Third Fiscal Quarter FY23 Financial Results

November 30, 2022

Forward-looking statements & non-GAAP financial measures

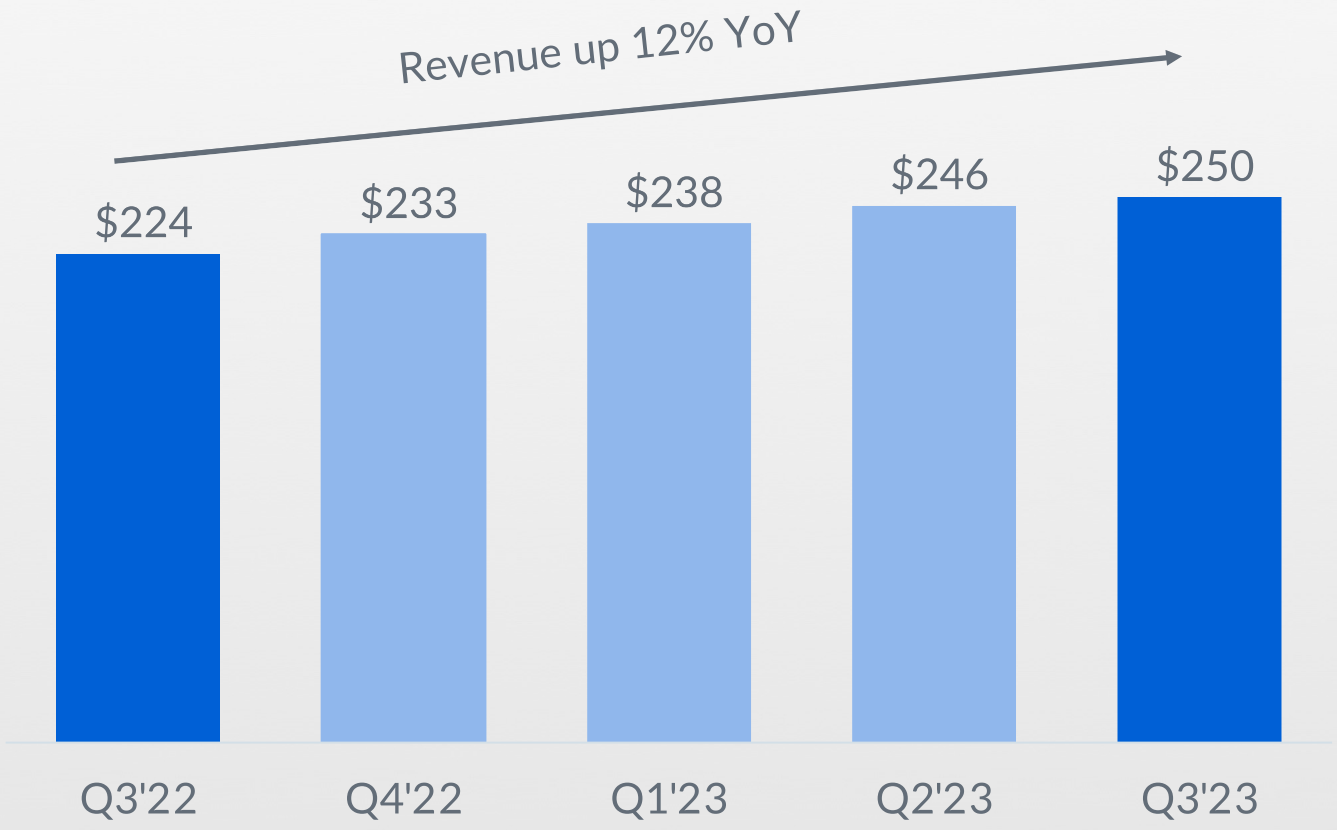
This presentation contains forward-looking statements that involve risks, uncertainties, and assumptions, including statements regarding Box's expectations regarding the size of its market opportunity, sales productivity, its leadership position in the cloud content management market, the demand for its products, 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 its acquisitions on future Box product offerings, the benefits to its customers from completing acquisitions, the time needed to integrate acquired businesses into Box, the impact of the COVID-19 pandemic or the Russian invasion of Ukraine on its business, its ability to grow and scale its business and drive operating efficiencies, the impact of fluctuations in foreign currency 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 margins, its revenue growth rate plus free cash flow margin in fiscal year 2023 and beyond, its long-term financial targets for fiscal year 2025 and beyond, its ability to achieve 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 margins, 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 fourth quarter and full fiscal year 2023, equity burn rate, any potential repurchase of its common stock, whether, when, in what amount and by what method any such repurchase would be consummated, and the share price of any such repurchase.

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, 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 July 31, 2022. In addition, the preliminary financial results set forth in this presentation are estimates based on information currently available to Box. While Box believes these estimates are meaningful, they could differ from the actual amounts that Box ultimately reports in its Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2022. Box assumes no obligations and does not intend to update these estimates prior to filing its Form 10-Q for the fiscal quarter ended October 31, 2022.

You should not rely on any forward-looking statements, and Box assumes no obligation, nor do we intend, to update them. All information in this presentation is as of November 30, 2022.

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.

