



## BlackLine Announces Third Quarter Financial Results

LOS ANGELES, Nov. 07, 2024 (GLOBE NEWSWIRE) -- [BlackLine, Inc.](#) (Nasdaq: BL), today announced financial results for the third quarter ended September 30, 2024.

"BlackLine delivered another quarter of solid financial results, exceeding our financial guidance while achieving record free cash flow generation," said Owen Ryan, co-CEO of BlackLine. "Our relentless focus on operational excellence continues to drive execution across the organization, enhancing our competitive position while advancing our strategic initiatives."

"Innovation is accelerating at BlackLine, as our teams deliver compelling new solutions and functionality that enhance our differentiation in the market," said Therese Tucker, co-CEO of BlackLine. "The expanding depth and breadth of our solutions are increasing our strategic value and criticality within the Office of the CFO, while driving deeper customer engagement. We look forward to showcasing our latest innovations at our upcoming BeyondTheBlack customer conference."

### Third Quarter 2024 Financial Highlights

- Total GAAP revenues of \$165.9 million, an increase of 10% compared to the third quarter of 2023.
- GAAP operating margin of 5.0%, compared to (0.7)%<sup>1</sup> in the third quarter of 2023.
- Non-GAAP operating margin of 22.7%, compared to 16.0% in the third quarter of 2023.
- GAAP net income attributable to BlackLine of \$17.2 million, or \$0.27 per diluted share compared to GAAP net income attributable to BlackLine of \$11.9 million or \$0.19 per diluted share in the third quarter of 2023.
- Non-GAAP net income attributable to BlackLine of \$44.4 million or \$0.60 per diluted share compared to non-GAAP net income attributable to BlackLine of \$37.9 million or \$0.51 per diluted share in the third quarter of 2023.
- Operating cash flow of \$55.9 million, compared to \$37.0 million in the third quarter of 2023.
- Free cash flow of \$49.4 million, compared to \$31.4 million in the third quarter of 2023.

### Third Quarter Key Metrics and Recent Business Highlights

- BlackLine had a total of 4,433 customers at September 30, 2024.
- Expanded the Company's user base to 397,095 users at September 30, 2024.
- Achieved a dollar-based net revenue retention rate of 105% at September 30, 2024.
- Recognized with the Tech Cares and Buyers Choice awards from TrustRadius.
- Named the Best Accounting & Finance Software for the fifth consecutive year by G2.
- Named a leader in the IDC MarketScape: Worldwide Office of the CFO Record to Report 2024 Vendor Assessment.
- Announced appointment of David Henshall to the BlackLine Board of Directors.
- Ranked Exemplary Leader by Ventana Research in the 2024 Financial Close Buyers Guide.

The financial results included in this press release are preliminary and subject to final review. Financial results will not be final until BlackLine files its Quarterly Report on Form 10-Q for the period. Information about BlackLine's use of non-GAAP financial measures is provided below under "Use of Non-GAAP Financial Measures."

<sup>1</sup> Reflects \$11.1 million reversal of expense due to the decrease in the fair value of contingent consideration.

### Financial Outlook

#### Fourth Quarter 2024

- Total GAAP revenue is expected to be in the range of \$167 million to \$169 million.
- Non-GAAP operating margin is expected to be in the range of 18.0% to 19.0%.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of \$36.0 million to \$40.0 million, or \$0.47 to \$0.52 per share on 77.1 million diluted weighted average shares outstanding.

## Full Year 2024

- Total GAAP revenue is expected to be in the range of \$651.0 million to \$653.0 million.
- Non-GAAP operating margin is expected to be in the range of 19.4% to 19.6%.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of \$164 million to \$168 million, or \$2.15 to \$2.21 per share on 76.1 million diluted weighted average shares outstanding.

