UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-37924

BlackLine, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**46-3354276**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

21300 Victory Boulevard, 12th Floor
Woodland Hills, CA 91367
(Address of principal executive offices, including zip code)
(818) 223-9008
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	BL	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes x No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). Yes o No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based on the closing price of a share of the registrant's common stock on June 30, 2021 as reported by the NASDAQ Global Select Market on such date was $5.973 billion. Shares of the registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

At February 18, 2022, 59,237,306 shares of the registrant's common stock, $0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information called for by Part III of this Annual Report on Form 10-K where indicated are hereby incorporated by reference from the Definitive Proxy Statement for the registrant's Annual Meeting of Stockholders to be held in 2022, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the registrant's fiscal year ended December 31, 2021.

EXPLANATORY NOTE

BlackLine, Inc. (the "Company") is filing this Amendment No. 1 (this "Amendment") to its Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (the "Form 10-K") solely to include PricewaterhouseCoopers LLP's conformed signature in the Report of Independent Registered Public Accounting Firm which was inadvertently omitted in the as-filed version. The signed report was received by us prior to the original filing. No other changes have been made to the Form 10-K.

This Amendment does not reflect events occurring after the filing of the Form 10-K, does not update disclosures contained in the Form 10-K and does not modify or amend the Form 10-K except as specifically described above. Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, this Amendment contains the complete text of Item 8. Financial Statements and certifications of the Company's Principal Executive Officer and Principal Financial Officer required under Items 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, dated as of the date of this Amendment, as well as updated inline XBRL exhibits.

PART II

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BlackLine, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of BlackLine, Inc. and its subsidiaries (the “Company”) as of December 31, 2021 and 2020, and the related consolidated statements of operations, of comprehensive loss, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of the Rimilia Contingent Consideration Liability

As described in Notes 2 and 15 to the consolidated financial statements, as a condition of the Rimilia Acquisition, the Company agreed to pay potential additional cash consideration if Rimilia realized certain Rimilia Annual Recurring Revenue (“ARR”) thresholds in each year over a two-year period subsequent to the acquisition date. As of December 31, 2021, the maximum contingent cash consideration payable for Rimilia is $15.0 million, and the Company has recognized a liability of $14.4 million equal to the estimated fair value of the contingent consideration payable. To determine the fair value of the contingent consideration liability relating to the Rimilia Acquisition, management utilized a Monte Carlo simulation model to value the earn-out based on the likelihood of reaching firm-specific targets. Significant inputs used in the fair value measurement of the contingent consideration liability are the amount and timing of Rimilia ARR in the second year subsequent to the acquisition.

The principal considerations for our determination that performing procedures relating to the valuation of the Rimilia contingent consideration liability is a critical audit matter are the significant judgment by management in determining the fair value estimate; this in turn led to significant auditor judgment, subjectivity, and effort in performing procedures and evaluating management’s significant assumptions related to the amount and timing of Rimilia ARR in the second year subsequent to the acquisition for the contingent consideration liability. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the contingent consideration liability, including controls over the development of the assumptions of the amount and timing of Rimilia ARR. These procedures also included, among others, (i) the involvement of professionals with specialized skill and knowledge to assist in developing an independent estimate of the contingent consideration liability, (ii) comparing the independent estimate to management’s estimate to evaluate the reasonableness of management’s estimate, and (iii) developing the independent estimate involved testing the completeness and accuracy of data provided by management and evaluating management's assumption related to the amount and timing of Rimilia ARR. Evaluating management’s significant assumptions related to the Rimilia ARR involved evaluating whether the assumptions used were reasonable considering current and past performance of the acquired business.

Convertible Notes Transactions

As described in Notes 2 and 11 to the consolidated financial statements, in March 2021, in connection with the Company’s issuance of the 2026 Notes for aggregate gross proceeds of $1.15 billion, the Company used approximately $432.2 million of the net proceeds to repurchase $250.0 million aggregate principal amount of the 2024 notes. In accounting for the issuance of the 2026 Notes, management allocated the proceeds of the 2026 Notes between the liability and equity components. To estimate the fair value of the liability component, management measured the fair value of a similar liability that does not have an associated conversion feature by discounting the contractual cash flows of the 2026 Notes at an estimated interest rate for a comparable non-convertible note. The equity component representing the conversion option was determined by deducting the fair value of the liability component from the principal amount of the 2026 Notes. The difference between the principal amount of the 2026 Notes and the equity component totaling $276.3 million was recorded as a debt discount. Management also determined the fair value of the liability component of the 2024 Notes being extinguished. To estimate the fair value of a similar liability that does not have an associated conversion feature, management discounted the contractual cash flows of the 2024 Notes at an estimated interest rate for a comparable non-convertible note. The fair value of the liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The remaining consideration was allocated to the reacquisition of the equity component of the 2024 Notes and recognized as a reduction of additional paid-in capital in the amount of $219.3 million. The difference between the fair value of the liability and its carrying value was recognized as an extinguishment loss in the amount of $7.0 million.