Revenue growth driven by Suites momentum

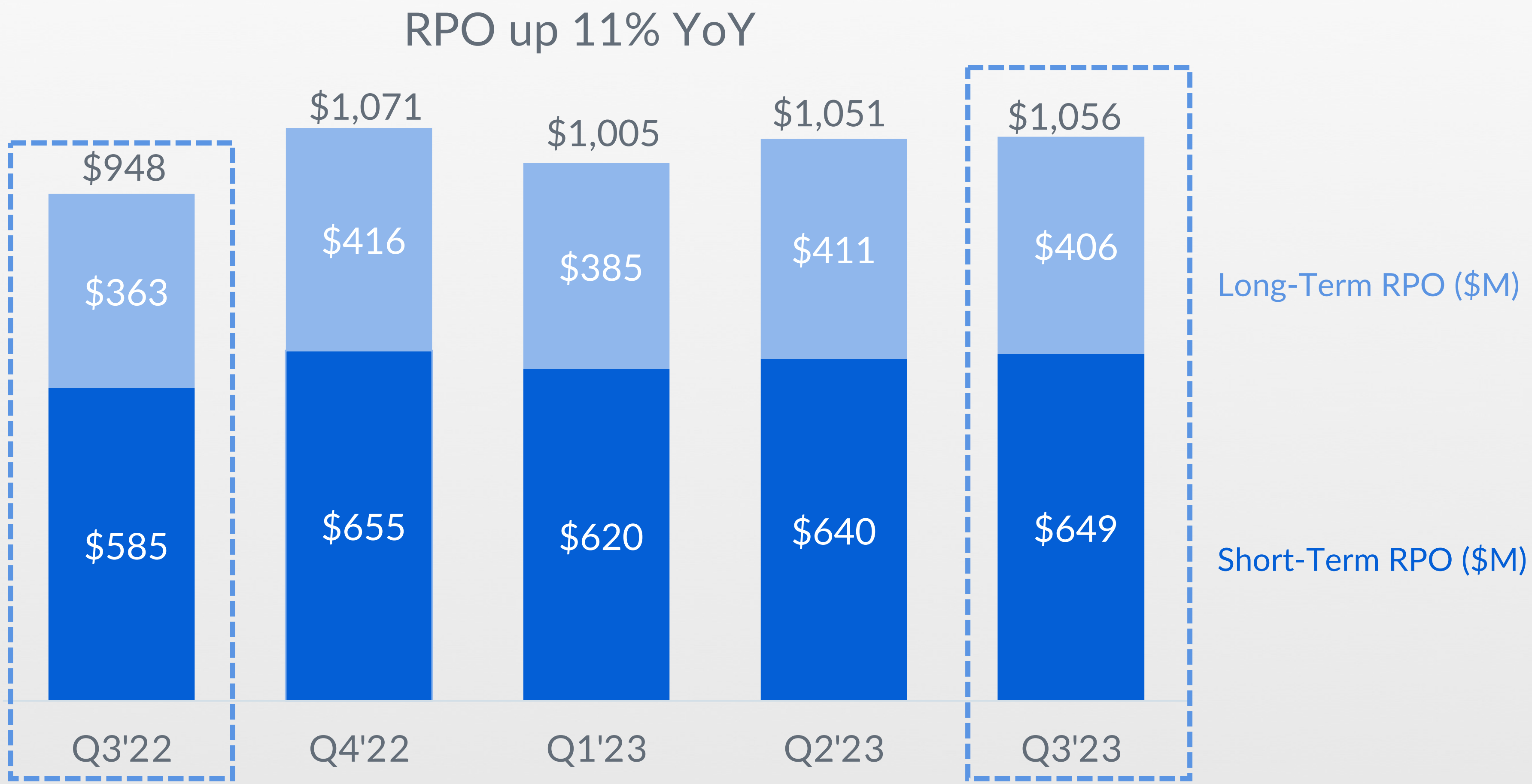


Note: $ values are shown in millions.

Note: Box fiscal year ends January 31.

RPO supports enduring growth and revenue visibility

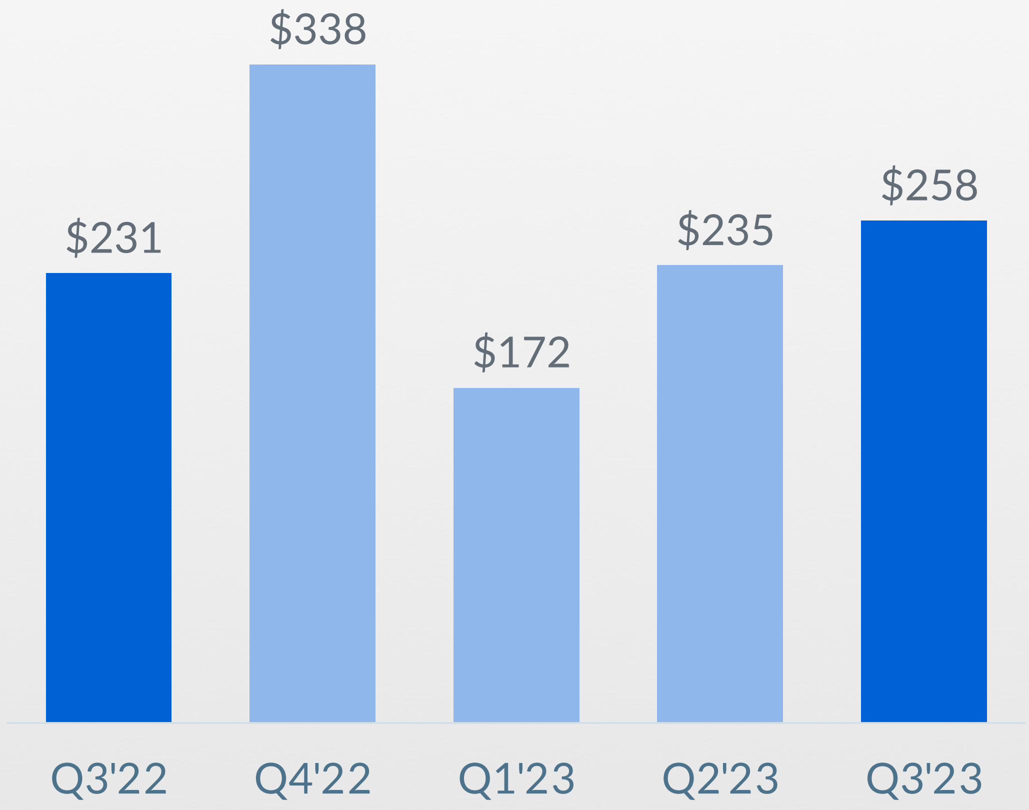
Lengthened contract durations and strategic deals partially offset by FX headwinds



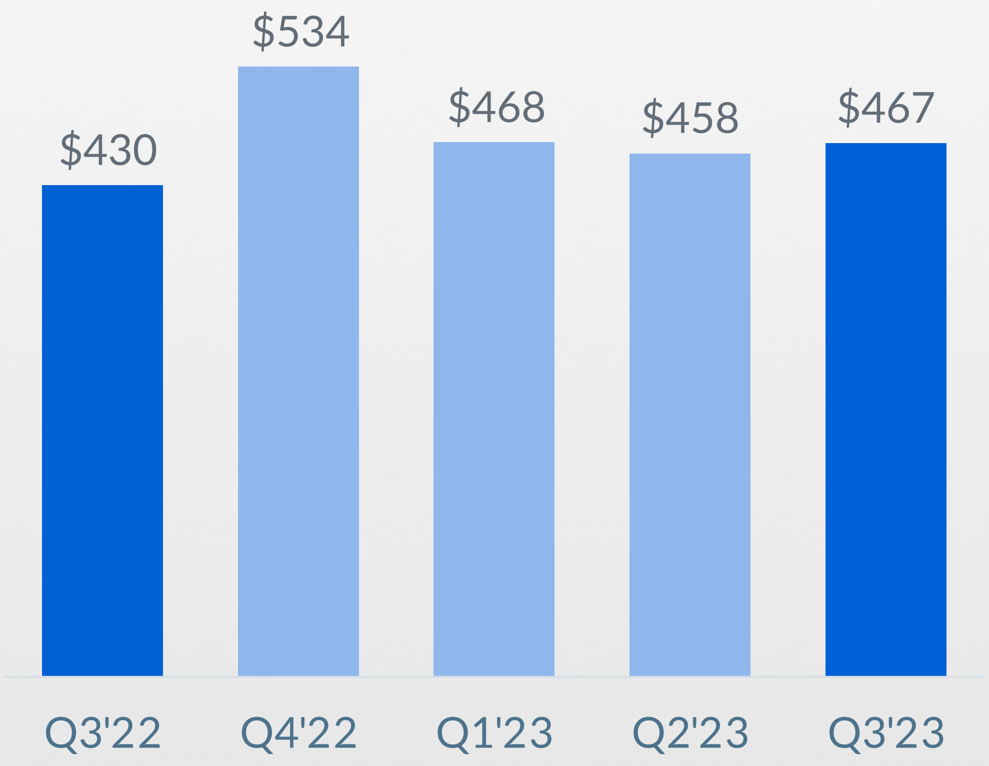
Note: Remaining performance obligations (RPO) represent, at a point in time, contracted revenue that has not yet been recognized. RPO consists of deferred revenue and backlog, offset by contract assets. Box does not consider RPO to be a non-GAAP financial measure because it is calculated in accordance with GAAP. Figures may not sum due to rounding.

