



William Blair 2023 Growth Stock Conference

June 6, 2023



Dylan Smith
Co-founder & Chief Financial Officer

Forward-looking statements & non-GAAP financial measures

This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions, including statements regarding Box's expectations regarding its growth and profitability, the size of its market opportunity, sales productivity, its leadership position in the cloud content management market, the demand for its products, the potential of AI and its impact on Box, the timing of recent and planned product introductions, enhancements and integrations, the short- and long-term success, market adoption and retention, capabilities, and benefits of such product introductions and enhancements, the success of strategic partnerships, the impact of macroeconomic conditions on its business, its ability to grow and scale its business and drive operating efficiencies, the impact of fluctuations in foreign exchange rates on its future results, its net retention rate, its ability to achieve revenue targets and billings expectations, its revenue and billings growth rates, its ability to expand operating and gross margins, its revenue growth rate plus free cash flow margin in fiscal year 2024 and beyond, its long-term financial targets, its ability to maintain profitability on a quarterly or ongoing basis, its free cash flow, its ability to continue to grow unrecognized revenue and remaining performance obligations, its revenue, billings, GAAP and non-GAAP gross margin, GAAP and non-GAAP net income (loss) per share, GAAP and non-GAAP operating margins, the related components of GAAP and non-GAAP net income (loss) per share, weighted-average outstanding share count expectations for Box's fiscal second quarter and full fiscal year 2024, equity burn rate, any potential repurchases of its common stock, whether, when, in what amount and by what method any such repurchases would be consummated, and the share price of any such repurchases.

There are a significant number of factors that could cause actual results to differ materially from statements made in this presentation, including: (1) adverse changes in general economic or market conditions, including those caused by the COVID-19 pandemic, the Russian invasion of Ukraine, bank failures, inflation and fluctuations in foreign currency exchange rates; (2) delays or reductions in information technology spending; (3) factors related to Box's highly competitive market, including but not limited to pricing pressures, industry consolidation, entry of new competitors and new applications and marketing initiatives by Box's current or future competitors; (4) the development of the cloud content management market; (5) the risk that Box's customers do not renew their subscriptions, expand their use of Box's services, or adopt new products offered by Box on a timely basis, or at all; (6) Box's ability to provide timely and successful enhancements, integrations, new features and modifications to its platform and services; (7) actual or perceived security vulnerabilities in Box's services or any breaches of Box's security controls; (8) Box's ability to realize the expected benefits of its third-party partnerships; and (9) Box's ability to successfully integrate acquired businesses and achieve the expected benefits from those acquisitions. Further information on these and other factors that could affect the forward-looking statements we make in this presentation can be found in the documents that we file with or furnish to the US Securities and Exchange Commission, including Box's most recent Quarterly Report on Form 10-Q filed for the fiscal quarter ended April 30, 2023.

You should not rely on any forward-looking statements, and we assume no obligation, nor do we intend, to update them. All information in this presentation is as of June 6, 2023.

The information in this presentation on new products, features, or functionality is intended to outline our general product direction and should not be relied upon in making a purchasing decision. The information on new products, features, and functionality is for informational purposes only and shall not be incorporated into any contract. The information on new products, features, and functionality is not a commitment, promise, or legal obligation to deliver any material, code or functionality. The development, release, and timing of any features or functionality described for our products remains at our sole discretion.

This presentation contains non-GAAP financial measures and key metrics relating to the company's past and expected future performance. You can find the reconciliation of these measures to the nearest comparable GAAP financial measures in the appendix at the end of this presentation. The company has not reconciled certain of the non-GAAP measures in its long-term operating model (including its long-term revenue plus free cash flow margin expectations) to their most directly comparable GAAP measure because certain adjustments cannot be predicted with a reasonable degree of certainty and the amount recognized can vary significantly. Accordingly, a reconciliation is not available without unreasonable efforts.