The principal considerations for our determination that performing procedures relating to the convertible notes transactions is a critical audit matter are the significant judgment by management in determining the fair value of the liability components of the notes; this in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to the estimated interest rate of a comparable non-convertible note for the issuance of the 2026 Notes as well as the partial extinguishment of the 2024 Notes. Also, the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's accounting for the convertible notes transactions, including controls over management's determination of the fair value of the liability components of the convertible notes based on the estimated interest rate for comparable non-convertible notes. These procedures also included, among others, (i) reading the agreements and (ii) evaluating the methodology used by management to determine the fair value of similar notes that do not have an associated conversion feature, including evaluating the reasonableness of estimated interest rate assumptions. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the interest rate of comparable non-convertible notes used by management.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 25, 2022

We have served as the Company's auditor since 2014

BLACKLINE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except shares and par values)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 539,739	$ 367,413
Marketable securities (amortized cost of $658,886 and $175,211 at December 31, 2021 and December 31, 2020, respectively)	658,964	175,206
Accounts receivable, net of allowances for credit losses of $2,923 and $3,737 at December 31, 2021 and 2020, respectively	125,130	111,270
Prepaid expenses and other current assets	23,855	20,226
Total current assets	1,347,688	674,115
Capitalized software development costs, net	23,547	15,690
Property and equipment, net	16,321	13,239
Intangible assets, net	36,195	46,674
Goodwill	289,710	289,710
Operating lease right-of-use assets	16,264	8,708
Other assets	87,853	65,369
Total assets	$ 1,817,578	$ 1,113,505
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 7,471	$ 3,150
Accrued expenses and other current liabilities	50,930	35,958
Deferred revenue	242,429	191,137
Finance lease liabilities, current	373	—
Operating lease liabilities, current	4,936	4,147
Contingent consideration, current	16,438	7,938
Total current liabilities	322,577	242,330
Finance lease liabilities, noncurrent	824	—
Operating lease liabilities, noncurrent	13,248	7,356
Convertible senior notes, net	1,114,239	407,032
Contingent consideration, noncurrent	4,294	15,552
Deferred tax liabilities, net	8,175	6,566
Deferred revenue, noncurrent	362	75
Other long-term liabilities	124	—
Total liabilities	1,463,843	678,911
Commitments and contingencies (Note 15)		
Redeemable non-controlling interest (Note 4)	28,699	12,524
Stockholders' equity:		
Common stock, $0.01 par value, 500,000,000 shares authorized, 58,984,247 issued and outstanding at December 31, 2021 and 57,682,118 issued and outstanding at December 31, 2020	590	577
Additional paid-in capital	625,883	622,768
Accumulated other comprehensive income	298	376
Accumulated deficit	(301,735)	(201,651)
Total stockholders' equity	325,036	422,070
Total liabilities, redeemable non-controlling interest, and stockholders' equity	$ 1,817,578	$ 1,113,505

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31, 2021	2020	2019
Revenues			
Subscription and support	$ 398,633	$ 328,559	$ 272,447
Professional services	27,073	23,178	16,529
Total revenues	425,706	351,737	288,976
Cost of revenues			
Subscription and support	71,979	47,919	44,968
Professional services	25,892	21,053	14,007
Total cost of revenues	97,871	68,972	58,975
Gross profit	327,835	282,765	230,001
Operating expenses			
Sales and marketing	202,620	174,581	158,837
Research and development	77,322	56,464	43,006
General and administrative	86,507	71,611	56,057
Total operating expenses	366,449	302,656	257,900
Loss from operations	(38,614)	(19,891)	(27,899)
Other income (expense)			
Interest income	700	4,502	6,128
Interest expense	(62,945)	(23,311)	(8,650)
Other income (expense), net	(62,245)	(18,809)	(2,522)
Loss before income taxes	(100,859)	(38,700)	(30,421)
Provision for (benefit from) income taxes	135	702	1,725
Net loss	(100,994)	(39,402)	(32,146)
Net loss attributable to non-controlling interest (Note 4)	(910)	(1,349)	(1,444)
Adjustment attributable to non-controlling interest (Note 4)	15,077	8,858	1,833
Net loss attributable to BlackLine, Inc.	$ (115,161)	$ (46,911)	$ (32,535)
Basic net loss per share attributable to BlackLine, Inc.	$ (1.97)	$ (0.83)	$ (0.59)
Shares used to calculate basic net loss per share	58,351	56,832	55,320
Diluted net loss per share attributable to BlackLine, Inc.	$ (1.97)	$ (0.83)	$ (0.59)
Shares used to calculate diluted net loss per share	58,351	$ 56,832	$ 55,320

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Net loss	$ (100,994)	$ (39,402)	$ (32,146)
Other comprehensive income (loss):			
Net change in unrealized gains (losses) on marketable securities, net of tax of $0 for the years ended December 31, 2021, 2020 and 2019	88	(111)	200
Foreign currency translation	(312)	220	261
Other comprehensive income (loss)	(224)	109	461
Comprehensive loss	(101,218)	(39,293)	(31,685)
Less comprehensive loss attributable to redeemable non-controlling interest:			
Net loss attributable to redeemable non-controlling interest	(910)	(1,349)	(1,444)
Foreign currency translation attributable to redeemable non-controlling interest	(146)	110	129
Comprehensive loss attributable to redeemable non-controlling interest	(1,056)	(1,239)	(1,315)
Comprehensive loss attributable to BlackLine, Inc.	$ (100,162)	$ (38,054)	$ (30,370)