Billings and deferred revenue

Billings up 12%* YoY



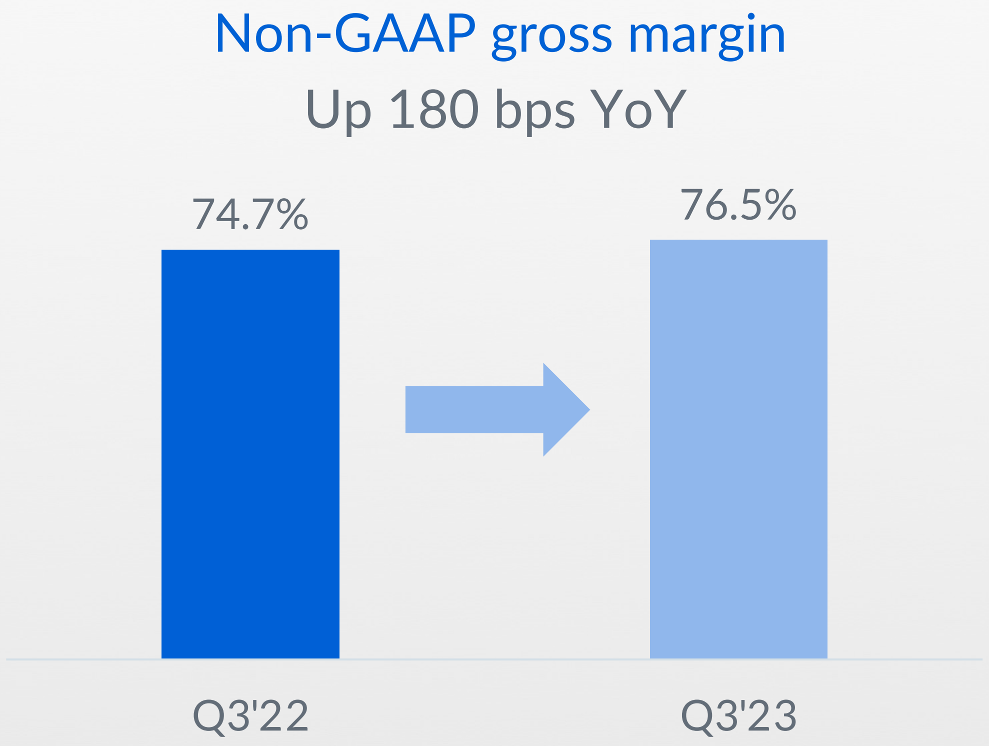
Deferred revenue up 9%* YoY



Note: $ values are shown in millions.

*Reconciliations of billings to revenue, deferred revenue, and contract assets calculated in accordance with GAAP can be found in the Appendix of this presentation.

Delivering leverage through gross margin expansion



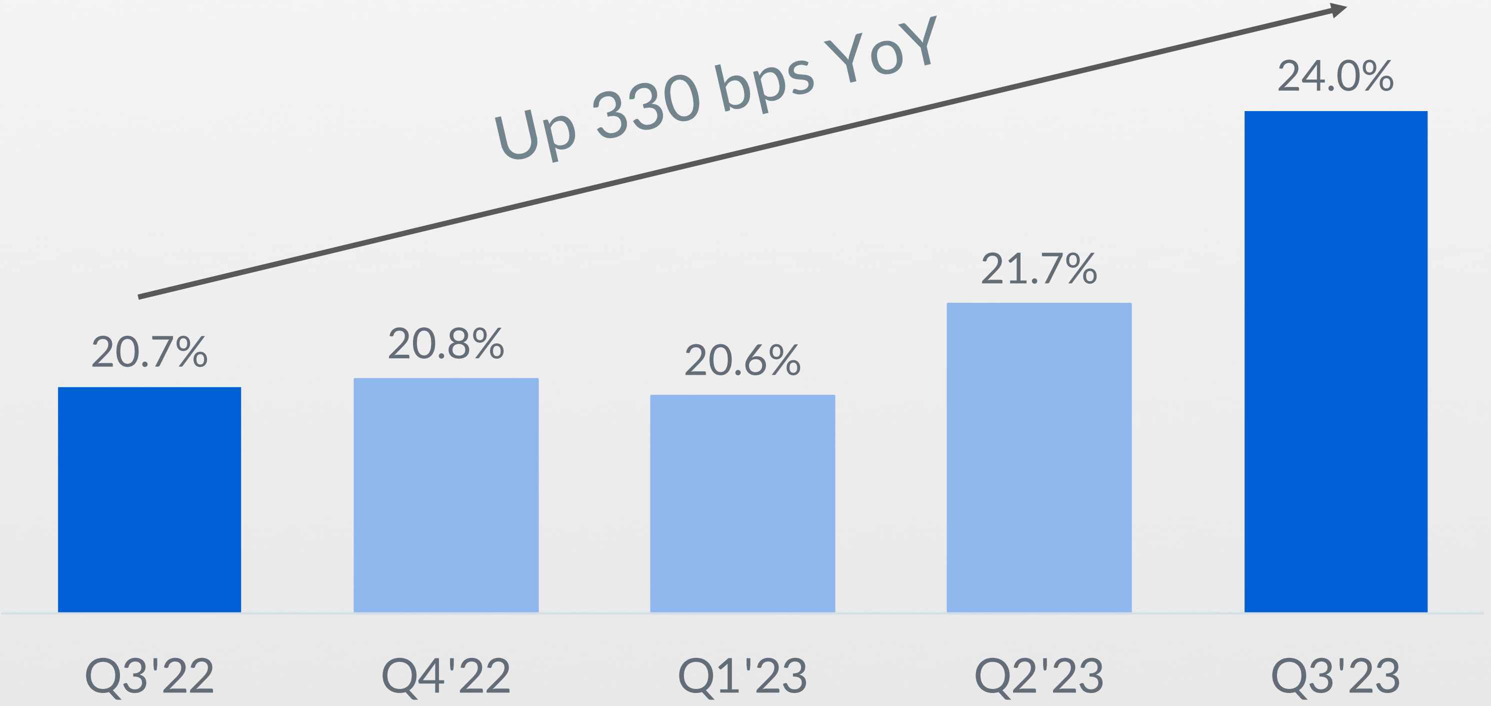
- Benefit from optimizations to reduce infrastructure costs and improve overall efficiencies.

Note: A reconciliation of non-GAAP operating margin to the nearest GAAP financial measures can be found in the Appendix of this presentation.