OUR MISSION

Power how the world works together



Protect your content

Frictionless security
and compliance



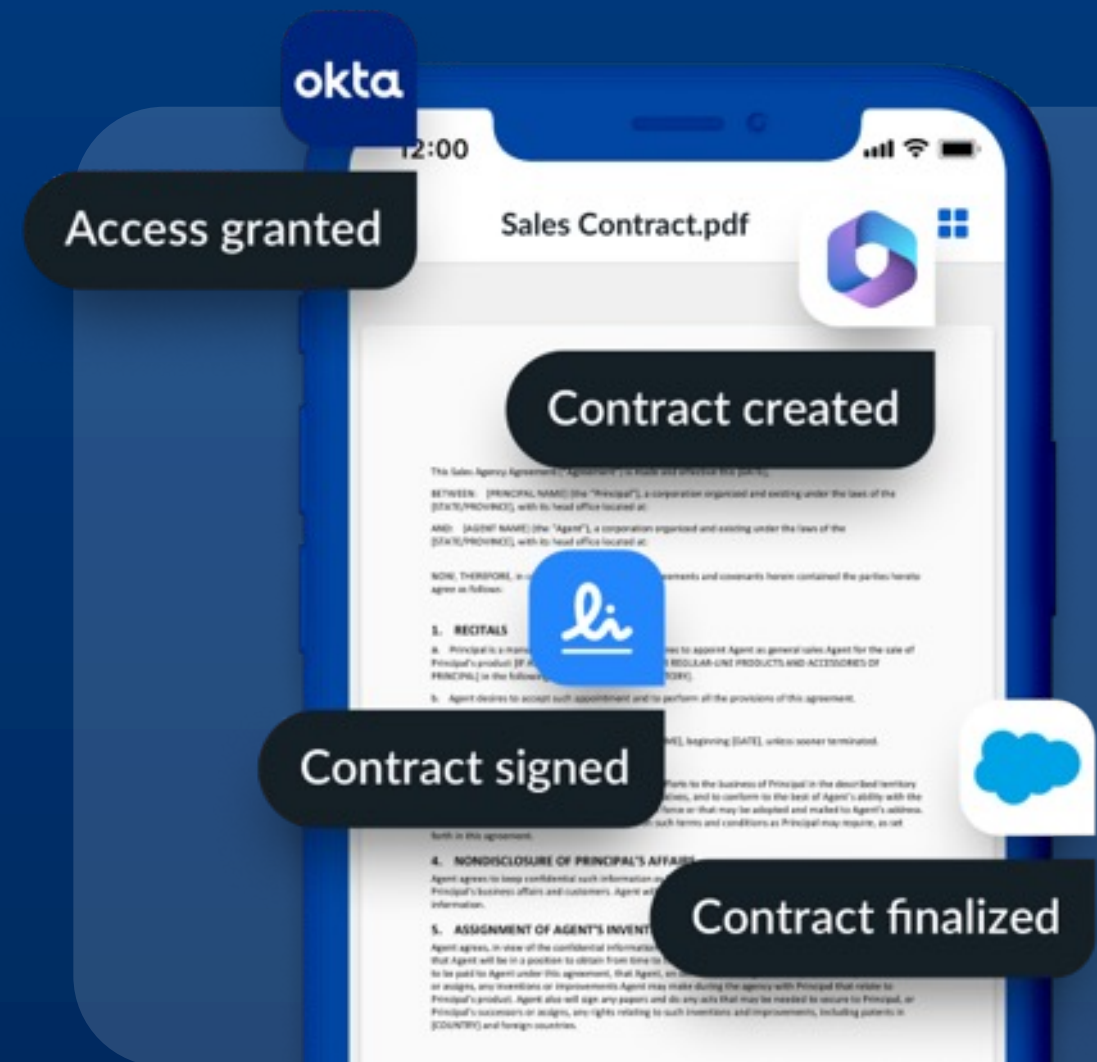
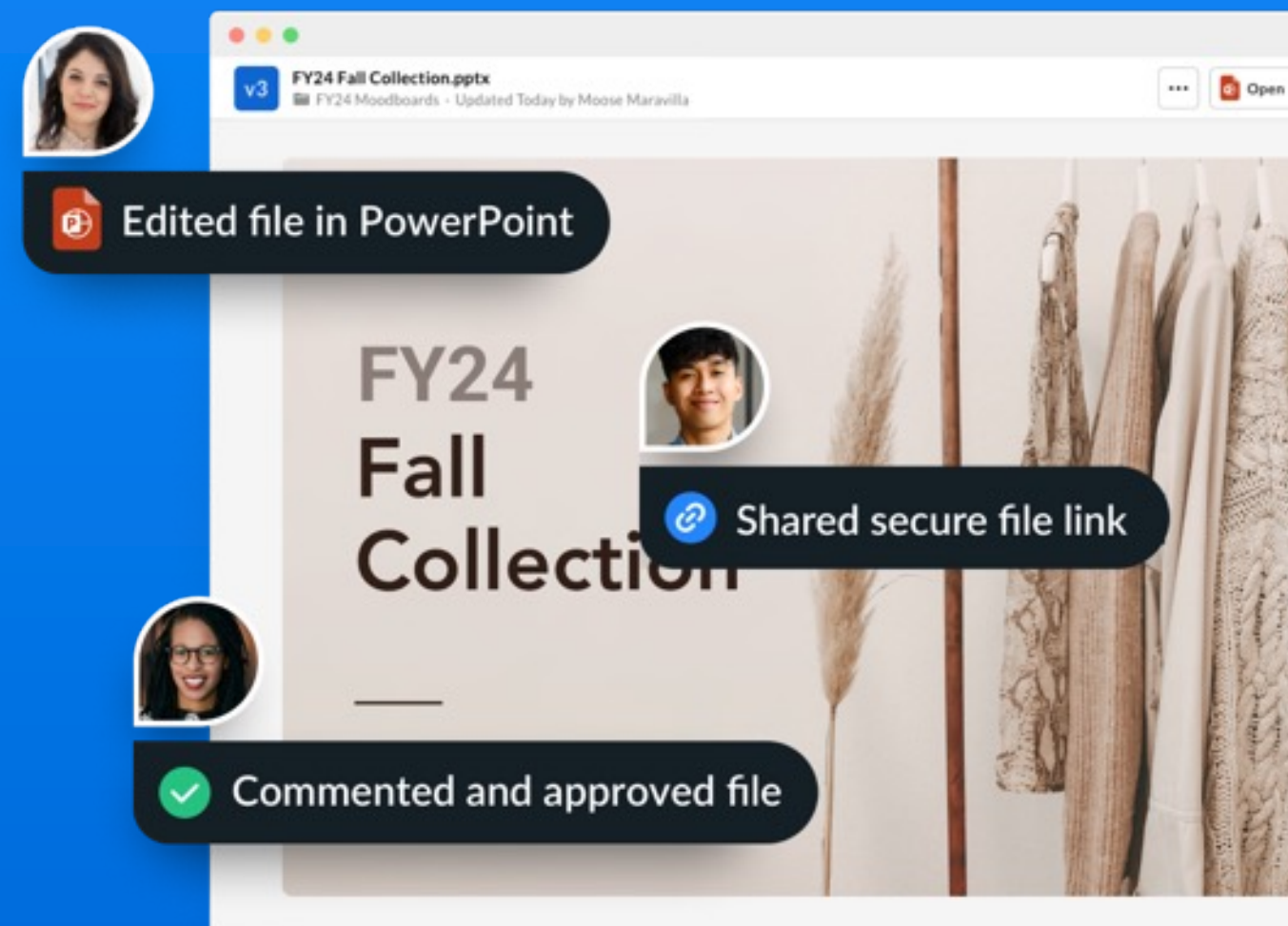
Drive productivity