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2018	54,683	$ 547	$ 451,571	$ 45	$ (132,896)	$ 319,267
Stock option exercises	691	5	10,561	—	—	10,566
Vesting of restricted stock units	406	5	—	—	—	5
Issuance of common stock through employee stock purchase plan	151	2	5,293	—	—	5,295
Acquisition of common stock for tax withholding obligations	—	—	(3,940)	—	—	(3,940)
Stock-based compensation	—	—	34,543	—	—	34,543
Other comprehensive income	—	—	—	332	—	332
Equity component of convertible senior notes, net of issuance costs	—	—	111,230	—	—	111,230
Purchase of capped calls	—	—	(46,150)	—	—	(46,150)
Net loss attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	(1,833)	—	(30,702)	(32,535)
Balance at December 31, 2019	55,931	559	561,275	377	(163,598)	398,613
Stock option exercises	1,034	11	20,622	—	—	20,633
Vesting of restricted stock units	557	5	—	—	—	5
Issuance of common stock through employee stock purchase plan	160	2	6,970	—	—	6,972
Acquisition of common stock for tax withholding obligations	—	—	(8,186)	—	—	(8,186)
Stock-based compensation	—	—	50,945	—	—	50,945
Other comprehensive loss	—	—	—	(1)	—	(1)
Net loss attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	(8,858)	—	(38,053)	(46,911)
Balance at December 31, 2020	57,682	577	622,768	376	(201,651)	422,070
Stock option exercises	415	5	11,416	—	—	11,421
Vesting of restricted stock units	780	7	—	—	—	7
Issuance of common stock through employee stock purchase plan	107	1	9,019	—	—	9,020
Acquisition of common stock for tax withholding obligations	—	—	(17,007)	—	—	(17,007)
Stock-based compensation	—	—	67,595	—	—	67,595
Other comprehensive loss	—	—	—	(78)	—	(78)
Equity component of partial repurchase of 2024 convertible senior notes	—	—	(219,284)	—	—	(219,284)
Equity component of the 2026 convertible senior notes, net of issuance costs and tax	—	—	268,803	—	—	268,803
Purchase of capped calls	—	—	(102,350)	—	—	(102,350)
Net loss attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	(15,077)	—	(100,084)	(115,161)
Balance at December 31, 2021	58,984	$ 590	$ 625,883	$ 298	$ (301,735)	$ 325,036

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities			
Net loss attributable to BlackLine, Inc.	$ (115,161)	$ (46,911)	$ (32,535)
Net loss and adjustment attributable to redeemable non-controlling interest (Note 4)	14,167	7,509	389
Net loss	(100,994)	(39,402)	(32,146)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	27,128	20,892	21,274
Change in fair value of contingent consideration	(2,758)	28	46
Amortization of debt discount and issuance costs	55,538	22,689	8,410
Loss on extinguishment of convertible notes	7,012	—	—
Stock-based compensation	65,870	49,690	34,052
Noncash lease expense	4,513	4,653	5,013
Accretion of purchase discounts on marketable securities, net	6	(157)	(2,161)
Net foreign currency (gains) losses	112	(223)	65
Deferred income taxes	(817)	(381)	1,314
Provision for (benefit from) credit losses	(100)	332	157
Changes in operating assets and liabilities, net of impact of acquisition:			
Accounts receivable	(14,255)	(5,733)	(27,962)
Prepaid expenses and other current assets	(3,956)	(5,311)	1,224
Other assets	(22,505)	(12,444)	(16,429)
Accounts payable	3,997	(4,359)	3,244
Accrued expenses and other current liabilities	14,876	3,075	5,789
Deferred revenue	51,579	26,397	33,364
Operating lease liabilities	(5,153)	(5,011)	(5,530)
Net cash provided by operating activities	80,093	54,735	29,724
Cash flows from investing activities			
Purchases of marketable securities	(1,180,885)	(266,369)	(565,675)
Proceeds from maturities of marketable securities	697,209	525,691	149,638
Proceeds from sales of marketable securities	—	53,033	17,279
Capitalized software development costs	(14,536)	(10,578)	(5,060)
Purchases of property and equipment	(8,729)	(6,513)	(4,632)
Acquisition, net of cash acquired	—	(119,337)	—
Purchases of intangible assets	—	(2,333)	—
Net cash provided by (used in) investing activities	(506,941)	173,594	(408,450)
Cash flows from financing activities			
Investment from redeemable non-controlling interest	2,171	—	—
Proceeds from issuance of convertible senior notes, net of issuance costs	1,128,794	—	487,163
Partial repurchase of convertible senior notes	(432,230)	—	—
Purchase of capped calls related to convertible senior notes	(102,350)	—	(46,150)
Proceeds from exercises of stock options	11,428	20,638	10,571
Proceeds from employee stock purchase plan	9,020	6,972	5,295
Acquisition of common stock for tax withholding obligations	(17,007)	(8,186)	(3,940)
Principal payments on finance lease obligations	(37)	—	—
Financed purchases of property and equipment	(549)	(562)	(427)
Net cash provided by financing activities	599,240	18,862	452,512
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	(314)	220	261
Net increase in cash, cash equivalents, and restricted cash	172,078	247,411	74,047
Cash, cash equivalents, and restricted cash, beginning of period	367,913	120,502	46,455
Cash, cash equivalents, and restricted cash, end of period	$ 539,991	$ 367,913	$ 120,502
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents at end of period	539,739	367,413	120,232
Restricted cash included within prepaid expenses and other current assets at end of period	—	227	20
Restricted cash included within other assets at end of period	252	273	250
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	$ 539,991	$ 367,913	$ 120,502