Delivering significant operating margin improvements

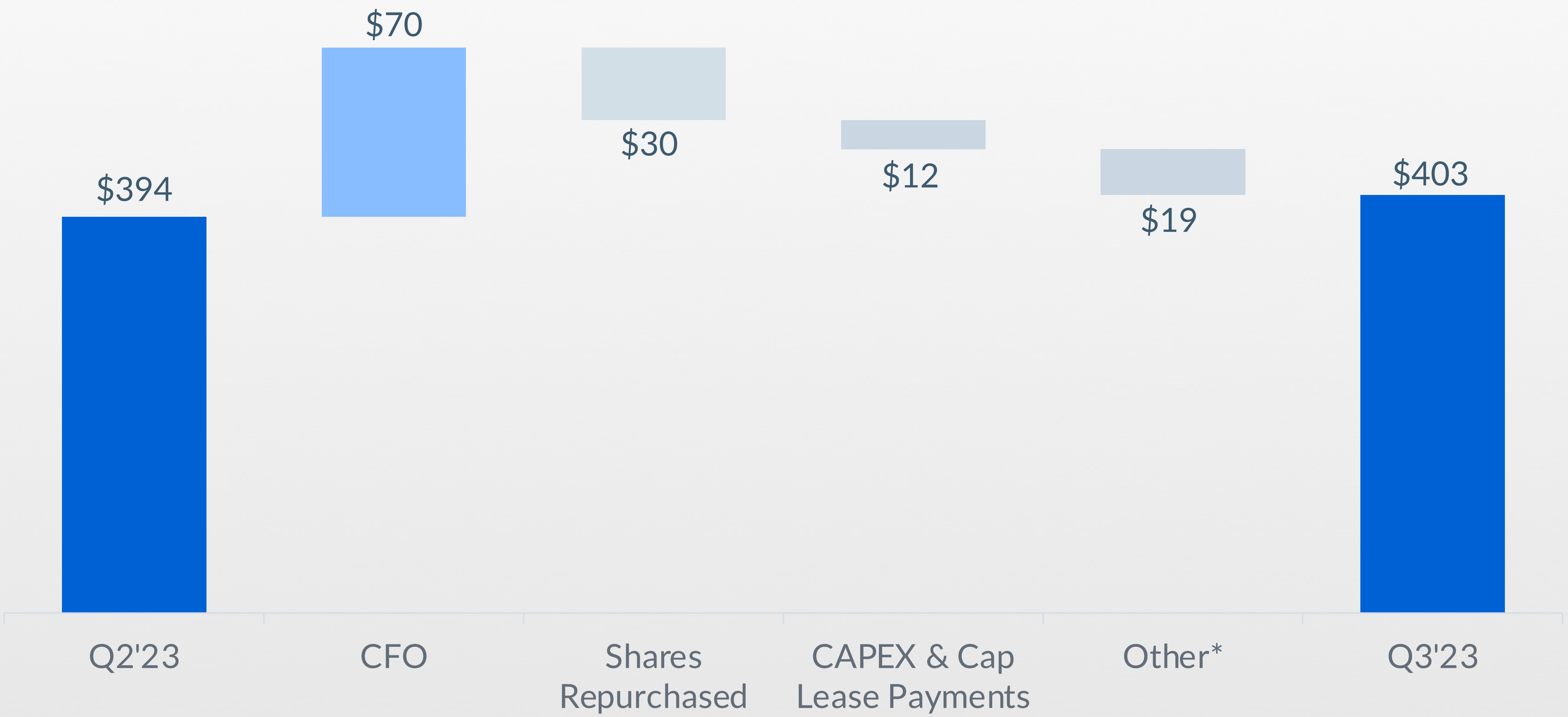
Operating discipline accelerates margin expansion

Non-GAAP operating margin



Note: A reconciliation of non-GAAP operating margin to the nearest GAAP financial measures can be found in the Appendix of this presentation.

Cash, cash equivalents, restricted cash, and short-term investments



*"Other" primarily consists of RSU taxes, effect of exchange rate changes on cash and payments of dividend to preferred stockholders, partially offset by proceeds from issuance of common stock under our employee stock purchase plan

Share repurchase program

- In Q3, the Company repurchased 1.1 million shares of Box’s Class A common stock for approximately $29 million.

- On November 29, 2022, the Board of Directors authorized an expansion of its stock repurchase program by $150 million of Box’s Class A common stock, increasing the aggregate amount of its approved share buyback programs to $760 million.

Resilient business model focused on driving growth and profitability

	FY'20	FY'21	FY'22	Q1'23	Q2'23	Q3'23
Annual Revenue Growth + FCF Margin	13%	26%	33%	N/A	N/A	N/A
YoY Revenue Growth	14%	11%	13%	18%	15%	12%
Gross Margin	71%	73%	74%	76%	76%	77%
S&M as a % of Revenue	40%	30%	28%	28%	28%	27%
R&D as a % of Revenue	20%	18%	17%	18%	18%	17%
G&A as a % of Revenue	10%	9%	9%	9%	9%	9%
Operating Margin	1%	15%	20%	21%	22%	24%

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 can be found in the Appendix of this presentation.

Guidance and Outlook

Q4 and fiscal year 2023 guidance

Q4 FY23	Guidance
Revenue	$255M – $257M
GAAP EPS	6¢ – 7¢
Non-GAAP EPS (diluted)	34¢ - 35¢
Weighted-average shares, basic	144 million
Weighted-average shares, diluted	149 million
GAAP operating margin	Approximately 6.5%
Non-GAAP operating margin	Approximately 24.5%

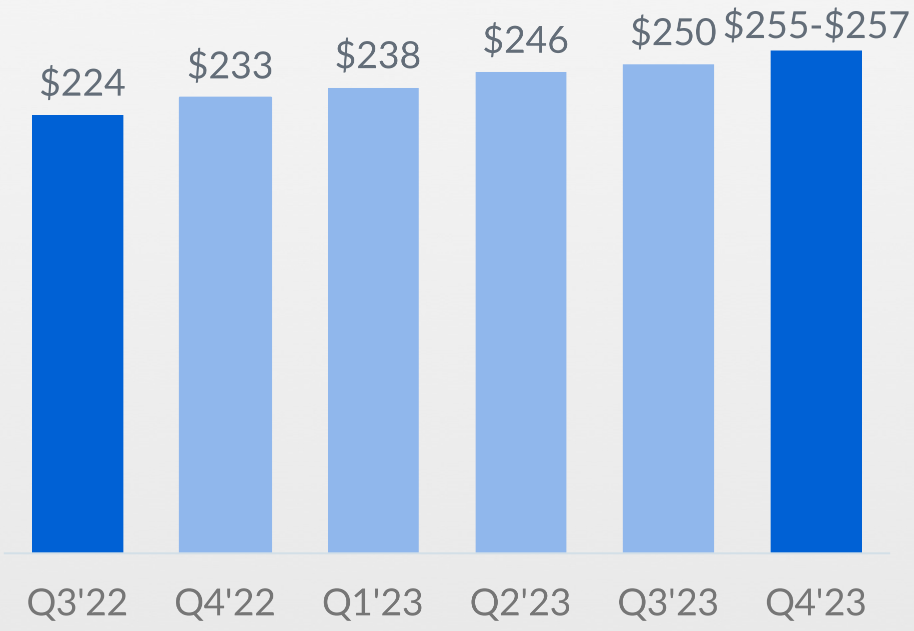
Fiscal year 2023

Revenue	$990M – $992M
GAAP EPS	2¢ – 3¢
Non-GAAP EPS (diluted)	$1.16 - $1.17
Weighted-average shares, basic	144 million
Weighted-average shares, diluted	150 million
GAAP operating margin	Approximately 3.0%
Non-GAAP operating margin	Approximately 22.5%
Note: We estimate an approximately 4% currency headwind FY23 revenue growth, and an 18 cent currency headwind to FY23 GAAP and non-GAAP EPS.	