Guidance for non-GAAP operating margin, non-GAAP net income attributable to BlackLine, and non-GAAP net income attributable to BlackLine per share excludes specified items from the corresponding GAAP financial measures as outlined below under "Use of Non-GAAP Financial Measures" and as detailed in the reconciliations of non-GAAP measures for historical periods. Reconciliations of non-GAAP operating margin, non-GAAP net income attributable to BlackLine, and non-GAAP net income attributable to BlackLine per share guidance to the most directly comparable U.S. GAAP measures are not available on a forward-looking basis without unreasonable efforts due to the unpredictability and complexity of the charges excluded from these non-GAAP financial measures. The Company expects the variability of the above items could have a significant, and potentially unpredictable, impact on its future GAAP operating margin, net income attributable to BlackLine, and net income attributable to BlackLine per share.

## Quarterly Conference Call

BlackLine will hold a conference call to discuss its third quarter results at 2:00 p.m. Pacific time on Thursday, November 7, 2024. A live audio webcast will be accessible on BlackLine's investor relations website at <https://investors.blackline.com>. Participants can preregister for the conference call. A replay of the webcast will be available at <https://investors.blackline.com> for 12 months. BlackLine has used, and intends to continue to use, its Investor Relations website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

## About BlackLine

[BlackLine](#) (Nasdaq: BL), the future-ready platform for the Office of the CFO, drives digital finance transformation by empowering organizations with accurate, efficient, and intelligent financial operations.

BlackLine's comprehensive platform addresses mission-critical processes, including record-to-report and invoice-to-cash, enabling unified and accurate data, streamlined and optimized processes, and real-time insight through visibility, automation, and AI. BlackLine's proven, collaborative approach ensures continuous transformation, delivering immediate impact and sustained value. With a proven track record of innovation, industry-leading R&D investment, and world-class security practices, more than 4,400 customers across multiple industries partner with BlackLine to lead their organizations into the future.

For more information, please visit [blackline.com](https://blackline.com).

## Forward-looking Statements

This release and the conference call referenced above contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential," "would," "continue," "ongoing" or the negative of these terms or other comparable terminology. Forward-looking statements in this release and quarterly conference call include, but are not limited to, statements regarding BlackLine's future financial and operational performance, including, without limitation, GAAP and non-GAAP guidance for the fourth quarter and full year of 2024, the impact of progress against certain key initiatives, our expectations for our business, including the demand environment, BlackLine's addressable market, market position and pipeline, our international growth, and our relationships with our customers and partners, including opportunities to expand those relationships.

Any forward-looking statements contained in this press release or the quarterly conference call are based upon BlackLine's historical performance and its current plans, estimates and expectations and are not a representation that such plans, estimates, or expectations will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management's good-faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties. If any of these risks or uncertainties materialize or if any assumptions prove incorrect, actual performance or results may differ materially from those expressed in or suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to risks related to the Company's ability to attract new customers and expand sales to existing customers; the extent to which customers renew their subscription agreements or increase the number of users; the impact of current and future economic uncertainty and other unfavorable conditions in the Company's industry or the global economy, the Company's ability to manage growth and scale effectively, including entry into new geographies; the Company's ability to provide successful enhancements, new features and modifications to its software solutions; the Company's ability to develop new products and software solutions and the success of any new product and service introductions; the Company's ability to effectively incorporate artificial intelligence and machine learning technologies (AI/ML) into its platform and business and the potential reputational harm or legal liability that may result from the use of AI/ML solutions and features; the success of the Company's strategic relationships with technology vendors and business process outsourcers, channel partners and alliance partners; any breaches of the Company's security measures; a disruption in the Company's hosting network infrastructure; costs and reputational harm that could result from defects in the Company's solutions; the loss of any key employees; continued strong demand for the Company's software in the United States, Europe, Asia Pacific, and Latin America; the Company's ability to compete as the financial close management provider for organizations of all sizes; the timing and success of solutions offered by competitors; including competitors' ability to incorporate AI/ML into products and offerings more quickly or successfully; changes in the proportion of the Company's customer base that is comprised of enterprise or mid-sized organizations; the Company's ability to expand and effectively manage its sales teams and their performance and productivity; fluctuations in our financial results due to long and increasingly variable sales cycles, failure to protect the Company's intellectual property; the Company's ability to integrate acquired businesses and technologies successfully or achieve the expected benefits of such transactions; unpredictable and uncertain macro and regional economic conditions; seasonality; changes in current tax or accounting rules; cyber attacks and the risk that the Company's security measures may not be sufficient to secure its customer or confidential data adequately; acts of terrorism or other vandalism, war or natural disasters including the effects of climate change; the impact of any determination of deficiencies or weaknesses in our internal controls and processes; and other risks and uncertainties described in the other filings we make with the Securities and Exchange Commission from time to time, including the risks described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange

Commission on February 23, 2024. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2024. Forward-looking statements should not be read as a guarantee of future performance or results, and you should not place undue reliance on such statements. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise. All of the information in this press release is subject to completion of our quarterly review process.