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL CASH FLOW DISCLOSURE
(in thousands)

	Year Ended December 31,		
	2021	**2020**	**2019**
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 506	$ 604	$ —
Cash paid for income taxes	$ 890	$ 619	$ 1,007
Non-cash financing and investing activities			
Stock-based compensation capitalized for software development	$ 1,849	$ 1,255	$ 491
Capitalized software development costs included in accounts payable and accrued expenses and other current liabilities at end of period	$ 1,276	$ 802	$ 560
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities at end of period	$ 816	$ 619	$ 863
Estimated fair value of contingent consideration	$ —	$ 17,100	$ —

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—The Company

BlackLine, Inc. and its subsidiaries (the “Company” or “BlackLine”) provide financial accounting close solutions delivered primarily as Software as a Service (“SaaS”). The Company’s solutions enable its customers to address various aspects of their financial close process including account reconciliations, variance analysis of account balances, journal entry capabilities, and certain types of data matching capabilities.

The Company is a holding company and conducts its operations through its wholly-owned subsidiary, BlackLine Systems, Inc. (“BlackLine Systems”). BlackLine Systems funded its business with investments from its founder and cash flows from operations until September 3, 2013, when the Company acquired BlackLine Systems, and Silver Lake Sumeru and Iconiq acquired a controlling interest in the Company, which is referred to as the “2013 Acquisition."

On October 2, 2020, the Company acquired Rimilia Holdings Ltd. (“Rimilia”), which is referred to as the “Rimilia Acquisition.”

The Company is headquartered in Woodland Hills, California and has offices in Pleasanton, California, as well as in Australia, Canada, France, Germany, Japan, the Netherlands, Poland, Romania, Singapore, and the United Kingdom..

Note 2—Significant Accounting Policies

Principles of consolidation and basis of presentation

The Company’s consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the operating results of its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates, primarily those related to determining the stand-alone selling price (“SSP”) for separate deliverables in the Company’s subscription revenue arrangements, allowance for doubtful accounts, fair value of assets and liabilities assumed in a business combination, recoverability of goodwill and long-lived assets, useful lives associated with long-lived assets, income taxes, contingencies, fair value of contingent consideration, fair value of convertible senior notes, redemption value of redeemable non-controlling interest, and the valuation and assumptions underlying stock-based compensation. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The extent to which COVID-19 impacts the Company’s business and financial results will depend on numerous continuously evolving factors including, but not limited to, the magnitude and duration of COVID-19, including resurgences; the impact on the Company’s employees; the extent to which it will impact worldwide macroeconomic conditions, including interest rates, employment rates, and health insurance coverage; the speed and degree of the anticipated economic recovery, as well as variability in such recovery across different geographies, industries, and markets; and governmental and business reactions to the pandemic. The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company and the unknown future impacts of COVID-19 at December 31, 2021 and through the date of this report. The accounting matters assessed included, but were not limited to, the Company’s allowance for credit losses and doubtful accounts, and the carrying value of goodwill and other long-lived assets. While there was not a material impact to the Company’s consolidated financial statements for the year ended December 31, 2021, the Company’s future assessment of the magnitude and duration of

COVID-19 and other factors could result in material impacts to the Company's consolidated financial statements in future reporting periods.

Segments

Management has determined that the Company has one operating segment. The Company's chief operating decision maker, reviews financial information on a consolidated and aggregate basis, together with certain operating metrics principally to make decisions about how to allocate resources and to measure the Company's performance.

Concentration of credit risk and significant customers

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents, investments in marketable securities and accounts receivable.

The Company maintains the majority of its cash balances with one major commercial bank in interest-bearing accounts, which exceeds the Federal Deposit Insurance Corporation, or FDIC, federally insured limits.

The Company invests its excess cash in money market mutual funds, commercial paper, corporate bonds, and U.S. treasury securities. To date, the Company has not experienced any impairment losses on its investments.

For the years ended December 31, 2021, 2020, and 2019, no single customer comprised 10% or more of the Company's total revenues. No single customer had an accounts receivable balance of 10% or greater of total accounts receivable at December 31, 2021 or 2020.

