

BLZE

earnings

cloud-storage

ai-infrastructure

small-cap

momentum

BLZE: The Earnings Beat That Wall Street Missed - But Can the AI Story Scale?

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SUMMARY

Backblaze crushed Q1 earnings with a shocking \$0.04 EPS versus -\$0.11 expected, yet Wall Street yawned. The disconnect tells a story about small-cap cloud infrastructure that traders need to understand.

SINCE REPORT -4.8%

DATA BOX

Price	\$7.75
Change	+67.13%
Volume	7.65M
Float	~60M shares
Mkt cap	\$462.17M

Key Data:

- **Price:** \$7.75 (+67.13%)
- **Volume:** 7.65M
- **Market Cap:** \$462.17M

- **Float:** ~60M shares (est.)
- **Previous Close:** \$4.64

Written at 9:31 AM ET on May 5, 2026

BLZE opened Monday morning at \$7.43 and hasn't looked back. The stock's rocketing 67% higher after delivering what might be the most underappreciated earnings beat in small-cap land. But here's what makes this interesting: the stock jumped 45.74% after hours following the Q1 report, then kept climbing through regular session open.

The Disconnect That Matters

Backblaze posted actual EPS of \$0.04 versus forecasted -\$0.0043, marking a 1030.23% earnings surprise. When you beat by that margin and the stock initially only moved modestly after hours, something's off. Despite the positive earnings report, BLZE experienced only a minor decline of 0.67% in aftermarket trading initially - a head-scratcher that got corrected fast.

The fundamental story is actually solid. Revenue hit \$38.7 million, up 12% year-over-year, with B2 Cloud Storage growing 24% while adjusted EBITDA improved to \$10.1 million or 26% margin versus \$6.4 million or 18% in Q1 2025. That's real operating leverage kicking in.

The AI Angle Everyone's Watching

Here's where it gets interesting for momentum traders. AI customer count grew 76% year-over-year, with two new AI wins contributing about \$1.5 million in annual contract value. But strip away the AI hype and focus on the

mechanics: customers with \$50,000+ ARR reached 187, up 51% year-over-year, representing \$27 million in ARR or 17% of total - that's the real upmarket momentum.

The B2 segment is where the growth lives. B2 Cloud Storage ARR was \$93.0 million, up 28% year-over-year, while the legacy Computer Backup business sits flat at \$65.2 million ARR, relatively unchanged. Classic transition story - old business plateaus, new business scales.

What the Tape Actually Says

Volume tells the story here. Normal volume runs under 500K shares; today's 7.65M volume represents serious institutional repositioning. The \$7.12-\$7.78 range shows controlled buying, not panic covering. This isn't retail FOMO - it's professional money recognizing a fundamental re-rate.

Key levels: \$7.12 becomes critical support if this pulls back. Above \$7.78, you're looking at blue sky technically. The stock's been range-bound between \$3.26-\$10.86 over the past year, so trading 43% below its 52-week high of \$10.86 despite improving fundamentals created the setup.

The Reality Check

Don't ignore the risks here. 86 institutional investors added shares while 71 decreased positions in Q4 2025, with notable exits including Wasatch Advisors removing 1.8M shares (-100%) - smart money was mixed before this quarter.

The guidance raise to \$161.5M-\$163.5M for full-year 2026 revenue is nice, but execution risk remains high in this competitive space. Cloud storage isn't exactly a moat business, and the hyperscalers (AWS, Azure, GCP) can undercut pricing whenever they want.

The Trade

For traders who missed the initial move, watch for a pullback to \$6.50-\$7.00 range for entry. The fundamentals support a higher multiple, but small-cap cloud names are volatile. Position sizing matters here - this isn't a core holding, it's a momentum play with real business improvement underneath.

Volume pattern suggests institutions are accumulating, not distributing. If B2 growth continues at 20%+ and margins expand toward 30%, this thing works at \$10+. But if AI customer growth stalls or the macro turns against small-cap cloud, you're back to \$4-5 range quickly.

The key catalyst watch: Q2 B2 growth rates and AI customer additions. Management guided for continued momentum, but small-cap cloud infrastructure is all about proving recurring revenue sustainability quarter after quarter.

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