### **Use of Non-GAAP Financial Measures**

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles, or GAAP, BlackLine has provided in this release and the quarterly conference call held on November 7, 2024, certain financial measures that have not been prepared in accordance with GAAP defined as “non-GAAP financial measures,” which include (i) non-GAAP gross profit and non-GAAP gross margin, (ii) non-GAAP operating expenses, (iii) non-GAAP operating income (loss) and non-GAAP operating margin, (iv) non-GAAP net income (loss) attributable to BlackLine, Inc. (v) diluted non-GAAP net income (loss) attributable to BlackLine, Inc. per share, and (vi) free cash flow.

BlackLine's management uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to the corresponding GAAP measures, in evaluating BlackLine's ongoing operational performance and trends and in comparing its financial measures with other companies in the same industry, many of which present similar non-GAAP financial measures to help investors understand the operational performance of their businesses. However, it is important to note that the particular items BlackLine excludes from, or includes in, its non-GAAP financial measures may differ from the items excluded from, or included in, similar non-GAAP financial measures used by other companies in the same industry. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures. A reconciliation of the non-GAAP financial measures to such GAAP measures has been provided in the tables included as part of this press release.

*Non-GAAP Gross Profit and Non-GAAP Gross Margin.* Non-GAAP gross profit is defined as GAAP revenues less GAAP cost of revenue adjusted for amortization of acquired developed technology, stock-based compensation, and transaction-related costs (including, but not limited to, accounting, legal, and advisory fees related to the transaction, as well as transaction-related retention bonuses). Non-GAAP gross margin is defined as non-GAAP gross profit divided by GAAP revenues. BlackLine believes that presenting non-GAAP gross profit and non-GAAP gross margin is useful to investors as it eliminates the impact of certain non-cash expenses and allows a direct comparison between periods.

*Non-GAAP Operating Expenses.* Non-GAAP operating expenses include (a) non-GAAP sales and marketing expense, (b) non-GAAP research and development expense and (c) non-GAAP general and administrative expense. Non-GAAP sales and marketing expense is defined as GAAP sales and marketing expense adjusted for amortization of intangible assets, stock-based compensation, and transaction-related costs. Non-GAAP research and development expense is defined as GAAP research and development expense adjusted for stock-based compensation and transaction-related costs. Non-GAAP general and administrative expense is defined as GAAP general and administrative expense adjusted for amortization of intangible assets, stock-based compensation, change in fair value of contingent consideration, transaction-related costs, and legal settlement gains or costs. BlackLine believes that presenting each of the non-GAAP operating expenses is useful to investors as it eliminates the impact of certain cash and non-cash expenses and allows a direct comparison of operating expenses between periods.

*Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin.* Non-GAAP income (loss) from operations is defined as GAAP income (loss) from operations adjusted for amortization of intangible assets, stock-based compensation, change in fair value of contingent consideration, transaction-related costs, legal settlement gains or costs, and restructuring costs. Non-GAAP operating margin is defined as non-GAAP income (loss) from operations divided by GAAP revenues. The Company believes that presenting non-GAAP income (loss) from operations and non-GAAP operating margin is useful to investors as it eliminates the impact of items that have been impacted by the Company's acquisitions and other related costs in order to allow a direct comparison of income (loss) from operations between all periods presented.