Cash and cash equivalents

The Company considers all highly liquid investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash includes cash held in checking and savings accounts. Cash equivalents are comprised of investments in money market mutual funds. The carrying value of cash and cash equivalents approximates fair value.

Restricted cash

Included in other assets and prepaid expenses and other current assets was $0.3 million and $0.5 million of restricted cash at December 31, 2021 and 2020, respectively. The cash was required to be restricted as to use by the Company's office leaseholder to collateralize a standby letter of credit.

Investments in Marketable Securities

The Company periodically assesses its portfolio of marketable securities for impairment. For debt securities in an unrealized loss position, this assessment first takes into account the Company's intent to sell, or whether it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the debt security's amortized cost basis is written down to fair value through other income (expense), net.

For debt securities in an unrealized loss position that do not meet the aforementioned criteria, the Company assesses whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss may exist, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses will be recorded through other income (expense), net, limited by the amount that the fair value is less than the amortized cost basis. Any additional impairment not recorded through an allowance for credit losses is recognized in accumulated other comprehensive loss in the consolidated statements of stockholders' equity.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when the Company believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. The Company has not recorded any credit losses for the year ended December 31, 2021. The Company has not recorded any impairment charges for unrealized losses in the periods presented.

Accounts receivable and credit losses

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company makes estimates of expected credit losses for the allowance for doubtful accounts and allowance for cancellations and credits based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The estimated credit loss allowance for doubtful accounts is recorded as general and administrative expenses, while the estimated credit loss allowance for cancellations and credits is recorded as a reduction in revenue on the consolidated statements of operations.

Leases

In accordance with Accounting Standards Codification ("ASC") No. 842, *Leases*, the Company has made accounting policy elections, including a short-term lease exception policy, permitting the Company to not apply the recognition requirements of this standard to short-term leases (i.e. leases with expected terms of 12 months or less), and an accounting policy to account for lease and certain non-lease components as a single component for certain classes of assets. The portfolio approach, which allows a lessee to account for its leases at a portfolio level, was elected for certain equipment leases in which the difference in accounting for each asset separately would not have been materially different from accounting for the assets as a combined unit.

The Company has leases for office space, equipment, and data centers. The Company determines whether an arrangement is a lease, or contains a lease, at inception if the Company is both able to identify an asset and can conclude it has the right to control the identified asset for a period of time. Leases are included in property and equipment, operating lease ROU assets, finance lease liabilities, and operating lease liabilities on the Company’s consolidated balance sheets. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

Finance lease assets classified within property and equipment and operating lease ROU assets represent the Company’s right to control an underlying asset for the lease term, finance lease liabilities and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease, both of which are recognized at commencement date based on the present value of lease payments over the lease term. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date or remeasurement date to determine the discount rate used to present value lease payments for finance and operating leases. The incremental borrowing rate used is estimated based on what the Company would be required to pay for a collateralized loan over a similar term. Additionally, the Company generally uses the portfolio approach when applying the discount rate selected based on the dollar amount and term of the obligation. The Company’s leases typically do not include any residual value guarantees, bargain purchase options, or asset retirement obligations.

The Company’s lease terms are only for periods in which it has enforceable rights. The Company generally uses the base, non-cancellable lease term when determining the lease assets and liabilities. A lease is no longer enforceable when both the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. The Company’s lease terms are impacted by options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company’s agreements may contain variable lease payments. The Company includes variable lease payments that depend on an index or a rate and excludes those which depend on facts or circumstances occurring after the commencement date, other than the passage of time. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the lease assets and liabilities.

Judgment is required when determining whether any of the Company’s data center contracts contain a lease. The Company concluded a lease exists when the asset is specifically identifiable, substantially all the economic benefit of the asset is obtained, and the right to direct the use of the asset exists during the term of the lease.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally three to five years for machinery and equipment and purchased software, and five years for furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or seven years. Expenditures for repairs and maintenance are expensed as incurred, while renewals and improvements are capitalized. Depreciation expense is charged to operations on a straight-line basis over the estimated useful lives of the assets.

Capitalized internal-use software costs

The Company accounts for the costs of computer software obtained or developed for internal use in accordance with ASC 350, *Intangibles—Goodwill and Other* (“ASC 350”). The Company capitalizes certain costs in the development of its Software as a Service (“SaaS”) subscription solution when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project and (iii) it is probable that the project will be completed and performed as intended. These capitalized costs include personnel and related expenses for employees and costs of third-party contractors who are directly associated with and who devote time to internal-use software projects. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Costs incurred for significant upgrades and enhancements to the Company’s SaaS software solutions are also capitalized. Costs incurred for training, maintenance and minor modifications or enhancements are expensed as incurred. Capitalized software development costs are amortized using the straight-line method over an estimated useful life of three years.

During the years ended December 31, 2021, 2020, and 2019, the Company amortized $9.0 million, $6.4 million, and $4.7 million, respectively, of internal-use software development costs to subscription and support cost of revenues. At December 31, 2021 and 2020, the accumulated amortization of capitalized internal-use software development costs was $28.0 million and $19.7 million, respectively.

