

Box Inc.
First Quarter Fiscal 2027
Conference Call Remarks
May 26, 2026

Introduction

Good afternoon and welcome to Box's First Quarter Fiscal 2027 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 second quarter and full fiscal year 2027 financial guidance, and our expectations regarding our financial performance for fiscal 2027 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
- Our expectations regarding
 - the size of our market opportunity, including the growing opportunity driven by the increasing role of unstructured data and AI agents in the enterprise;
 - our planned investments, future product offerings, and growth strategies;
 - the timing and market adoption of, and benefits from, our new products, solutions, and pricing models;
 - our ability to address enterprise challenges, including enabling organizations to automate critical workflows, and deliver value for our customers;

- the benefits from our deepening partnerships with leading AI labs and system integrators;
- expectations regarding accelerating revenue growth, expanding profitability and long-term shareholder value; and
- our capital allocation strategies, including potential repurchase of our common stock.

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, May 26, 2026, 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.

Finally, please see our earnings deck, posted on our IR website, for a more detailed look at our Q2 and FY27 guidance.

Thank you.

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

Q1 Fiscal 2027 Overview

Thanks Cynthia. And thank you all for joining the call today.

We had a very strong start to FY27 reflecting continued adoption of our intelligent workflow solutions with Enterprise Advanced and the Box AI platform. In Q1 we delivered our first double digit year-over-year revenue growth rate in over twelve quarters. Revenue growth of 11% year-over-year or 10% in constant currency, billings growth of 5% year-over-year or 13% in constant currency and operating margins of 28% all exceeded our guidance. Enterprise customers are increasingly adopting Enterprise Advanced, which brings together our most powerful intelligent workflow capabilities such as the Box Agent, Box Extract, Box Automate, Box Apps, and more.

As Enterprise Advanced has been in the market a full year, we are very pleased with the customer trends we are seeing. In Q1, our Enterprise Advanced net retention rate was higher than our overall net retention rate of 105%. Enterprise Advanced also continues to capture a price premium of 30-40% over Enterprise Plus, demonstrating the recognized value we are bringing to customers.

Overall this quarter continues to prove our unique value to Box customers as they migrate their infrastructure and applications toward an agentic future. Box is increasingly being deployed as the platform for enterprises to securely manage their unstructured data for AI agents, and as a platform for automating their critical enterprise workflows.

Some examples of our Enterprise Advanced wins in the quarter included:

- A lending and financial solutions provider upgraded from Enterprise Plus to Enterprise Advanced to centralize and organize the trust and estate-related documents within Box and leverage Box AI to extract key metadata from unstructured legal documents. With this upgrade, Box becomes the trusted

content layer powering their advisor and client-facing workflows, unlocking advanced security, governance, and the full Box AI capability set as they scale.

- Representing a new logo win in EMEA, a European manufacturing company adopted Enterprise Advanced to securely manage and share critical documents, streamline collaboration between global teams and partners, and reduce friction in complex workflows. That means faster decision-making, improved operational efficiency, and a stronger foundation for innovation. Box will help them move away from fragmented systems toward a more unified, secure content layer, giving them better visibility, governance, and control over their information.

Over the past quarter, I've had the distinct pleasure of being able to personally connect with well over a hundred enterprises in various industries and geographies. What every single one of them have in common is they want the ability to leverage AI to accelerate their product execution, be able to better serve customers, find new market opportunities, produce better campaigns, drive operational efficiency, and more.

But in these conversations, one of the biggest challenges that comes up is that enterprises need the ability to securely connect AI agents to the most important enterprise context, most of which rests in unstructured data. This unstructured data contains the most valuable information for agents to work with, whether it's key contracts, research materials, HR policies, marketing assets, product roadmap decisions, financial documents, or anything else in the organization. Getting agents to be able to successfully work with this information, process it at scale, and be able to connect to it securely remains one of the biggest challenges for any AI strategy in an organization. Decades of legacy, fragmented, or on-premises content management infrastructure is holding organizations back from being able to truly get the full value from AI.

This is where Box comes in, and what we are building with our Intelligent Content Management platform. And in a world where there are 100's of times more agents than

people in an enterprise, the importance of getting the right information to agents becomes paramount. Agents need to be securely enabled, tied to a business process, grounded in enterprise information, governed properly, and more. We are building *the company and platform* that can help our customers transform how they work with their enterprise content in the era of agents. And, as the role of unstructured data grows in importance due to AI agents, our opportunity and TAM does as well.

In Q1 we had another quarter of great execution on our product roadmap, delivering both the new Box Agent and Box Automate. The Box Agent acts as a unified AI engine across Box, leveraging the latest advanced reasoning models and Box's agentic harness to securely search company files, analyze and synthesize critical data, and generate new content, all while respecting Box's enterprise-grade security, governance, and permissions controls. You can use the Box Agent to transform company content into expertise that any employee can interact with; use the Box Agent to process large amounts of documents, whether it be for an M&A data room or large set of contracts; and generate new content from an existing corpus of information, like responding to RFPs or generating sales presentations on the fly.