Delivering revenue growth at scale

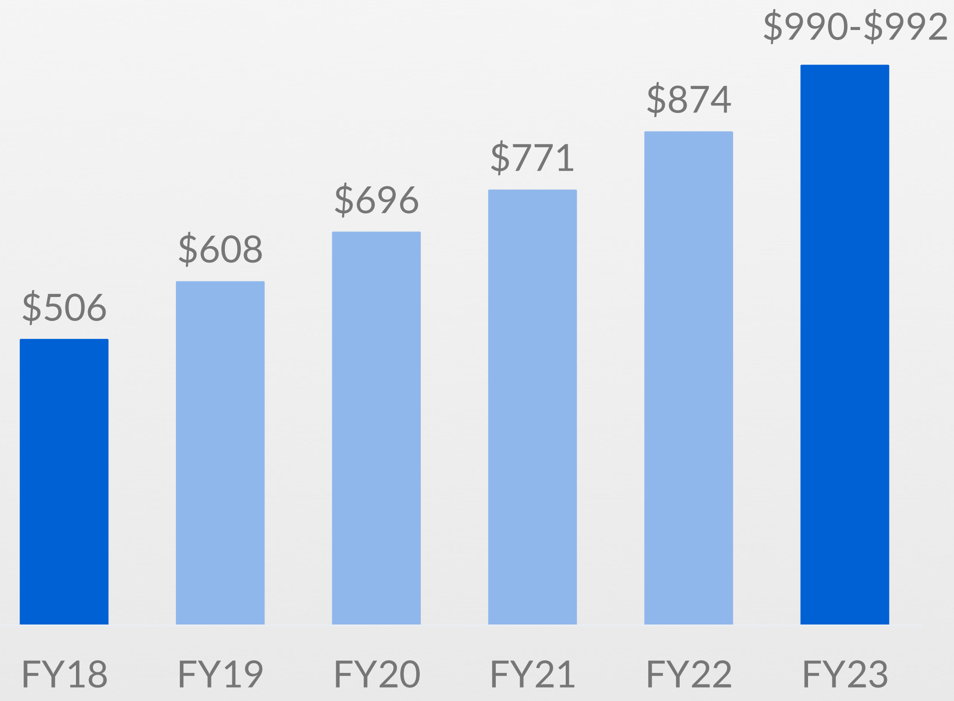
Offset by FX headwinds

Q4 FY23 revenue guidance up 10% YoY[1]



Quarterly Revenue ($M)

FY23 revenue guidance up 13% YoY[1]



Annual Revenue ($M)

Note: Box adopted the new revenue recognition standard ASC 606 beginning with its fiscal year 2019 using the modified retrospective transition method. The reported results for years including and subsequent to fiscal year 2019 reflect the application of ASC 606 while the reported results for fiscal year 2018 is not adjusted and continue to be reported under the prior revenue recognition standard ASC 605.
(1) Based on the high end of Q4 and full year FY23 guidance provided on the Q3FY23 earnings call on November 30, 2022.

Note: $ values are shown in millions

Content cloud strategy creates a path to robust long-term growth

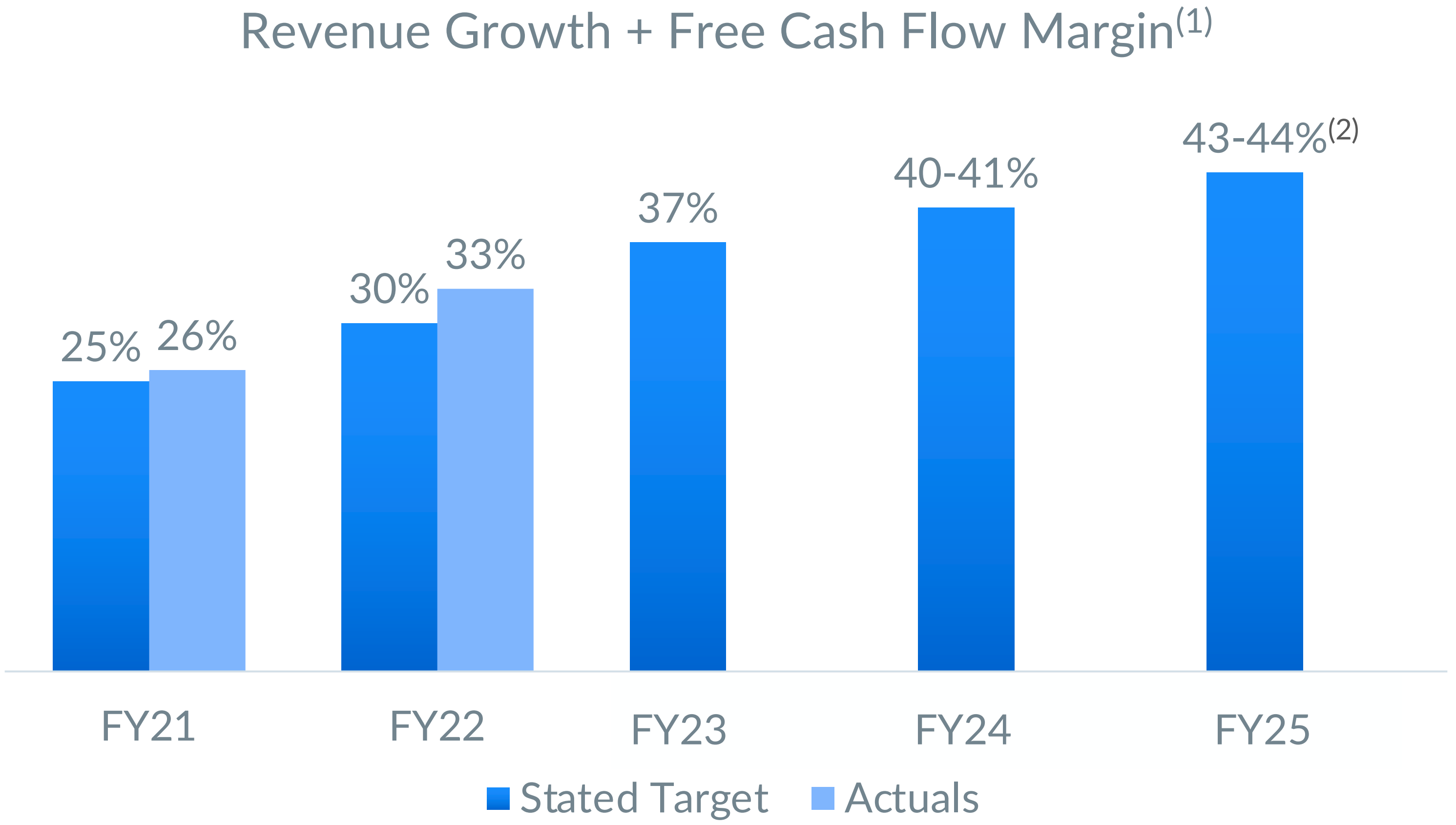
Committed to delivering multi-year revenue acceleration and operating margin expansion

	FY20A	FY21A	FY22A	FY23[1] (Guidance)	FY25 Target
Revenue Growth + FCF Margin	13%	26%	33%	37%	43-44%
Revenue Growth	14%	11%	13%	13%	15-17%
Gross Margin	71%	73%	74%	~76%	~77%
S&M as a % of Revenue	40%	30%	28%	--	25–27%
R&D as a % of Revenue	20%	18%	17%	--	~16%
G&A as a % of Revenue	10%	9%	9%	--	~8%
Operating Margin	1%	15%	20%	~22.5%	25-28%
Net Retention Rate (Ending)	104%	102%	111%	~108%	111-113%

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 can be found in the Appendix of this presentation.
(1) We estimate an approximately 4% currency headwind for FY23 revenue and an 18 cent currency headwind to FY23 GAAP and non-GAAP EPS, based on the high end of full year FY23 guidance provided on the Q3FY23 earnings call on November 30, 2022.