Seamless collaboration
and workflow

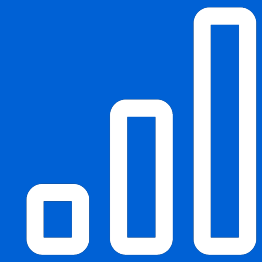


Simplify your IT stack

Single content layer across
all your apps



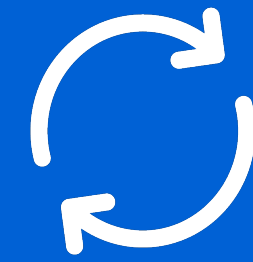
Long-term strategy for driving profitable growth at Box



Attacking a \$74B+ market opportunity, with significant tailwinds



Building the leading Content Cloud that powers critical workflows across the enterprise

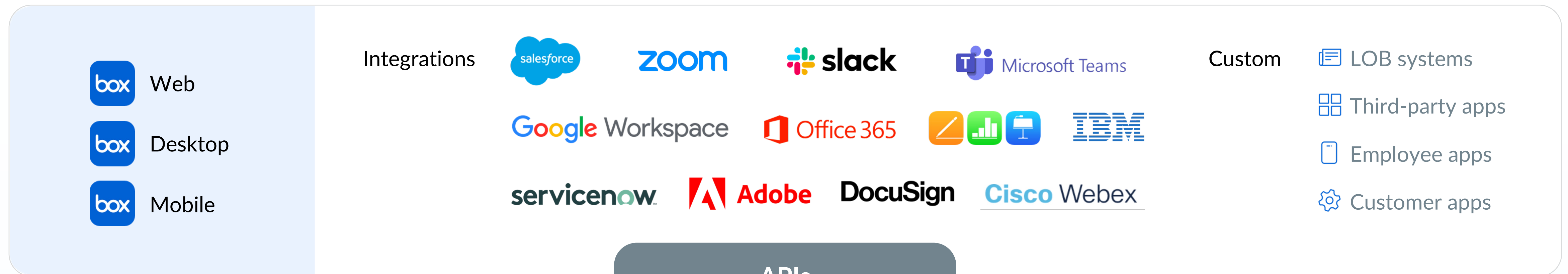


Going wider and deeper with our 100K+ customers and increasing Suites adoption



Driving sustained growth and higher operating margins to achieve Rule of 45%+ target