Next up in Q1, we announced the general availability of Box Automate, our new workflow automation solution that dynamically routes work across people, Box AI Agents and enterprise systems, with end-to-end automation to replace fragmented workflows and unlock enterprise productivity at scale. Customers can deploy custom Box Agents across any workflow to create new content-driven processes that completely reimagine how work gets done, powering use-cases like client onboarding, contract intelligence, brand asset approvals, life sciences R&D workflows, and more. This is one of our biggest releases yet and is a core part of the Enterprise Advanced story.

Additionally, we expanded MCP app support in the Box MCP Server, and Box CLI for agents and developers to leverage. We also strengthened important technology partnerships and continued to expand our ecosystem, including work with NVIDIA

NemoClaw and OpenShell, and Box AI Agents in ServiceNow AI Agent Fabric. We were proud to be an early launch partner for leading model and agent platforms such as GPT 5.4 and 5.5, Claude Opus 4.7, the OpenAI Agents SDK 2.0, and Gemini 3.5 Flash which just recently was released in May. Providing customers with choice across AI models remains a critical part of our differentiation and value proposition so customers can ensure they can take advantage of any leading AI model with their content.

In Q2, this year and beyond, we are continuing to invest in innovations that help organizations accelerate knowledge work, unlock intelligence from content, and transform workflows with AI agents. We are expanding the capabilities of Box Agents to support more sophisticated and longer-running tasks, richer content creation, and greater customization. We are also advancing Box Extract with major improvements designed to simplify extraction template creation, enable more advanced use-cases with better evaluation capabilities, and more.

We are continuing to invest in Box Automate, with new enterprise features that help power agent-driven workflows by combining structured, deterministic processes with the flexibility of AI agents. And connected to the latest new features coming in Box Apps, we are working to deliver complete agentic intelligent workflow solutions for enterprises of all sizes.

Next, our long-term focus on security and governance remain a major focus for us. As organizations deploy both Box Agents and external agents from systems, like Claude Cwork or OpenAI's Codex that interact with Box content, protecting access to information becomes incredibly important. As agents become the largest user of software and data in an enterprise, organizations need robust ways of ensuring agents are only accessing the right data they need to work with, and any risk of malicious use of data or rogue agents must be detected and prevented. We are building on our leadership position in content security with more granular access controls to help enterprises govern how external agents interact with content, safeguards around sensitive data, and improved visibility into potentially concerning agent activity. We are

also building on our agent guardrails, so we can ensure that enterprises can limit how agents use their organization's content.

Finally, given the growing increase in headless software experiences, where AI agents interact with enterprise applications and data through APIs rather than traditional user interfaces, we are investing in a best-in-class developer experience so developers and agents can use Box effectively as a file system for AI. This includes faster onboarding, better insights, improved SDKs, new MCP capabilities, and broader support for agentic development. We are also continuing to deepen our partnerships and integrations with leading agent development platforms, including OpenAI Agents SDK, Claude Agents SDK, LangChain, and many others.

Turning to Go-to-Market, we are seeing growing success in the roll-out of Enterprise Advanced, which enables enterprises to transform how they work with their content and AI. To deliver the full value of our platform, we are also focused on bringing solutions to market across key verticals like financial services, life sciences, legal, media & entertainment, the public sector, and more. We will continue to drive agentic solutions throughout FY27 and beyond, with a deep focus on adding value through AI, targeting industry specific workflows, enabling Box to be leveraged as a headless platform for unstructured data within agents, and strengthening our offering through partners.

Our partner ecosystem remains a major focus for Box as we bring the full value of Box to our customers in their specific industries. To do this, we're working to ensure that Box is going-to-market with the leading frontier AI labs, system integrators and hyperscalers. For instance, in AWS's official announcement on bringing on OpenAI as a model partner, Box was named as a partner with both organizations for agentic document workflows. Also, in the recent Claude for Legal Solutions announcement, Box was one of the key partners highlighted for management of enterprise content across the solution, which built on our previous inclusion in the Claude for financial services launch.

The system integrator ecosystem also remains a core focus of ours, and in Q1 we continue to gain momentum in our partner-led wins with Enterprise Advanced.

- Working with our partner VersaFile, we expanded our relationship with a major EMEA-based automotive, engineering and industrials conglomerate that upgraded from Business Plus to Enterprise Advanced and added seats. This deal also represented an early Box Solutions win, driven by pre-built SAP-oriented integrations. The customer also purchased additional AI Units to support Extract-driven workflows for business processes such as invoice management, contract lifecycle management, and e-signature consolidation, while enabling future use cases like digital asset management.
- Working with Slalom, a leading North American consumer finance company selected Box for a multi-thousand seat Enterprise Advanced deployment. As part of a larger digital transformation project anchored on Salesforce Financial Services Cloud, Box is replacing a fragmented legacy stack of document management systems, e-signature, and doc generation tools that had created complex compliance risk and operational drag across its regulated lending workflows.