Fueling growth and generating operating leverage

Committed to consistent “Rule of” expansion over the next 3 years

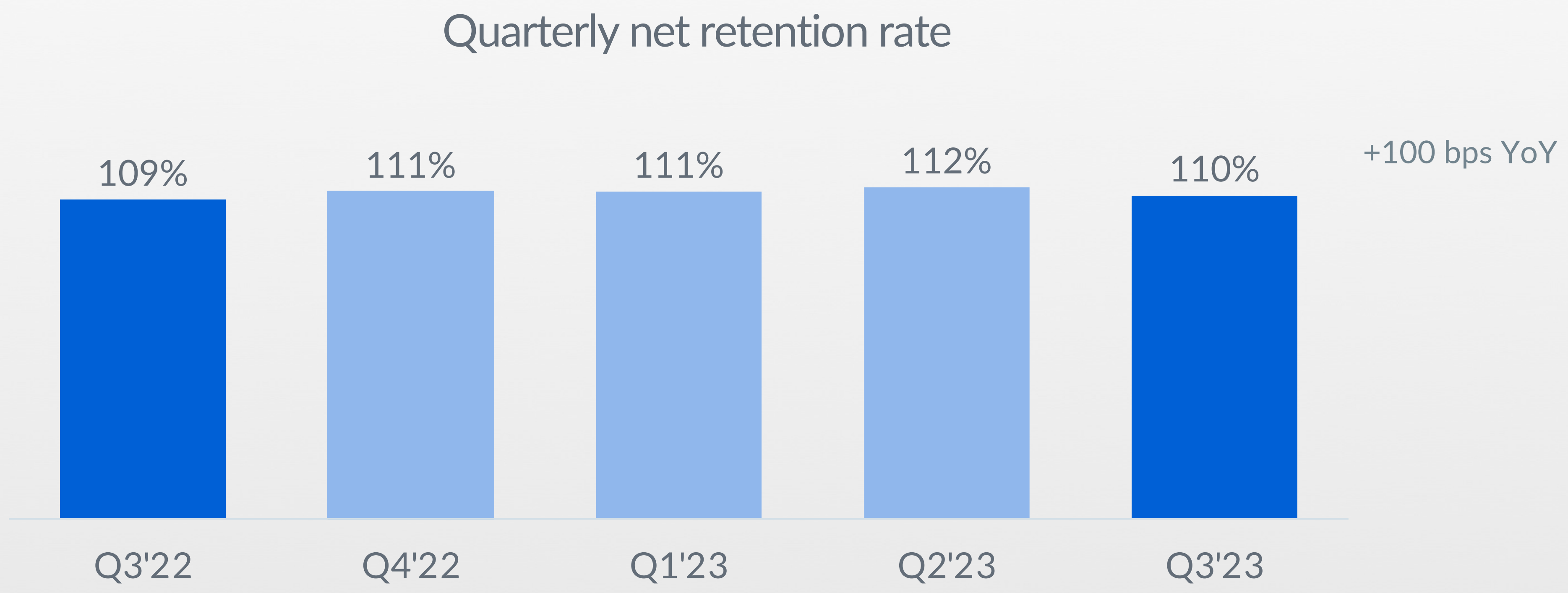


Notes:
(1) Note: Reconciliation to the nearest GAAP financial measure can be found in the Appendix.
(2) Based on the FY25 target provided the Box Financial Analyst Day on March 16, 2022.