*Non-GAAP Net Income (Loss) Attributable to BlackLine and Diluted Non-GAAP Net Income (Loss) Attributable to BlackLine, Inc. Per Share.* Non-GAAP net income (loss) attributable to BlackLine is defined as GAAP net income (loss) attributable to BlackLine adjusted for the impact of the provision for (benefit from) income taxes related to acquisitions, amortization of intangible assets, stock-based compensation, amortization of debt issuance costs from our convertible senior notes, change in fair value of contingent consideration, transaction-related costs, legal settlement gains or costs, restructuring costs, adjustment to the redeemable non-controlling interest to the redemption amount, and gain on extinguishment of convertible senior notes. Diluted non-GAAP net income (loss) attributable to BlackLine, Inc. per share includes the adjustment for shares resulting from the elimination of stock-based compensation. The Company believes that presenting non-GAAP net income (loss) attributable to BlackLine is useful to investors as it eliminates the impact of items that have been impacted by the Company's acquisitions and other related costs to allow a direct comparison of net income (loss) between all periods presented.

*Free Cash Flow.* Free cash flow is defined as cash flows provided by (used in) operating activities less cash flows used to purchase property and equipment, financed and otherwise, capitalized software development, and intangible assets. BlackLine believes that presenting free cash flow is useful to investors as it provides a measure of the Company's liquidity used by management to evaluate the amount of cash generated by the Company's business including the impact of purchases of property and equipment and cost of capitalized software development.

### **Use of Operating Metrics**

BlackLine has provided in this release and the quarterly conference call held on November 7, 2024 certain operating metrics, including (i) number of customers, (ii) number of users, and (iii) dollar-based net revenue retention rate, which BlackLine uses to evaluate its business, measure its performance, identify trends affecting its business, formulate financial projections and make strategic decisions. These operating metrics exclude the impact of certain Runbook licensed customers and users who are on perpetual license agreements and did not have an active subscription agreement with BlackLine as of September 30, 2024.

*Dollar-based Net Revenue Retention Rate.* Dollar-based net revenue retention rate is calculated as the implied monthly subscription and support revenue at the end of a period for the base set of customers from which the Company generated subscription revenue in the year prior to the calculation, divided by the implied monthly subscription and support revenue one year prior to the date of calculation for that same customer base. This calculation does not reflect implied monthly subscription and support revenue for new customers added during the one-year period but does include the effect of customers who terminated during the period. Implied monthly subscription and support revenue is defined as the total amount of

minimum subscription and support revenue contractually committed to, under each of BlackLine's customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement. BlackLine believes that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and the Company's ability to retain and grow its relationships with existing customers over time.

*Number of Customers.* A customer is defined as a company that contributes to our subscription and support revenue as of the measurement date. In situations where an organization has multiple subsidiaries or divisions, each entity that is invoiced as a separate entity is treated as a separate customer. In an instance where an existing customer requests its invoice be divided for the sole purpose of restructuring its internal billing arrangement without any incremental increase in revenue, such customer continues to be treated as a single customer. BlackLine believes that its ability to expand its customer base is an indicator of the Company's market penetration and the growth of its business.

*Number of Users.* Historically, BlackLine's products were priced based on the number of users of its platform. Over time, the Company has begun to sell an increasing number of non-user based products with fixed or transaction-based pricing. For this reason, we believe the growth in the number of total users is less correlated to the growth of the business overall.

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**BlackLine, Inc.**  
**Condensed Consolidated Balance Sheets**  
(in thousands)  
(unaudited)

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 725,266	\$ 271,117
Marketable securities	121,017	933,355
Accounts receivable, net of allowances	136,497	171,608
Prepaid expenses and other current assets	30,449	31,244
Total current assets	1,013,229	1,407,324
Capitalized software development costs, net	43,327	37,828
Property and equipment, net	10,637	14,867
Intangible assets, net	63,646	79,056
Goodwill	448,965	448,965
Operating lease right-of-use assets	23,965	19,173
Other assets	91,391	93,552
Total assets	\$ 1,695,160	\$ 2,100,765
<b>LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,930	\$ 8,623
Accrued expenses and other current liabilities	68,437	59,690
Deferred revenue, current	300,989	320,133
Finance lease liabilities, current	324	778
Operating lease liabilities, current	3,657	4,108
Convertible senior notes, net, current	—	249,233
Total current liabilities	377,337	642,565
Finance lease liabilities, noncurrent	55	4
Operating lease liabilities, noncurrent	21,753	15,738
Convertible senior notes, net, noncurrent	891,826	1,140,608
Deferred tax liabilities, net	4,847	6,394
Deferred revenue, noncurrent	1,197	904
Other long-term liabilities	604	3,608
Total liabilities	1,297,619	1,809,821
Commitments and contingencies		
Redeemable non-controlling interest	29,630	30,063
Stockholders' equity:		
Common stock	624	615
Additional paid-in capital	479,191	474,863
Accumulated other comprehensive income (loss)	(118)	205