The industry-leading cloud content platform



Content services

Files, folders, metadata Secure sharing Collaboration Workflow E-signature Search Analytics Intelligence

Security and compliance

Permissions PII scanning Classifications Threat detection Audit trails Governance Encryption Data residency

Security integrations: Splunk, Okta, Microsoft MIP, Palo Alto Networks, Mobile Iron, AirWatch

Scalable, cloud-native global infrastructure

GTM strategy

LAND

ADOPT

EXPAND

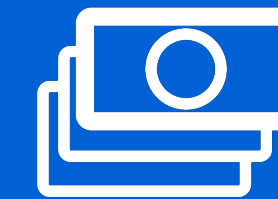
RETAIN



Expand users and use cases by going enterprise-wide to drive seat growth



Drive higher price tiers and power high-value use cases to increase price/seat

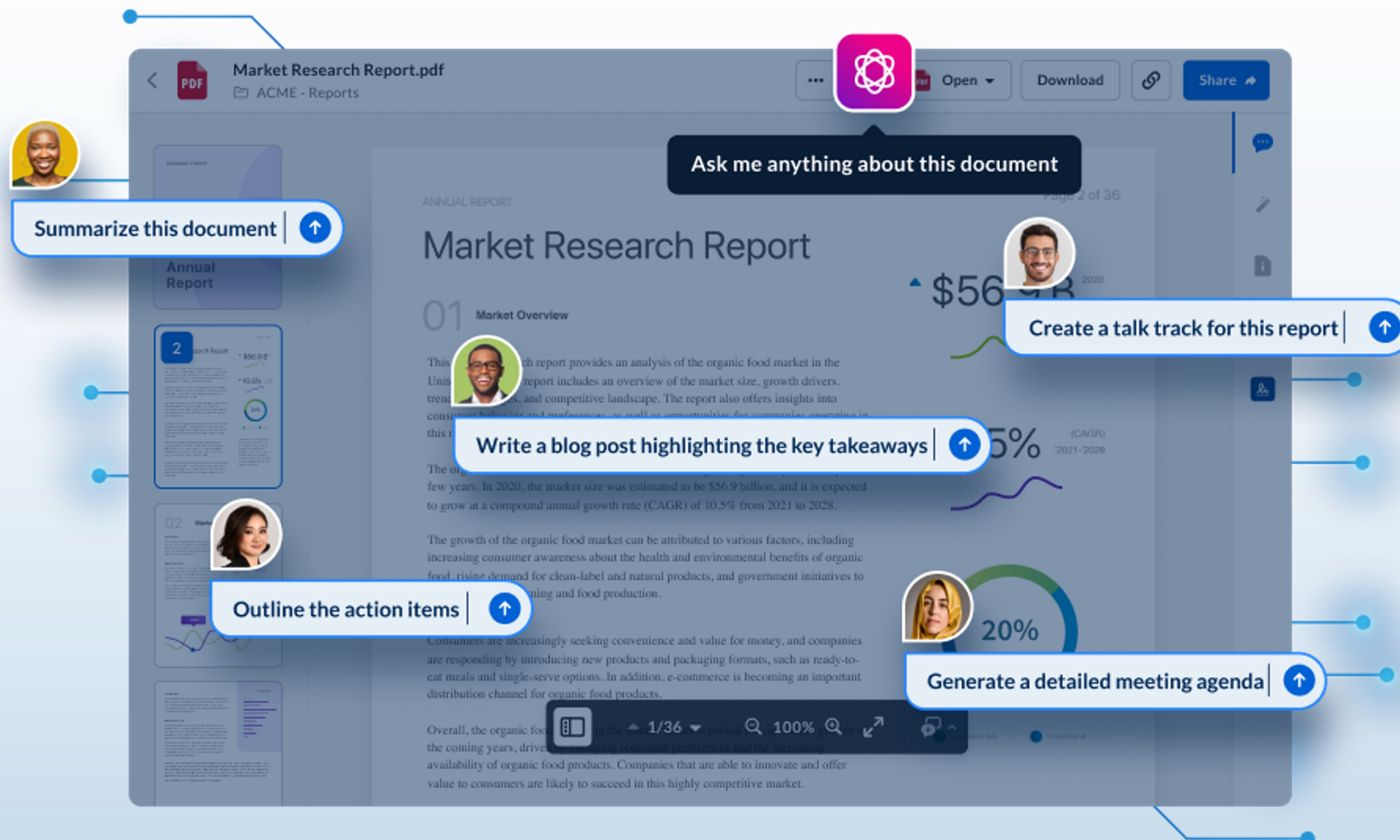


Improve retention via broader product adoption and continued innovation

INTRODUCING

Box AI

Where advanced AI models meet Box's enterprise-grade standards for security, compliance, and privacy



