BlackLine, Inc. Announces Upsize and Pricing of Offering of $600,000,000 of Convertible Senior Notes

LOS ANGELES, May 22, 2024 (GLOBE NEWSWIRE) -- BlackLine, Inc. (Nasdaq: BL), today announced the pricing of $600,000,000 aggregate principal amount of 1.00% convertible senior notes due 2029 (the "notes") in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate principal amount of the offering was increased from the previously announced offering size of $500,000,000. BlackLine also granted the initial purchaser of the notes a 13-day option to purchase up to an additional $90,000,000 aggregate principal amount of the notes. The sale of the notes is expected to close on May 24, 2024, subject to customary closing conditions.

The notes will be senior unsecured obligations of BlackLine. The notes will bear interest at a rate of 1.00% per year. Interest will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2024. The notes will mature on June 1, 2029, unless earlier converted, redeemed or repurchased. The initial conversion rate will be 14.6047 shares of BlackLine's common stock ("common stock") per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $68.47 per share of common stock). The initial conversion price of the notes represents a premium of approximately 30% over the last reported sale price of BlackLine's common stock per share on the Nasdaq Global Select Market on May 21, 2024. The notes will be convertible into cash, shares of BlackLine's common stock or a combination of cash and shares of BlackLine's common stock, at BlackLine's election.

BlackLine may redeem the notes, at its option, on or after June 5, 2027 if (i) the notes are "freely tradable" (as defined in the indenture governing the notes) and any accrued and unpaid additional interest has been paid as of the date BlackLine sends the related redemption notice and (ii) the last reported sale price of BlackLine's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading-day period (including the last trading day of such period) ending on and including the trading day immediately preceding the date on which BlackLine provides notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date.

If a "fundamental change" (as defined in the indenture governing the notes) occurs at any time prior to the maturity date, holders of the notes may require BlackLine to repurchase for cash all or any portion of their notes at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid special interest, if any. In addition, following certain corporate events or if BlackLine issues a notice of redemption, BlackLine will, under certain circumstances, increase the conversion rate for holders who convert their notes in connection with such corporate event or notice of redemption.

BlackLine estimates that the net proceeds from the offering will be approximately $588.3 million (or approximately $676.7 million if the initial purchaser exercises its option to purchase additional notes in full), after deducting the initial purchaser's discounts and estimated offering expenses payable by BlackLine. BlackLine intends to use approximately $53.1 million of the net proceeds to pay the cost of the capped call transactions described below. BlackLine intends to use approximately $535.2 million of the net proceeds from this offering, together with cash on hand, for the repurchase of approximately $919.8 million principal amount of its outstanding 0.00% Convertibles Senior Notes due 2026 (the "2026 Notes") at an aggregate repurchase price of approximately $848.5 million.

In connection with the pricing of the notes, BlackLine entered into capped call transactions with the initial purchaser and/or its affiliates and/or other financial counterparties (the "option counterparties"). The capped call transactions are expected generally to reduce potential dilution to BlackLine's common stock upon any conversion of notes and/or offset any cash payments BlackLine is required to make in excess of the principal amount of converted notes, as the case may be, with such reduction and/or offset subject to a cap initially equal to approximately $92.17 (which represents a premium of approximately 75% over the last reported sale price of BlackLine's common stock per share on the Nasdaq Global Select Market on May 21, 2024), subject to certain adjustments under the terms of the capped call transactions. If the initial purchaser exercises its option to purchase additional notes, BlackLine expects to enter into additional capped call transactions with the option counterparties.

BlackLine expects that, in connection with establishing their initial hedges of the capped call transactions, the option counterparties or their respective affiliates may enter into various derivative transactions with respect to BlackLine's common stock and/or purchase shares of BlackLine's common stock concurrently with or shortly after the pricing of the notes. This activity could increase (or reduce the size of any decrease in) the market price of BlackLine's common stock or the notes at that time.

In addition, BlackLine expects that the option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to BlackLine's common stock and/or purchasing or selling BlackLine's common stock or other securities of BlackLine in secondary market transactions following the pricing of the notes and prior to the maturity of the notes (and are likely to do so (x) during any observation period related to a conversion of the notes or following any redemption or fundamental change repurchase of the notes, (y) following any other repurchase of the notes if BlackLine unwinds a corresponding portion of the capped call transactions in connection with such repurchase and (z) if BlackLine otherwise unwinds all or a portion of the capped call transactions). This activity could also cause or prevent an increase or a decrease in the market price of BlackLine's common stock or the notes, and to the extent the activity occurs during any observation period related to a conversion of notes, this could affect the value of the consideration that a noteholder will receive upon conversion of its notes. If any capped call transactions fail to become effective, whether or not the offering of the notes is completed, the option counterparties (or their respective affiliates) may unwind their hedge positions with respect to BlackLine's common stock, which could adversely affect the price of BlackLine's common stock and, if the notes have been issued, the value of the notes.

BlackLine also expects in connection with the repurchase of a portion of its 2026 Notes, those holders of the 2026 Notes that sell their 2026 Notes to BlackLine may enter into or unwind various derivatives with respect to BlackLine's common stock and/or purchase shares of BlackLine's common stock concurrently with or shortly after the pricing of the notes. In particular, BlackLine expects that many holders of the 2026 Notes employ a convertible arbitrage strategy with respect to the 2026 Notes and have a short position with respect to BlackLine's common stock that they would

close, through purchases of BlackLine's common stock, in connection with BlackLine's repurchase of the 2026 Notes. This activity could increase (or reduce the size of any decrease in) the market price of BlackLine's common stock, which may also affect the trading price of the notes at that time, and could result in a higher effective conversion price for the notes.

In connection with the issuance of its 2026 Notes and its 0.125% Convertible Senior Notes due 2024 (the "2024 Notes"), BlackLine entered into capped call transactions (the "existing capped call transactions") with certain financial institutions (the "existing capped call counterparties"). Shortly after the completion of the offering of the notes, BlackLine expects to enter into agreements with certain of the existing capped call counterparties with respect to the 2024 Notes to terminate all or a portion of the existing capped call transactions related to the 2024 Notes. If BlackLine repurchases any of the 2026 Notes, shortly after the completion of the offering of the notes, BlackLine expects to enter into agreements with certain of the existing capped call counterparties with respect to the 2026 Notes to terminate a corresponding portion of the existing capped call transactions related to the 2026 Notes. In connection with the termination of any of these transactions, BlackLine expects the existing capped call counterparties or their respective affiliates to sell shares of BlackLine's common stock and/or unwind various derivatives with respect to BlackLine's common stock during an unwind period following the issuance of the notes to unwind their hedge in connection with those transactions. Such activity could decrease, or reduce the size of any increase in, the market price of BlackLine's common stock during such unwind period.

Neither the notes, nor any shares of BlackLine's common stock potentially issuable upon conversion of the notes, have been, nor will be, registered under the Securities Act or any state securities laws and, unless so registered, such securities may not be offered or sold in the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and other applicable securities laws.

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