Accumulated deficit		(111,786)	(214,802)
Total stockholders' equity		367,911	260,881
Total liabilities, redeemable non-controlling interest, and stockholders' equity	\$	1,695,160	\$ 2,100,765

**BlackLine, Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share data)  
(unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues				
Subscription and support	\$ 157,011	\$ 142,054	\$ 458,299	\$ 408,361
Professional services	8,898	8,654	25,577	25,905
Total revenues	165,909	150,708	483,876	434,266
Cost of revenues				
Subscription and support	34,667	30,793	100,475	89,935
Professional services	6,439	6,001	20,076	19,246
Total cost of revenues	41,106	36,794	120,551	109,181
Gross profit	124,803	113,914	363,325	325,085
Operating expenses				
Sales and marketing	62,219	61,576	183,578	186,256
Research and development	25,649	26,722	76,385	80,629
General and administrative	28,216	18,026	89,315	46,854
Restructuring costs	356	8,664	1,728	9,813
Total operating expenses	116,440	114,988	351,006	323,552
Income (loss) from operations	8,363	(1,074)	12,319	1,533
Other income (expense)				
Interest income	10,984	14,030	40,409	37,237
Interest expense	(2,677)	(1,489)	(6,235)	(4,414)
Gain on extinguishment of convertible senior notes	—	—	65,112	—
Other income, net	8,307	12,541	99,286	32,823
Income before income taxes	16,670	11,467	111,605	34,356
Provision for (benefit from) income taxes	2,101	(2,005)	7,307	(451)
Net income	14,569	13,472	104,298	34,807
Net income attributable to redeemable non-controlling interest	320	194	1,282	599
Adjustment attributable to redeemable non-controlling interest	(2,989)	1,355	(1,741)	3,444
Net income attributable to BlackLine, Inc.	\$ 17,238	\$ 11,923	\$ 104,757	\$ 30,764
Basic net income per share attributable to BlackLine, Inc.	\$ 0.28	\$ 0.20	\$ 1.69	\$ 0.51
Shares used to calculate basic net income per share	62,250	61,101	61,958	60,666
Diluted net income per share attributable to BlackLine, Inc.	\$ 0.27	\$ 0.19	\$ 0.66	\$ 0.49
Shares used to calculate diluted net income per share	73,970	72,102	73,131	71,902

**BlackLine, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)  
(unaudited)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cash flows from operating activities				
Net income attributable to BlackLine, Inc.	\$ 17,238	\$ 11,923	\$ 104,757	\$ 30,764
Net income and adjustment attributable to redeemable non-controlling interest	(2,669)	1,549	(459)	4,043

