deliver secure solutions in AI-driven workflows, our platform will support projects with government clients requiring FedRAMP High compliance, enabling lawyers to collaborate securely and efficiently on sensitive matters.

- And finally, a leading renewable energy company in EMEA, a new logo for Box, chose Enterprise Advanced to modernize its document management and collaboration processes across multiple departments, including Legal, Compliance, Security, and IT. By implementing Box, the company aims to streamline document workflows, improve metadata management, and enable secure external collaboration with partners and regulators.

To build on the momentum we are seeing with customers, we recently announced a new set of next-generation AI agent and automation features at BoxWorks to drive intelligent workflows in the enterprise. This included:

- Box Extract — a data extraction solution powered by AI agents that delivers accurate data and insights from a multitude of content types including documents, presentations, images, and more. This new capability allows enterprises to easily extract any structured data and insights from their unstructured documents, from contracts and invoices to healthcare records to insurance claims and more.
- Box Automate — an agentic workflow automation solution designed to orchestrate work across agents and teams. Box Automate allows customers to design sophisticated workflows that leverage their content in Box as well as connect to other systems via APIs, to power any end-to-end document workflow.
- Additionally, we announced powerful AI capabilities for Box Apps — our no-code solution for quickly building content apps which will continue to get major product upgrades that enable our customers to power more advanced business processes on Box.
- And Box Shield Pro — a powerful new suite of security capabilities powered by AI, allowing customers to automatically apply AI-driven classification, accelerate threat response with agentic insights, and proactively strengthen their security posture against evolving threat landscape like ransomware attacks.

As we have seen the rate of innovation continues to accelerate from AI model providers, Box is quickly evaluating and enabling updates for our customers to access the latest

features and models directly in Box. We have announced integrations for the newest models from Mistral, Anthropic, OpenAI, and Google – including being a day 1 launch partners of GPT-5.1, Gemini 3, and Claude Sonnet 4.5. We've added support for OpenAI's AgentKit so customers can bring Box content into their agentic workflows, made Box AI available in Gemini Enterprise through the Google Cloud Marketplace, and introduced support for Slack's new Work Objects to bring Box's intelligence capabilities directly into Slack conversations.

We've also strengthened our long-term strategic partnership with AWS with a recent announcement of a multi-year AI collaboration agreement to transform agentic AI capabilities on enterprise content. Box will become available in AWS Marketplace to streamline procurement and accelerate the value of both platforms. We're incredibly excited about this partnership and our ability to bring the Box and AWS platforms together more deeply.

Now, looking forward, in Q4 we are going to be focused on delivering against the major announcements we shared at BoxWorks. In particular, I'm incredibly excited for the upcoming release of Box Extract. Enterprises are awash in unstructured data that they can now tap into for the first time with AI Agents processing and extracting relevant data from these documents, and Box Extract makes this easier than ever.

We will also be releasing other major updates to Box AI Agents in Box, including an all-new centralized experience where you can interact with any AI agent from Box from one central location, allowing you to use AI agents to find any relevant data or answers in Box, or handle much more complex work on content in Box. We'll also be upgrading Box AI Studio to support improved agent capabilities, like attaching existing knowledge to agents, and streamlining the agent creation flow to make it easier for anyone to build their own agents in an enterprise.

Turning to go-to-market, we are driving the adoption of Enterprise Advanced and continue to see pricing improvements for Enterprise Advanced over Enterprise Plus at

the higher-end of our 20-40% target. Our focus has been and will continue to be on driving adoption of our AI-powered solutions in Enterprise Advanced, including custom Box AI Agents, Box Apps, and looking forward, Box Extract and Shield Pro, across our customer's workflows. Our market positioning emphasizes Box's unique strength as a trusted platform for unstructured data with built-in governance and security. We're continuing to double down on our Enterprise Advanced sales motion and driving more emphasis across key verticals like financial services, life sciences, government, professional services and more.