Box AI will transform how we work with our content



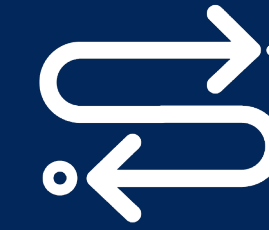
Answers

Find the exact answer to any question you're looking for



Insights

Extract critical insights from content in seconds



Automations

Automate repetitive workflows and tasks



Discovery

Find exactly the right content from massive datasets



Generation

Automatically generate content with a simple prompt



Security

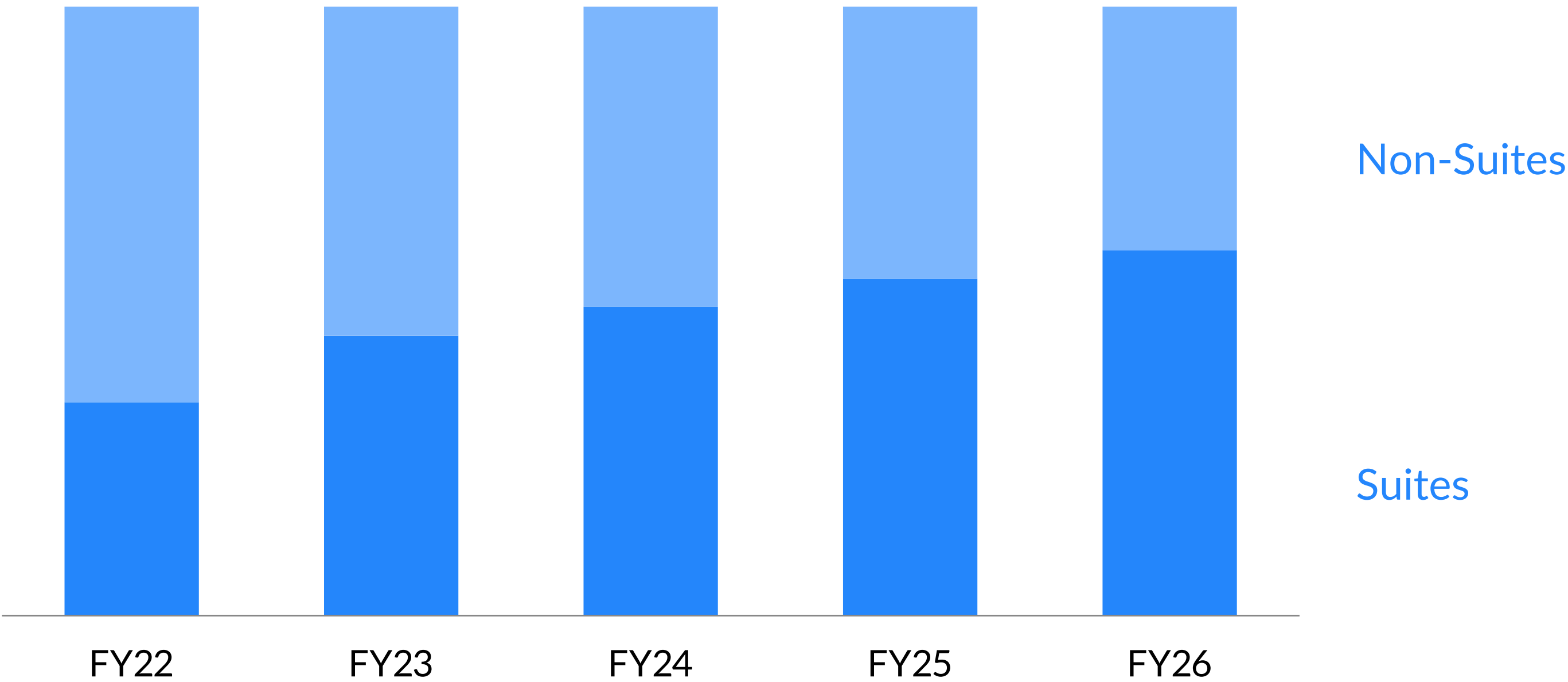
Intelligently classify files and auto set security levels

Financial Model

Suites customers on track to represent ~65% of revenue base by FY26

Suites momentum is a key driver of pricing improvements and customer retention

Total ARR by Product Group



Suites generates stronger customer economics vs. Non-Suites

- 4x higher Average Customer ARR^{1/}
- 10% higher Gross Margin
- 7% higher Net Retention Rate^{2/}