As we look ahead, we believe this is a defining moment for Box. Enterprise content sits at the center of every enterprise's agentic strategy, and our opportunity is to power how an enterprise connects their content securely to their people, agents, and applications. With the innovation we are delivering across both our headless platform and application layers, combined with our depth in data security, governance, and compliance, we are expanding the market in front of us and deepening the value we provide to customers. We remain focused on execution, disciplined investment, and delivering long-term accelerating growth as we build the leading Intelligent Content Management platform for the agentic era.

Now, let me turn the call over to Dylan.

Q1 Fiscal 2027 Financial Results; Q2 and Fiscal 2027 Guidance

Thanks Aaron, and good afternoon everyone.

Q1 was a very strong start to the year, highlighted by record Q1 bookings. We delivered our fourth consecutive quarter of accelerating revenue growth, achieved a double-digit growth rate for the first time since fiscal 2023, and exceeded our guidance across all metrics. We have made significant progress against the financial strategy we outlined in March at our Financial Analyst Day; accelerating revenue growth, driving continued Enterprise Advanced momentum, and reducing total shares outstanding by executing our disciplined capital allocation strategy.

Q1 revenue of \$306 million was up 11% year-over-year, and up 10% in constant currency. Customers paying us at least \$100K annually grew 11% year-over-year. Suites customers now account for 67% of revenue, up from 61% a year ago.

We ended Q1 with remaining performance obligations, or RPO, of \$1.6 billion, a 12% year-over-year increase, or 16% in constant currency. Short-term RPO was up 8% year-over-year and up 12% in constant currency. We expect to recognize roughly 55% of our RPO over the next 12 months.

Q1 billings of \$255 million were up 5% year-over-year, or 13% in constant currency. This result exceeded our expectations of low single digit growth, despite absorbing an FX headwind that was 260 basis points greater than our prior expectations. This outperformance was driven primarily by strong Q1 bookings, fueled by continued momentum from customers upgrading to Enterprise Advanced.

Our net retention rate in Q1 was 105%, above our guidance of 104%, and up from 102% in the year ago period. Our annualized full churn rate remained at 3%. We now expect our net retention rate to be 105% exiting FY27.

We delivered Q1 gross margin of 81.5%, up 100 basis point from the year ago period.

Operating income of \$85 million resulted in operating margin expansion of 240 basis points from the year ago period to 27.7%, or 28.1% in constant currency. This was above our guidance of 27.5%.

In Q1 we delivered EPS of 37 cents, which was above our guidance of 36 cents.

Turning to our cash flow and balance sheet:

In Q1 we generated record free cash flow of \$128 million and cash flow from operations of \$140 million, up 8% and 10% year-over-year, respectively.

We ended Q1 with \$479 million in cash, cash equivalents, restricted cash, and short-term investments.

In March we announced a \$500 million expansion of our share repurchase program. We repurchased 4.8 million shares in Q1 for approximately \$114 million dollars. As of April 30, 2026, we had approximately \$445 million of remaining buyback capacity under our current share repurchase plan.

With that, let me now turn to our Q2 and updated FY27 guidance.

For the second quarter of fiscal 2027:

We expect Q2 revenue to be approximately \$319 million, representing approximately 9% year over year growth, or 10% in constant currency. This includes an expected headwind of approximately 170 basis points from FX.

We anticipate our Q2 billings growth to land in the low double digits, which includes an expected tailwind from FX of approximately 140 basis points.

We expect Q2 gross margin to be in the range of 81 to 81.5%.

We anticipate our Q2 operating margin to be approximately 28.5%, which includes an expected headwind from FX of 100 basis points.

We expect our Q2 EPS to be approximately 39 cents, which includes an expected headwind from FX of approximately 3 cents.

Weighted-average diluted shares are expected to be approximately 139 million.

For the full fiscal year ending January 31st, 2027:

We are raising our revenue expectations for the full year by \$5 million to approximately \$1.28 billion, representing 9% year-over-year growth, or 10% in constant currency. We now expect an FX headwind of roughly 90 basis points, 30 basis points higher than our prior expectations. Adjusting for currency movements, this represents an increase of approximately \$8.5 million versus our prior guidance.

We expect our FY27 billings growth rate to be roughly in-line with revenue growth. This includes an expected headwind of approximately 150 basis points from FX, 50 basis points higher than our prior expectations.

We expect FY27 gross margin to be in the range of 81.0% to 81.5%.

We expect our FY27 operating margin to be approximately 28%, or 28.7% in constant currency.

We now expect FY27 EPS of approximately \$1.56, or \$1.64 in constant currency. This represents an increase of approximately 6 cents when normalizing for currency movements versus our previous expectations.

Weighted-average diluted shares are expected to be approximately 139 million, a reduction of 2 million shares versus our prior expectations.

Our return to double digit revenue growth, underpinned by Enterprise Advanced momentum and an improving net retention rate, reflects the growing demand we're seeing in the market for our AI-powered solutions. In Q1 we continued to build on our strong market position, launching powerful new capabilities such as our Box Agent and Box Automate. At the same time, our go-to-market investments are translating into stronger partner-led momentum and encouraging early traction with Box Solutions. As we look ahead, we remain confident in the opportunity in front of us and committed to investing with discipline to drive accelerating revenue growth, expanding profitability, and long-term shareholder value.

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