Net income	14,569	13,472	104,298	34,807
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	12,925	12,924	38,225	37,274
Change in fair value of contingent consideration	—	(11,120)	—	(33,549)
Amortization of debt issuance costs	958	1,396	3,637	4,137
Stock-based compensation	22,623	20,079	63,911	60,465
Gain on extinguishment of convertible senior notes	—	—	(65,112)	—
Noncash lease expense	1,500	1,533	4,610	4,725
Accretion of purchase discounts on marketable securities, net	(2,854)	(9,231)	(18,115)	(24,999)
Net foreign currency (gains) losses	517	(20)	360	882
Deferred income taxes	(224)	(1,754)	(1,479)	(1,806)
Provision for (benefit from) credit losses	7	2	14	(17)
Changes in operating assets and liabilities:				
Accounts receivable	1,770	(256)	35,765	20,445
Prepaid expenses and other current assets	827	1,806	4,351	(2,150)
Other assets	598	957	2,207	1,352
Accounts payable	1,087	(3,363)	(5,456)	(9,445)
Accrued expenses and other current liabilities	14,015	14,414	3,119	1,187
Deferred revenue	(11,049)	(2,290)	(18,851)	(1,265)
Operating lease liabilities	(1,159)	(1,723)	(4,400)	(5,235)
Lease incentive receipts	—	—	—	240
Other long-term liabilities	(191)	200	(42)	(2,604)
Net cash provided by operating activities	55,919	37,026	147,042	84,444
Cash flows from investing activities				
Purchases of marketable securities	—	(257,345)	(396,104)	(982,465)
Proceeds from maturities of marketable securities	310,497	263,000	901,997	956,300
Proceeds from sales of marketable securities	—	—	324,098	—
Capitalized software development costs	(6,114)	(4,519)	(18,201)	(16,837)
Purchases of property and equipment	(394)	(1,098)	(1,370)	(3,927)
Acquisition, net of cash acquired	—	(11,367)	—	(11,367)
Net cash provided by (used in) investing activities	303,989	(11,329)	810,420	(58,296)
Cash flows from financing activities				
Proceeds from issuance of convertible senior notes, net of issuance costs	(662)	—	661,979	—
Partial repurchase of convertible senior notes	—	—	(848,519)	—
Repayment of convertible senior notes	(250,000)	—	(250,000)	—
Purchase of capped calls related to convertible senior notes	—	—	(59,738)	—
Principal payments under finance lease obligations	(255)	(250)	(771)	(735)
Proceeds from exercises of stock options	400	7,067	3,038	18,987
Proceeds from employee stock purchase plan	—	—	4,249	5,291
Acquisition of common stock for tax withholding obligations	(1,220)	(722)	(13,604)	(14,144)
Net cash provided by (used in) financing activities	(251,737)	6,095	(503,366)	9,399
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	477	(64)	56	(271)
Net increase in cash, cash equivalents, and restricted cash	108,648	31,728	454,152	35,276
Cash, cash equivalents, and restricted cash, beginning of period	616,867	204,755	271,363	201,207
Cash, cash equivalents, and restricted cash, end of period	\$ 725,515	\$ 236,483	\$ 725,515	\$ 236,483
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets				
Cash and cash equivalents at end of period	\$ 725,266	\$ 236,248	\$ 725,266	\$ 236,248
Restricted cash included within other assets at end of period	249	235	249	235
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	\$ 725,515	\$ 236,483	\$ 725,515	\$ 236,483

**BlackLine, Inc.**  
**Reconciliations of Non-GAAP Financial Measures**  
**(in thousands, except percentages and per share data)**  
**(unaudited)**

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Non-GAAP Gross Profit:</b>				
Gross profit	\$ 124,803	\$ 113,914	\$ 363,325	\$ 325,085
Amortization of acquired developed technology	3,360	3,090	10,127	9,019
Stock-based compensation	3,537	3,249	9,786	9,319
Transaction-related costs	36	(41)	126	346
<b>Total non-GAAP gross profit</b>	<b>\$ 131,736</b>	<b>\$ 120,212</b>	<b>\$ 383,364</b>	<b>\$ 343,769</b>
Gross margin	75.2%	75.6%	75.1%	74.9%
Non-GAAP gross margin	79.4%	79.8%	79.2%	79.2%

<b>Non-GAAP Operating Income:</b>				
Operating income (loss)	\$ 8,363	\$ (1,074)	\$ 12,319	\$ 1,533
Amortization of intangible assets	5,190	5,140	15,581	15,359
Stock-based compensation	23,357	20,633	65,959	61,967
Change in fair value of contingent consideration	—	(11,120)	—	(33,549)
Transaction-related costs	358	1,823	568	3,832
Restructuring costs	356	8,664	1,728	9,813
<b>Total non-GAAP operating income</b>	<b>\$ 37,624</b>	<b>\$ 24,066</b>	<b>\$ 96,155</b>	<b>\$ 58,955</b>
GAAP operating margin	5.0%	(0.7%)	2.5%	0.4%
Non-GAAP operating margin	22.7%	16.0%	19.9%	13.6%