Our partner-led business is a critical part of our strategy as we power more advanced, verticalized solutions for customers. We saw continued momentum with partners, delivering double-digit revenue growth in partner-led wins in Q3.

These wins include:

- A leading global automotive company, who upgraded from Enterprise Plus to Enterprise Advanced to centralize its expanding design ecosystem and replace over 75 fragmented content repositories.
- A leading housing administrator in EMEA partnered with Deloitte and Box to modernize its digital housing platform and tenant communications. Box powers the solution for managing documents and inquiries from housing applicants, tenants, and affiliated organizations, improving efficiency and collaboration.

We also launched a new partnership with Tata Consultancy Services, one of the world's largest systems integrators, to deliver AI-powered content management solutions to accelerate digital transformations. By combining Box's Intelligent Content Management platform with TCS's global scale and industry depth, we expanded our reach across key industries, from financial services and healthcare to manufacturing, retail, and the public sector.

Before I turn it over to Dylan, let me update you on how we're expanding an AI-first approach at Box, using Box AI as customer zero.

As I've shared before, we are focused on Box becoming the leading AI-first company, and we want to use AI agents to augment our productivity, increase our capacity, and better serve customers.

For instance, in GTM, we have purpose-built Box AI agents that streamline each step in a sales or customer success process; we have a "research agent" that analyzes a prospect's goals and challenges and maps them to Box capabilities; a "discovery agent" recommends the best use cases for a customer type using win/loss signals from past deals; "coaching agents" give reps tips after every customer interaction; and more. In customer success, a "feature-adoption agent" suggests use cases, target personas, and enablement materials to boost adoption. All of these agents free up our sales and support teams to serve more customers and with greater personalization.

And this is just in go-to-market. Across Box we are doing the same in our HR and recruiting workflows, IT organization, legal and compliance, and product management and engineering. And outside of Box AI, for instance, in engineering, we're leveraging Cursor to accelerate our product development velocity, and we're expanding AI-assisted coding across the codebase to ship features faster.

AI is the biggest shift in work that we have ever seen in our lifetimes. Boxers are embracing the opportunity to demonstrate to our customers how they can transform how they work with content and AI. And we are seeing customers discover new use cases that tap into the value of their unstructured data, made possible with our Intelligent Content Management platform.

With that, I'll hand it over to Dylan.

## **Q4 Fiscal 2026 Financial Results; Q4 and Fiscal 2026 Guidance**

Thanks Aaron. Good afternoon everyone.

In Q3 we delivered another strong quarter, with revenue, billings, and operating margin all exceeding our guidance. This outperformance was the result of continued execution against our key FY26 priorities - investing in key go-to-market initiatives and enhancing the AI capabilities of our Intelligent Content Management platform, generating efficiencies across the business, and executing on our disciplined capital allocation strategy.

We delivered Q3 revenue of \$301 million, above the high end of our guidance. This represents 9% year-over-year growth, with sequential acceleration to 8% year-over-year growth in constant currency.

We now have more than 2,000 customers paying us at least 100 thousand dollars annually, up 7% year-over-year. Suites customers now account for 64% of our revenue, an increase from 59% a year ago.

We ended Q3 with remaining performance obligations, or RPO, of \$1.5 billion, growing 18% year-over-year and up 19% in constant currency. Short-term RPO grew 14%, both as reported and in constant currency. This growth is being fueled by strong customer demand for Box AI, resulting in a pronounced upgrade cycle and longer contract durations. We expect to recognize roughly 55% of our RPO over the next 12 months.

Q3 billings of \$296 million were up 12% year-over-year, both as reported and in constant currency, driven primarily by strong bookings in the quarter. Billings growth exceeded our guidance of approximately 10%, and includes an FX headwind of approximately 220 basis points versus our prior expectations.

We ended Q3 with a net retention rate of 104%, up from 103% in Q2 and 102% in the year ago period. This trend is being driven by strong Box AI and Enterprise Advanced

momentum, resulting in accelerating bookings and lower dollar churn. We continued to see improvements in both seat price and seat expansion.