The Company capitalizes certain implementation costs incurred in a hosting arrangement that is a service contract. These capitalized costs exclude training costs, project management costs, and data migration costs. Capitalized software implementation costs are amortized using the straight-line method over the terms of the associated hosting arrangements.

Amortization of internal-use software implementation costs included in sales and marketing expenses in the consolidated statements of operations was $0.1 million and $0.1 million for the years ended December 31, 2021 and December 31, 2020, respectively. During the year ended December 31, 2019, the Company had no material amortization of internal-use software implementation costs.

Intangible assets

Intangible assets primarily consist of developed technology, customer relationships, and trade names, which were acquired as part of the 2013 Acquisition, the Runbook Acquisition, and the Rimilia Acquisition. The Company determines the appropriate useful life of its intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from one to 11 years.

Impairment of long-lived assets

Management evaluates the recoverability of the Company’s property and equipment, finite-lived intangible assets and capitalized internal-software costs when events or changes in circumstances indicate a potential impairment exists. Events and changes in circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable include, but are not limited to, significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, and changes in the Company’s business strategy. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (an “asset group”). In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of the asset group. If impairment is indicated based on a comparison of the assets’ carrying values and the undiscounted cash flows, the impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. The Company determined that there were no events or changes in circumstances that potentially indicated that the Company's long-lived assets were impaired during the years ended December 31, 2021, 2020, and 2019.

Business combinations

The results of businesses acquired in business combinations are included in the Company's consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business generally being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the consolidated statements of operations.

The Company performs valuations of assets acquired and liabilities assumed and allocates the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. The Company tests goodwill for impairment in accordance with the provisions of ASC 350, *Intangibles—Goodwill and Other*. Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, loss of key personnel, significant changes in the use of the acquired assets or the Company's strategy, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

ASC 350 provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if an entity concludes otherwise, then it is required to perform an impairment test.

The first step involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then an impairment charge is recorded for the difference between the reporting unit's fair value and carrying amount, not to exceed the carrying amount of the goodwill.

The Company has one reporting unit, and it tests its goodwill for impairment annually, during the fourth quarter of the calendar year. At December 31, 2021 and 2020, the Company used the quantitative approach to perform its annual goodwill impairment test. The fair value of the Company's reporting unit significantly exceeded the carrying value of its net assets and, accordingly, goodwill was not impaired.

Redeemable non-controlling interest

The Company's Japanese subsidiary ("BlackLine K.K.") is not wholly owned. The agreements with the minority investors of BlackLine K.K. contain redemption features whereby the interest held by the minority investors are redeemable either (i) at the option of the minority investors or (ii) at the option of the Company, both beginning on the seventh anniversary of the initial capital contribution. If the interest of the minority investors were to be redeemed under these agreements, the Company would be required to redeem the interest based on a prescribed formula derived from the relative revenue of BlackLine K.K. and the Company. The balance of the redeemable non-controlling interest is reported at the greater of the initial carrying amount adjusted for the redeemable non-controlling interest's share of earnings or losses and other comprehensive income or loss, or its estimated redemption value. The resulting changes in the estimated redemption amount (increases or decreases) are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in-capital. These interests are presented on the consolidated balance sheets outside of equity under the caption "Redeemable non-controlling interest."

Convertible Senior Notes

The Company accounts for the issued Convertible Senior Notes (the “Notes”) as separate liability and equity components. The carrying amount of the liability component was calculated by measuring the fair value of a similar liability that does not have an associated convertible feature. The carrying amount of the equity component representing the difference between the proceeds and the fair value of a similar liability that does not have an associated convertible feature. This difference represents a debt discount that is amortized to interest expense over the term of the Notes using the effective interest rate method. The equity component is not remeasured as long as it continues to meet the conditions for equity classification. The Company has allocated issuance costs incurred to the liability and equity components. Issuance costs attributable to the liability component are being amortized to expense over the respective term of the Notes, and issuance costs attributable to the equity components were netted with the respective equity component in additional paid-in capital.

To the extent that the Company receives conversion requests prior to the maturity of the Notes, a portion of the equity component is classified as temporary equity, which is measured as the difference between the principal and net carrying amount of the Notes requested for conversion. Upon settlement of the conversion requests, the difference between the fair value and the amortized book value of the liability component of the Notes requested for conversion is recorded as a gain or loss on early conversion. The fair value of the Notes are measured based on a similar liability that does not have an associated convertible feature based on the remaining term of the Notes, which requires significant judgment.

Fair value of financial instruments

ASC 820, *Fair Value Measurement,* requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1: Quoted prices in active markets for identical or similar assets and liabilities.

Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2021 and 2020, the carrying values of cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair values due to the short-term nature of such instruments.

Contingent consideration related to acquisitions is recorded at fair value as a liability on the acquisition date and is remeasured at each reporting date, based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions management believes would be made by a market participant. Management assesses these estimates on an ongoing basis as additional data impacting the assumptions becomes available. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within general and administrative expenses in the consolidated statements of operations.