<b>Non-GAAP Net Income Attributable to BlackLine, Inc.:</b>				
Net income attributable to BlackLine, Inc.	\$ 17,238	\$ 11,923	\$ 104,757	\$ 30,764
Provision for (benefit from) income taxes	84	(1,827)	2,403	(1,722)
Amortization of intangible assets	5,190	5,140	15,581	15,359
Stock-based compensation	23,233	20,503	65,610	61,607
Amortization of debt issuance costs	958	1,396	3,637	4,137
Change in fair value of contingent consideration	—	(11,120)	—	(33,549)
Transaction-related costs	358	1,823	568	3,832
Restructuring costs	356	8,664	1,728	9,813
Adjustment to redeemable non-controlling interest	(2,989)	1,355	(1,741)	3,444
Gain on extinguishment of convertible senior notes	—	—	(65,112)	—
<b>Total non-GAAP net income attributable to BlackLine, Inc.</b>	<b>\$ 44,428</b>	<b>\$ 37,857</b>	<b>\$ 127,431</b>	<b>\$ 93,685</b>

<b>Basic non-GAAP net income attributable to BlackLine, Inc. per share:</b>				
Basic non-GAAP net income attributable to BlackLine, Inc. per share	\$ 0.71	\$ 0.62	\$ 2.06	\$ 1.54
Shares used to calculate basic non-GAAP net income per share	62,250	61,101	61,958	60,666

<b>Diluted non-GAAP net income attributable to BlackLine, Inc.</b>				
Diluted non-GAAP net income attributable to BlackLine, Inc. per share	\$ 0.60	\$ 0.51	\$ 1.71	\$ 1.26
Shares used to calculate diluted non-GAAP net income per share	76,861	74,562	75,721	74,307

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Non-GAAP Sales and Marketing Expense:</b>				
Sales and marketing expense	\$ 62,219	\$ 61,576	\$ 183,578	\$ 186,256
Amortization of intangible assets	(1,751)	(1,705)	(5,218)	(5,040)
Stock-based compensation	(6,745)	(6,123)	(19,168)	(18,788)
Transaction-related costs	(163)	(96)	(184)	(287)
<b>Total non-GAAP sales and marketing expense</b>	<b>\$ 53,560</b>	<b>\$ 53,652</b>	<b>\$ 159,008</b>	<b>\$ 162,141</b>
<b>Non-GAAP Research and Development Expense:</b>				
Research and development expense	\$ 25,649	\$ 26,722	\$ 76,385	\$ 80,629
Stock-based compensation	(3,605)	(3,750)	(9,955)	(11,282)
Transaction-related costs	(151)	(746)	(216)	(2,024)

<b>Total non-GAAP research and development expense</b>	\$ 21,893	\$ 22,226	\$ 66,214	\$ 67,323
<b>Non-GAAP General and Administrative Expense:</b>				
General and administrative expense	\$ 28,216	\$ 18,026	\$ 89,315	\$ 46,854
Amortization of intangible assets	(79)	(345)	(236)	(1,300)
Stock-based compensation	(9,470)	(7,511)	(27,050)	(22,578)
Change in fair value of contingent consideration	—	11,120	—	33,549
Transaction-related costs	(8)	(1,022)	(42)	(1,175)
<b>Total non-GAAP general and administrative expense</b>	<b>\$ 18,659</b>	<b>\$ 20,268</b>	<b>\$ 61,987</b>	<b>\$ 55,350</b>
<b>Total Non-GAAP Operating Expenses</b>	<b>\$ 94,112</b>	<b>\$ 96,146</b>	<b>\$ 287,209</b>	<b>\$ 284,814</b>
<b>Free Cash Flow</b>				
Net cash provided by operating activities	\$ 55,919	\$ 37,026	\$ 147,042	\$ 84,444
Capitalized software development costs	(6,114)	(4,519)	(18,201)	(16,837)
Purchases of property and equipment	(394)	(1,098)	(1,370)	(3,927)
<b>Free cash flow</b>	<b>\$ 49,411</b>	<b>\$ 31,409</b>	<b>\$ 127,471</b>	<b>\$ 63,680</b>



Source: BlackLine, Inc.