Notes:

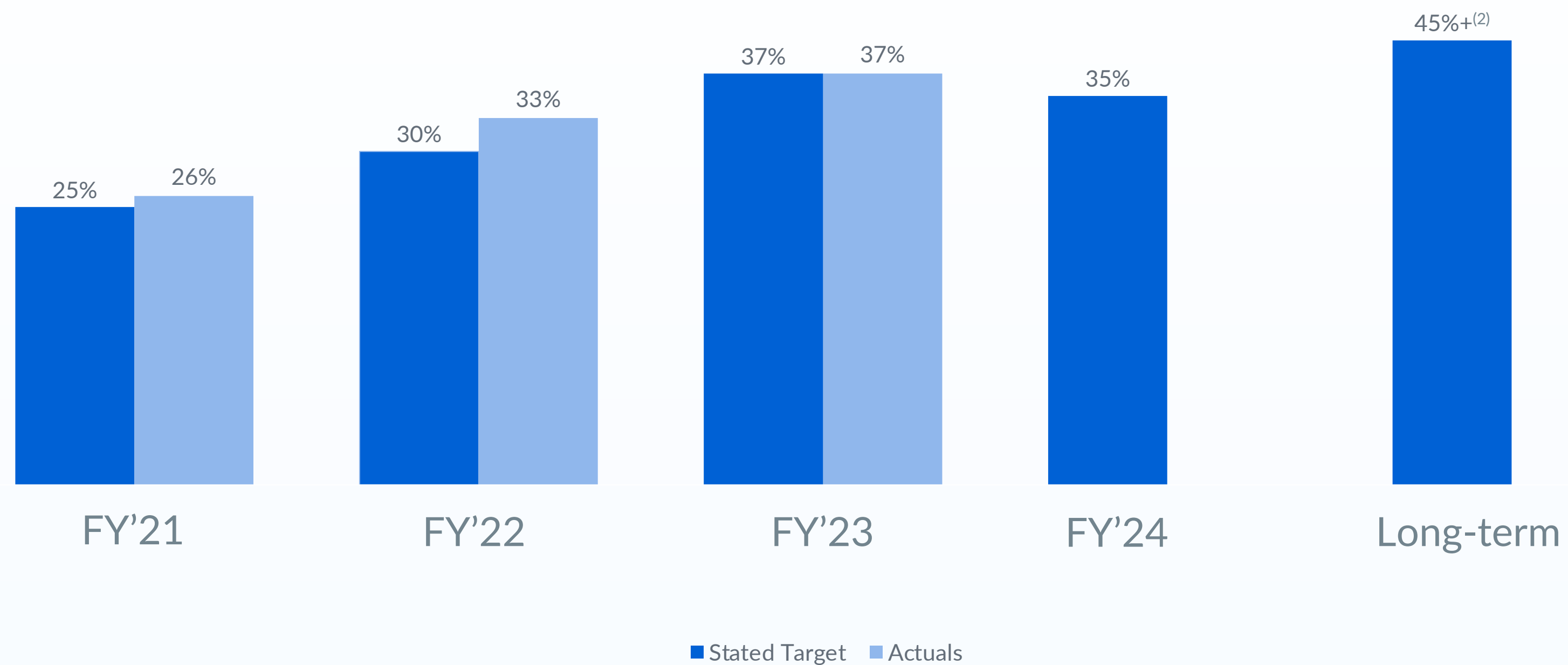
1/ Excludes customers with Total ARR < \$5,000

2/ Net Retention includes customers that remained either in Suites or Non-Suites for the entirety of FY23 and excludes customers that upgraded into Suites or downgraded into Non-Suites during the year.

Fueling growth and operating leverage

Driving continued “Rule of” expansion

Revenue Growth + Free Cash Flow Margin⁽¹⁾



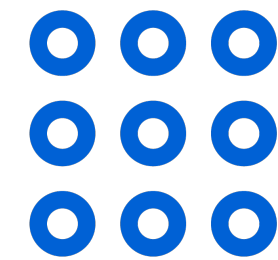
Notes:
(1) Note: Reconciliation to the nearest GAAP financial measure can be found in the Appendix.
(2) Based on the FY25 target provided on the FY24 Financial Analyst Day on March 14, 2023.