To determine the fair value of the contingent consideration liability relating to the 2013 Acquisition, the Company discounted estimated future taxable income. The significant inputs used in the fair value measurement of contingent consideration are the timing and amount of taxable income in any given period, as well as an appropriate discount rate, which are not based on observable market data and consider the risks associated with the forecasted taxable income. Changes in the significant inputs used such as estimated future taxable income and the periods in which they are generated, would significantly impact the fair value of the contingent consideration liability.

To determine the fair value of the contingent consideration liability relating to the Rimilia Acquisition, the Company utilized a Monte Carlo simulation model to value the earn-out based on the likelihood of reaching firm- specific targets. Significant inputs used in the fair value measurement of the contingent consideration liability are the amount and timing of Rimilia Annual Recurring Revenue ("ARR") in the second year subsequent to the acquisition. Changes in the significant inputs used in the fair value measurement, specifically a change to the Rimilia ARR, would significantly impact the fair value of the contingent consideration liability.

Certain assets, including goodwill and long-lived assets, are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. For the years ended December 31, 2021, 2020, and 2019, no impairments were identified on those assets required to be measured at fair value on a non-recurring basis.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of subscription and support services and professional services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company’s agreements do not contain any refund provisions other than in the event of the Company’s non-performance or breach.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, the Company satisfies a performance obligation

Subscription and support revenue – Customers pay subscription and support fees for access to the Company’s SaaS platform. Our subscription contracts have initial terms of one year to three years with renewal options. Fees are based on a number of factors, including the solutions subscribed for by the customer and the number of users having access to the solutions. Subscription services, which allow customers to use hosted software over the contract period without taking possession of the software, are considered distinct performance obligations and are recognized ratably as the Company transfers control evenly over the contract period.

Subscription and support revenue also includes software and related maintenance and support fees on legacy BlackLine solutions, Runbook Company B.V. ("Runbook") software, and Rimilia software. Software licenses for legacy BlackLine solutions, Runbook software, and Rimilia software provide the customer with a right to use the software as it exists when made available to the customer. Customers may have purchased perpetual licenses or term-based licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.

Professional services revenue – Professional services consist of implementation and consulting services to assist the Company’s customers as they deploy its solutions. These services are considered distinct performance obligations. Professional services do not result in significant customization of the subscription service. The Company applies the practical expedient to recognize professional services revenue when it has the right to invoice based on time and materials incurred. The Company applies the optional exemption and has excluded the variable consideration from the disclosure of remaining performance obligations.

Significant judgments – The Company’s contracts with customers often include promises to transfer multiple products and services. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. Judgment is also required to determine the SSP for each distinct performance obligation. The Company typically has more than one SSP for its SaaS solutions and professional services. Additionally, management has determined that there are no third-party offerings reasonably comparable to the Company’s solutions. Therefore, the Company determines the SSPs of subscriptions to the SaaS solutions and professional services based on numerous factors including the Company’s overall pricing objectives, geography, customer size and number of users, and discounting practices. The Company uses historical maintenance renewal fees to estimate SSP for maintenance and support fees bundled with software licenses. The Company uses the residual method to estimate SSP of software licenses, because license pricing is highly variable and not sold separately from maintenance and support.

Contract balances – Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records an unbilled receivable when revenue is recognized prior to invoicing, and deferred revenue when revenue is recognized subsequent to invoicing. The Company generally invoices customers annually at the beginning of each annual contract period.

Deferred revenue is comprised mainly of billings related to the Company’s SaaS solutions in advance of revenue being recognized. Deferred revenue also includes payments for: professional services to be performed in the future; legacy BlackLine maintenance and support; Runbook maintenance, support, license, and implementation; and other offerings for which the Company has been paid in advance and earns the revenue when the Company transfers control of the product or service.

Changes in deferred revenue for the years ended December 31, 2021, 2020, and 2019 were primarily due to additional billings in the periods, partially offset by revenue recognized of $189.6 million, $161.3 million, and $129.3 million, respectively, that was previously included in the deferred revenue balance at December 31, 2020, 2019, and 2018, respectively.

The transaction price is generally determined by the stated fixed fees in the contract, excluding any related sales taxes. Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized (“contracted not recognized”), which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not recognized revenue was $596.3 million at December 31, 2021, of which the Company expects to recognize approximately 58.2% over the next 12 months and the remainder thereafter.

Fees are generally due and payable upon receipt of invoice or within 30 days. None of the Company’s contracts include a significant financing component.

Assets recognized from the costs to obtain a contract with a customer – The Company recognizes an asset for the incremental and recoverable costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be one year or longer. The Company has determined that certain sales incentive programs to the Company’s employees ("deferred customer contract acquisition costs") and its partners ("partner referral fees") meet the requirements to be capitalized. Deferred customer acquisition costs related to new revenue contracts and upsells are deferred and then amortized on a straight-line basis over the expected period of benefit, which the Company has determined to be five years, based upon both the product turnover rate and estimated customer life. The Company enters into partnership arrangements where partner referral fees are paid either on the initial contract or on both the initial contract and renewal of the contract. The Company assesses whether the renewal fee is commensurate with the initial fee. When the renewal fee is commensurate with the initial fee, the Company amortizes the deferred costs over the initial year of the contract. Otherwise, the initial fee is amortized over five years. Deferred customer acquisition costs and partner referral fees are included within other assets on the consolidated balance sheets. There were no impairment losses in relation to the costs capitalized for the periods presented.