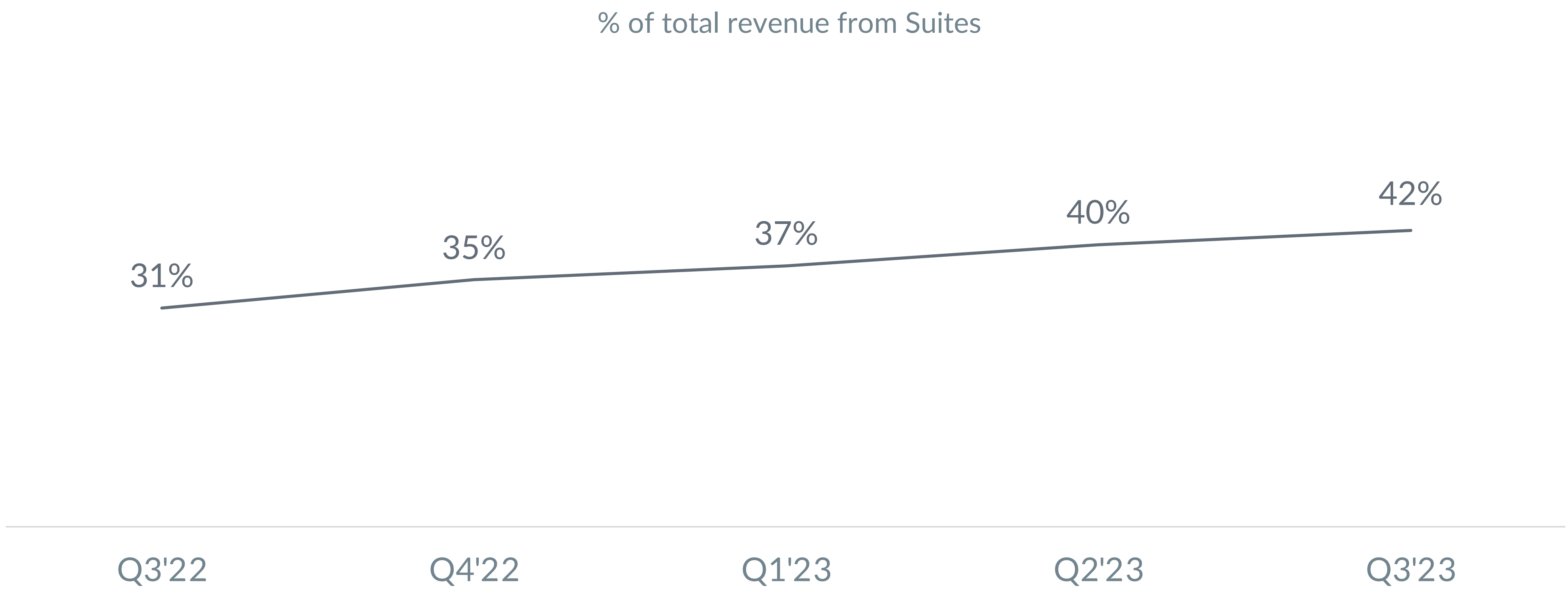
Key Customer Metrics

Strong customer net retention

Driven by low full churn rate of 3%



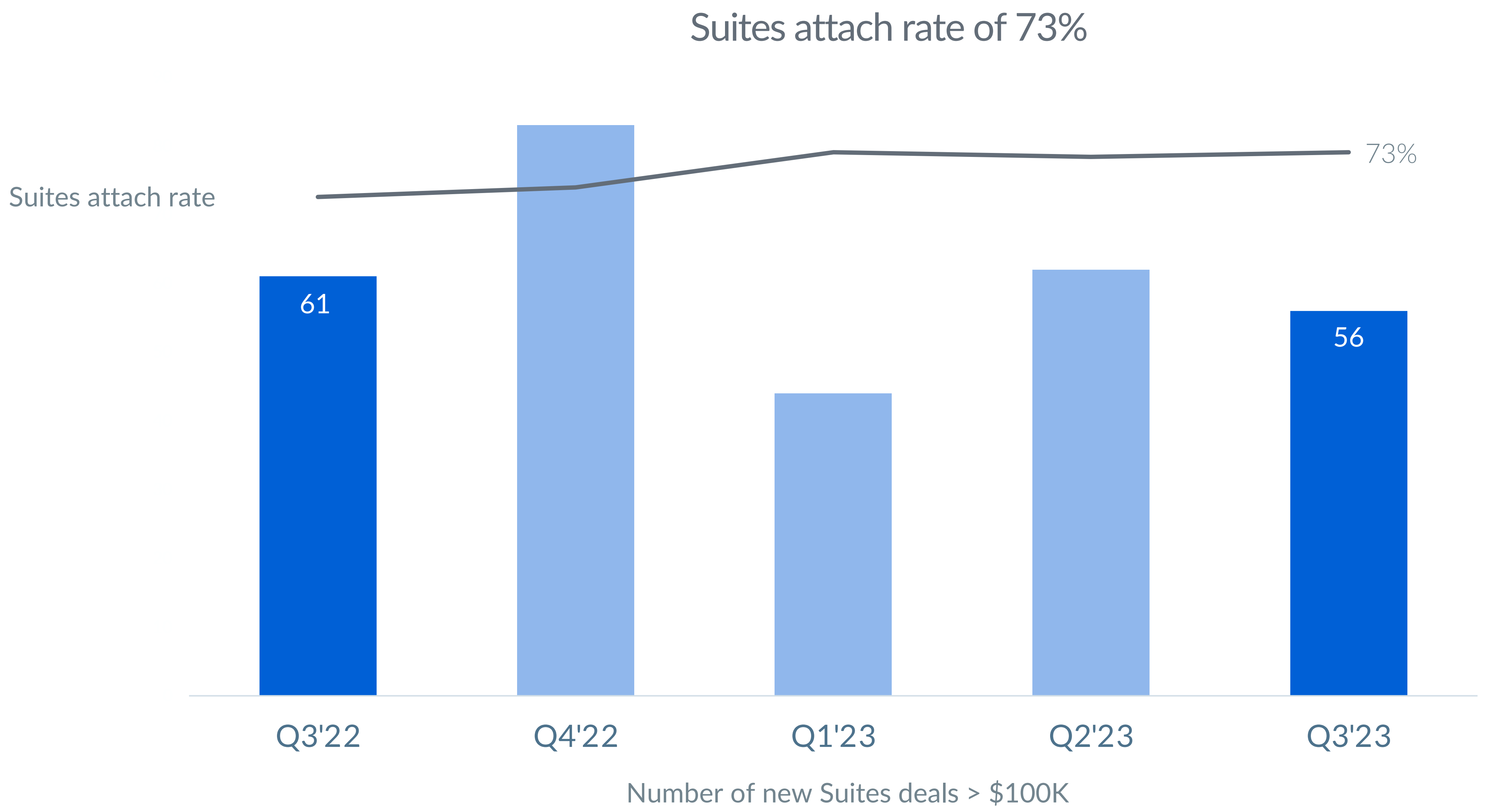
Shift to multi-product solution selling is paying off



Number of $100K+ deals

Shift to multi-product solution selling is paying off

Attach rates demonstrate platform's enhanced strategic value



Appendix

Q4 and fiscal year 2023 preferred share non-GAAP impact summary

	Q4 FY23	FY23
Amortization of preferred share issuance costs	$0.5M	$2.1M
Preferred stock dividend	$3.8M	$15.0M
Undistributed earnings attributable to preferred shareholders	$5.0M - $6.0M	$21.5M - $22.5M

As with FY22, the preferred stock dividend and the impact from the above items will appear below the net income line in our P&L, and in the Earnings Per Share Note accompanying Box's financial statements.

Note: Non-GAAP financial measures. A reconciliation to their nearest GAAP financial measures can be found in the Appendix of this presentation.

GAAP Revenue to Billings Reconciliation

($ in thousands)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
GAAP revenue	**$224,044**	**$233,361**	**$238,432**	**$246,015**	**$249,951**
Deferred revenue, end of period	429,664	534,242	468,350	458,249	467,080
Less: Deferred revenue, beginning of period	(422,039)	(429,664)	(534,242)	(468,350)	(458,249)
Contract assets, beginning of period	866	1,073	1,111	1,491	2,424
Less: Contract assets, end of period	(1,073)	(1,111)	(1,491)	(2,424)	(2,969)
Billings	**$231,462**	**$337,901**	**$172,160**	**$234,981**	**$258,237**

GAAP to Non-GAAP Reconciliation – Gross Margin

($ in thousands)	Q3FY22	As a % of revenue	Q4FY22	As a % of revenue	Q1FY23	As a % of revenue	Q2FY23	As a % of revenue	Q3FY23	As a % of revenue
GAAP gross margin	**$160,975**	*71.8%*	**$168,681**	*72.3%*	**$176,223**	*73.9%*	**$181,172**	*73.6%*	**$185,461**	*74.2%*
Add: Stock-based compensation	4,786		5,084		4,355		4,787		4,331	
Add: Acquired intangible assets amortization	1,541		1,451		1,452		1,452		1,452	
Non-GAAP gross margin	**$167,302**	*74.7%*	**$175,216**	*75.1%*	**$182,030**	*76.3%*	**$187,411**	*76.2%*	**$191,244**	*76.5%*

($ in thousands)	FY20	As a % of revenue	FY21	As a % of revenue	FY22	As a % of revenue
GAAP gross margin	**$480,687**	*69.0%*	**$546,032**	*70.8%*	**$624,848**	*71.5%*
Add: Stock-based compensation	16,769		18,936		20,093	
Add: Acquired intangible assets amortization	-		-		5,148	
Add: Restructuring activities	27		-		-	
Non-GAAP gross margin	**$497,483**	*71.4%*	**$564,968**	*73.3%*	**$650,089**	*74.4%*