Public Cloud strategy enables gross margin expansion



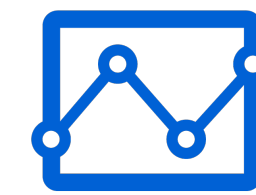
Hyperscale, globally-deployed

- Dozens of regions available worldwide
- Near-unlimited scalability



Operational simplicity

- No maintenance on the underlying systems
- Provides instantaneous provisioning of resources



Cost efficiency

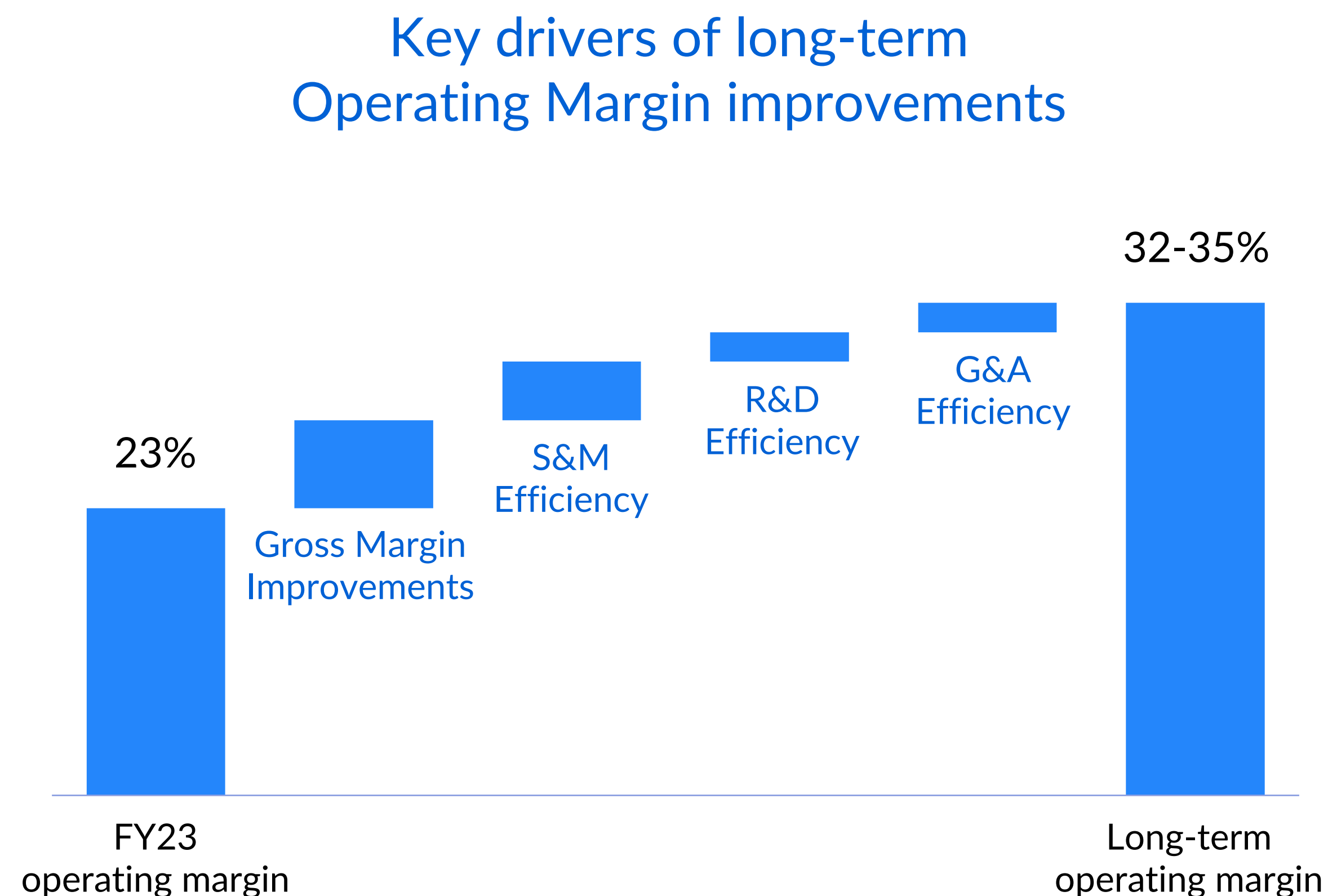
- Negotiated prices better or equal to data center prices
- Ability to reduce waste and deploy efficiently



Provides foundation for innovation

- State-of-the-art data and AI/ML technologies
- Many powerful services available

Operating Margin on track to improve to 32-35% long-term



Key initiatives

- Public Cloud optimization
- Pricing Improvements
- Workforce and location strategy
- Go-to-Market efficiencies
- Cost discipline

Note: Reconciliation to the nearest GAAP financial measure, where applicable, can be found in the Appendix.