We now expect to exit FY26 with a net retention rate of 104%, one point higher than our previous expectations.

Q3's gross margin was 81.7%, exceeding our guidance of 81%. Excluding the tailwind from data center equipment sales in Q3 of last year, this represents an increase of 50 basis points year-over-year.

We delivered Q3 operating income of \$86M and operating margin of 28.6%, exceeding our guidance.

In Q3 we delivered EPS of 31 cents, in-line with our guidance. This includes a headwind of approximately 1 and a half cents from FX versus our prior guidance.

I'll now turn to our cash flow and balance sheet.

In Q3 we generated free cash flow of \$61 million, and cash flow from operations of \$73 million, up 7% and 17% year-over-year, respectively.

We ended Q3 with \$731 million in cash, cash equivalents, restricted cash, and short-term investments.

Turning to our share repurchase plan, in Q3 we repurchased 2.4 million shares for approximately \$77 million dollars. As of October 31st, we had approximately \$35 million of remaining buyback capacity. Additionally, our Board of Directors recently authorized a \$150 million dollar increase to our share repurchase program.

Before turning to guidance, I wanted to address our \$205 million of convertible notes due to mature on January 15th, 2026. At that time, we intend to settle the outstanding convertible debt principal with cash.

With that, let me now turn to our Q4 and FY26 guidance.

As a reminder, approximately one third of our revenue is generated outside of the US, with roughly 65% of our international revenue coming from Japan. Since we last provided guidance, the US Dollar has strengthened versus the Yen and the following guidance includes the expected impact of FX, assuming current exchange rates.

**For the fourth quarter of fiscal 2026:**

We expect Q4 revenue to be approximately \$304 million, representing approximately 9% year over year growth, or 8% in constant currency.

We anticipate our Q4 billings growth to be in the low single-digit range, including an expected tailwind from FX of approximately 70 basis points.

We expect Q4 gross margin to be approximately 82%.

We anticipate our Q4 non-GAAP operating margin to be approximately 30%.

We expect our Q4 non-GAAP EPS to be approximately 33 cents. Weighted-average diluted shares are expected to be approximately 147 million.

**For the full fiscal year ending January 31<sup>st</sup>, 2026:**

We are proud to have delivered strong year-to-date results, driven by customer demand for our enterprise-grade AI capabilities, translating into the momentum we're seeing in Enterprise Plus and Enterprise Advanced.

As a result, we now expect our full year revenue to be approximately \$1.175 billion, representing approximately 8% year-over-year growth, or 7% in constant currency. Adjusting for currency movements, this represents an increase of approximately \$5 million versus the mid-point of our prior guidance.

We expect our FY26 billings growth rate to be in the 9% to 10% range. This includes a tailwind of approximately 130 basis points from FX, 100 basis points lower than our previous expectations. Adjusting for currency movements, this represents an increase of 150 basis points versus our prior guidance.

We expect FY26 gross margin to be approximately 81%. When adjusting for the tailwind from datacenter equipment sales last year, which also flows through to operating margin, this represents a year-over-year improvement of 40 basis points.

We expect our FY26 non-GAAP operating margin to be approximately 28%, including a tailwind of approximately 10 basis points from FX.

We now expect FY26 non-GAAP EPS of approximately \$1.28, including an expected tailwind of approximately 2 cents from FX. This represents an increase of 1 cent versus the mid-point of our prior expectations, and an increase of 3 cents normalizing for currency movements since our previous guidance. Weighted-average diluted shares are expected to be approximately 149 million.

We are proud of the strong results we delivered in Q3, with demand for Box AI and adoption of Enterprise Advanced driving an acceleration in top-line metrics. With our ongoing strategic investments in go-to-market initiatives and our Intelligent Content

Management platform delivering strong returns, we are well positioned to capitalize on the opportunity ahead while delivering significant long-term shareholder value.

With that, Aaron and I will be happy to take your questions. Operator?