GAAP to Non-GAAP Reconciliation — Operating Expenses

($ in thousands)	**Q3FY22**	*As a % of revenue*	**Q4FY22**	*As a % of revenue*	**Q1FY23**	*As a % of revenue*	**Q2FY23**	*As a % of revenue*	**Q3FY23**	*As a % of revenue*
GAAP research and development	**$55,837**	*25%*	**$59,105**	*25%*	**$61,733**	*26%*	**$61,965**	*25%*	**$59,107**	*24%*
Less: Stock-based compensation	(17,712)		(18,272)		(17,726)		(18,095)		(16,556)	
Non-GAAP research and development	**$38,125**	*17%*	**$40,833**	*17%*	**$44,007**	*18%*	**$43,870**	*18%*	**$42,551**	*17%*
GAAP sales and marketing	**$76,368**	*34%*	**$79,668**	*34%*	**$83,067**	*35%*	**$83,442**	*34%*	**$81,566**	*33%*
Less: Stock-based compensation	(13,872)		(14,205)		(15,289)		(14,800)		(14,158)	
Non-GAAP sales and marketing	**$62,496**	*28%*	**$65,463**	*28%*	**$67,778**	*28%*	**$68,642**	*28%*	**$67,408**	*27%*
GAAP general and administrative	**$39,857**	*18%*	**$30,074**	*13%*	**$30,799**	*13%*	**$32,625**	*13%*	**$31,422**	*12%*
Less: Stock-based compensation	(9,219)		(9,906)		(9,740)		(11,004)		(9,807)	
Less: Acquisition-related expenses	(180)		(67)		(53)		-		-	
Less: Fees related to shareholder activism	(10,146)		334		77		-		-	
Less: Expenses related to litigation	-		-		-		-		(307)	
Non-GAAP general and administrative	**$20,312**	*9%*	**$20,435**	*9%*	**$21,083**	*9%*	**$21,621**	*9%*	**$21,308**	*9%*

Note: Due to rounding, numbers presented may not calculate precisely to the percentage provided.

GAAP to Non-GAAP Reconciliation — Operating Expenses

($ in thousands)	**FY20**	*As a % of revenue*	**FY21**	*As a % of revenue*	**FY22**	*As a % of revenue*
GAAP research and development	**$199,750**	*29%*	**$201,262**	*26%*	**$218,523**	*25%*
Less: Stock-based compensation	(62,565)		(61,145)		(68,063)	
Less: Restructuring activities	(306)		-		-	
Non-GAAP research and development	**$136,879**	*20%*	**$140,117**	*18%*	**$150,460**	*17%*
GAAP sales and marketing	**$317,615**	*46%*	**$275,742**	*36%*	**$298,635**	*34%*
Less: Stock-based compensation	(38,030)		(42,015)		(52,547)	
Less: Restructuring activities	(1,134)		-		-	
Non-GAAP sales and marketing	**$278,451**	*40%*	**$233,727**	*30%*	**$246,088**	*28%*
GAAP general and administrative	**$102,794**	*15%*	**$106,670**	*14%*	**$135,316**	*15%*
Less: Stock-based compensation	(28,624)		(32,196)		(38,271)	
Less: Acquisition-related expenses	-		(790)		(1,282)	
Less: Fees related to shareholder activism	(1,154)		(1,402)		(15,644)	
Less: Restructuring activities	(184)		-		-	
Non-GAAP general and administrative	**$72,832**	*10%*	**$72,282**	*9%*	**$80,119**	*9%*

GAAP to Non-GAAP Reconciliation — Operating Margin

($ in thousands)	**Q3FY22**	*As a % of revenue*	**Q4FY22**	*As a % of revenue*	**Q1FY23**	*As a % of revenue*	**Q2FY23**	*As a % of revenue*	**Q3FY23**	*As a % of revenue*
GAAP operating margin	**($11,087)**	*(4.9%)*	**($166)**	*(0.1%)*	**$624**	*0.3%*	**$3,140**	*1.3%*	**$13,366**	*5.3%*
Add: Stock-based compensation	45,589		47,467		47,110		48,686		44,852	
Add: Acquired intangible assets amortization	1,541		1,451		1,452		1,452		1,452	
Add: Acquisition-related expenses	180		67		53		-		-	
Add: Fees related to shareholder activism	10,146		(334)		(77)		-		-	
Add: Expenses related to litigation	-		-		-		-		307	
Non-GAAP operating margin	**$46,369**	*20.7%*	**$48,485**	*20.8%*	**$49,162**	*20.6%*	**$53,278**	*21.7%*	**$59,977**	*24.0%*

($ in thousands)	**FY20**	*As a % of revenue*	**FY21**	*As a % of revenue*	**FY22**	*As a % of revenue*
GAAP operating margin	**($139,472)**	*(20.0%)*	**($37,642)**	*(4.9%)*	**($27,626)**	*(3.2%)*
Add: Stock-based compensation	145,988		154,292		178,974	
Add: Intangible assets amortization	-		-		5,148	
Add: Acquisition-related expenses	-		790		1,282	
Add: Fees related to shareholder activism	1,154		1,402		15,644	
Add: Restructuring activities	1,651		-		-	
Non-GAAP operating margin	**$9,321**	*1.3%*	**$118,842**	*15.4%*	**$173,422**	*19.8%*

GAAP to Non-GAAP Reconciliation — Free Cash Flow

($ in thousands)	**FY20**	*As a % of revenue*	**FY21**	*As a % of revenue*	**FY22**	*As a % of revenue*
GAAP net cash provided by operating activities	**$44,713**	*6%*	**$196,834**	*26%*	**$234,818**	*27%*
Less: Purchases of property and equipment, net of proceeds from sales	(5,444)		(9,052)		(4,702)	
Less: Principal payments of finance lease liabilities	(38,542)		(60,020)		(50,391)	
Less: Capitalized internal-use software costs	(7,957)		(7,438)		(9,486)	
Free cash flow	**($7,230)**	*(1%)*	**$120,324**	*16%*	**$170,239**	*19%*

GAAP to Non-GAAP Reconciliation — EPS Outlook

	Three Months Ended January 31, 2023	Fiscal Year Ended January 31, 2023
GAAP net income per share attributable to common stockholders range	**$0.06 – $0.07**	**$0.02 - $0.03**
Stock-based compensation	0.31	1.29
Acquired intangible asset amortization	0.01	0.04
Expenses related to litigation	-	0.01
Amortization of debt issuance costs	-	0.01
Undistributed earnings attributable to preferred stockholders	(0.04)	(0.15)
Non-GAAP net income per share attributable to common stockholders range, basic	**$0.35 – $0.36**	**$1.21 - $1.22**
Non-GAAP net income per share attributable to common stockholders range, diluted	**$0.34 – $0.35**	**$1.16 - $1.17**
Weighted-average shares, basic	**143,500**	**144,000**
Weighted-average shares, diluted	**149,000**	**150,000**

Note: Figures may not sum due to rounding.

GAAP to Non-GAAP Reconciliation — Operating Margin Outlook

	Three Months Ended January 31, 2023	Fiscal Year Ended January 31, 2023
GAAP operating margin	**6.5%**	**3.0%**
Add: Stock-based compensation	17.5%	19.0%
Add: Acquired intangible assets amortization	0.5%	0.5%
Non-GAAP operating margin	**24.5%**	**22.5%**