Disciplined capital allocation will accelerate product innovation while returning capital to shareholders

Robust cash flow generation

Deliver a ~20% FCF CAGR between FY23 and FY26

Strategic acquisitions

Accelerate product roadmap via M&A such as Box Sign and Box Shuttle

Share repurchases

Reduce share count over time through share repurchases

Stock-based compensation

Reduce stock-based compensation as a percentage of revenue over time

We will deliver sustainable growth and continued margin expansion

	FY21A	FY22A	FY23A	FY24 (Guidance*)	Long-term target
Revenue Growth + FCF Margin	26%	33%	37%	35% (39% in CC)	45%+
Revenue Growth	11%	13%	13%	~6% (10% in CC)	10-15%
Gross Margin	73%	74%	77%	77.5%	80-82%
S&M as a % of Revenue	30%	28%	28%	-	24-26%
R&D as a % of Revenue	18%	17%	18%	-	15-16%
G&A as a % of Revenue	9%	9%	9%	-	7-8%
Operating Margin	15%	20%	23%	~25.5%	32-35%

Note:
 Gross Margin, S&M as a % of revenue, R&D as a % of revenue, G&A as a % of revenue, Operating Margin, and Free Cash Flow Margin
 are non-GAAP financial measures. A reconciliation to their nearest GAAP financial measures, where applicable, can be found in the Appendix of this presentation.
 *FY24 Guidance as of May 30, 2023

Thank you

Appendix

GAAP to Non-GAAP Reconciliation – Gross Margin

<i>(\$ in thousands)</i>	FY21	<i>As a % of revenue</i>	FY22	<i>As a % of revenue</i>	FY23	<i>As a % of revenue</i>
GAAP gross margin	\$546,032	70.8%	\$624,848	71.5%	\$738,318	74.5%
Add: Stock-based compensation	18,936		20,093		17,816	
Add: Acquired intangible assets amortization	-		5,148		5,808	
Add: Restructuring activities	-		-		-	
Non-GAAP gross margin	\$564,968	73.3%	\$650,089	74.4%	\$761,942	76.9%

GAAP to Non-GAAP Reconciliation — Operating Expenses

<i>(\$ in thousands)</i>	FY21	<i>As a % of revenue</i>	FY22	<i>As a % of revenue</i>	FY23	<i>As a % of revenue</i>
GAAP research and development	\$201,262	26%	\$218,523	25%	\$243,529	25%
Less: Stock-based compensation	(61,145)		(68,063)		(68,900)	
Less: Restructuring activities	-		-		-	
Non-GAAP research and development	\$140,117	18%	\$150,460	17%	\$174,629	18%
GAAP sales and marketing	\$275,742	36%	\$298,635	34%	\$331,400	33%
Less: Stock-based compensation	(42,015)		(52,547)		(58,448)	
Less: Restructuring activities	-		-		-	
Non-GAAP sales and marketing	\$233,727	30%	\$246,088	28%	\$272,952	28%
GAAP general and administrative	\$106,670	14%	\$135,316	15%	\$126,549	13%
Less: Stock-based compensation	(32,196)		(38,271)		(40,468)	
Less: Acquisition-related expenses	(790)		(1,282)		(53)	
Less: Fees related to shareholder activism	(1,402)		(15,644)		77	
Less: Expenses related to litigation	-		-		(722)	
Non-GAAP general and administrative	\$72,282	9%	\$80,119	9%	\$85,383	9%

GAAP to Non-GAAP Reconciliation – Operating Margin

<i>(\$ in thousands)</i>	FY21	<i>As a % of revenue</i>	FY22	<i>As a % of revenue</i>	FY23	<i>As a % of revenue</i>
GAAP operating margin	(\$37,642)	(5%)	(\$27,626)	(3%)	\$36,840	4%
Add: Stock-based compensation	154,292		178,974		185,632	
Add: Intangible assets amortization	-		5,148		5,808	
Add: Acquisition-related expenses	790		1,282		53	
Add: Fees related to shareholder activism	1,402		15,644		(77)	
Add: Expenses related to litigation	-		-		722	
Non-GAAP operating margin	\$118,842	15%	\$173,422	20%	\$228,978	23%

GAAP to Non-GAAP Reconciliation — Free Cash Flow

<i>(\$ in thousands)</i>	FY21	<i>As a % of revenue</i>	FY22	<i>As a % of revenue</i>	FY23	<i>As a % of revenue</i>
GAAP net cash provided by operating activities	\$196,834	26%	\$234,818	27%	\$297,980	30%
Less: Purchases of property and equipment, net of proceeds from sales	(9,052)		(4,702)		(4,433)	
Less: Principal payments of finance lease liabilities	(60,020)		(50,391)		(40,353)	
Less: Capitalized internal-use software costs	(7,438)		(9,486)		(14,750)	
Free cash flow	\$120,324	16%	\$170,239	19%	\$238,444	24%