Amortization expense related to the asset recognized from the costs to obtain a contract with a customer is included in sales and marketing expenses in the consolidated statements of operations and was $22.4 million, $17.3 million, and $18.1 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Cost of revenues

Cost of revenues primarily consists of costs related to hosting the Company’s cloud-based application suite, salaries and benefits of operations and support personnel, including stock-based compensation, and amortization of capitalized internal-use software costs. The Company allocates a portion of overhead, such as rent, information technology costs and depreciation and amortization to cost of revenues. Costs associated with providing professional services are expensed as incurred when the services are performed. In addition, subscription and support cost of revenues includes amortization of acquired developed technology.

Sales and marketing

Sales and marketing expenses consist primarily of compensation and employee benefits, including stock-based compensation, of sales and marketing personnel and related sales support teams, sales and partner commissions, marketing events, advertising costs, travel, trade shows, other marketing materials, and allocated overhead. Sales and marketing expenses also include amortization of customer relationship intangible assets. Advertising costs are expensed as incurred and totaled $9.0 million, $6.8 million, and $10.9 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Research and development

Research and development expenses are comprised primarily of salaries, benefits and stock-based compensation associated with the Company's engineering, product and quality assurance personnel. Research and development expenses also include third-party contractors and supplies and allocated overhead. Other than software development costs that qualify for capitalization, as discussed above, research and development costs are expensed as incurred.

General and administrative

General and administrative expenses consist primarily of personnel costs associated with the Company's executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional services fees, other corporate-related expenses and allocated overhead. General and administrative expenses also include amortization of covenant not to compete and tradename intangible assets, the change in value of the contingent consideration, legal settlement gains, and costs associated with the shelf offerings.

Stock-based compensation

The Company accounts for stock-based compensation awards granted to employees and directors based on the awards' estimated grant date fair value. The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model. For awards that vest solely based on continued service ("service-only vesting conditions"), the resulting fair value is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, usually the vesting period, which is generally four years. The Company recognizes the fair value of stock options which contain performance conditions based upon the probability of the performance conditions being met, using the graded vesting method. The Company accounts for forfeitures when they occur rather than estimate a forfeiture rate.

Determining the grant date fair value of options using the Black-Scholes option-pricing model requires management to make assumptions and judgments. These estimates involve inherent uncertainties and, if different assumptions had been used, stock-based compensation expense could have been materially different from the amounts recorded. The assumptions and estimates are as follows:

Value per share of the Company's common stock*.* For awards granted subsequent to the Company's initial public offering, the fair value of common stock is based on the closing price of the Company's common stock, as reported on the NASDAQ, on the date of grant.

Expected volatility. The Company determines the expected volatility based on a weighted average of the historical volatility of its common stock and, as applicable, the historical average volatilities of similar publicly-traded companies, corresponding to the expected term of the awards.

Expected term. The Company determines the expected term of awards which contain service-only vesting conditions using the simplified approach, in which the expected term of an award is presumed to be the mid-point between the vesting date and the expiration date of the award, as the Company does not have sufficient historical data relating to stock option exercises. The expected term for the Company's ESPP represents the amount of time remaining in the 12-month offering period.

Risk-free interest rate. The risk-free interest rate is based on the United States Treasury yield curve in effect during the period the options were granted corresponding to the expected term of the awards.

Estimated dividend yield. The estimated dividend yield is zero, as the Company does not currently intend to declare dividends in the foreseeable future.

The following information represents the weighted average of the assumptions used in the Black-Scholes option-pricing model for stock options granted:

	Year Ended December 31,		
	2021	2020	2019
Expected term (years)	6.0	6.2	6.1
Expected volatility	47.0 %	48.4 %	46.7 %
Risk free interest rate	1.0 %	0.4 %	2.2 %
Expected dividend yield	—	—	—

Income taxes

The Company accounts for income taxes in accordance with ASC 740, *Income Taxes*. ASC 740 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of operations in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties accrued with respect to uncertain tax positions, if any, in the provision for income taxes in the consolidated statements of operations.

Net loss per share

Basic and diluted loss per share is calculated by dividing net loss attributable to BlackLine, Inc. by the weighted average number of shares of common stock outstanding. As the Company has net losses for the periods presented, all potentially dilutive common stock, which are comprised of stock options and restricted stock units, are antidilutive.

Foreign currency

The Company’s functional currency for its foreign subsidiaries is the U.S. Dollar (“USD”), with the exception of its BlackLine K.K. subsidiary, for which the Japanese Yen is the functional currency. The foreign exchange impacts of remeasuring the local currency of the foreign subsidiaries to the functional currency is recorded in general and administrative expenses in the Company’s consolidated statements of operations. Monetary assets and liabilities of foreign operations are remeasured at balance sheet date exchange rates, non-monetary assets and liabilities and equity are remeasured at the historical exchange rates, while results of operations are remeasured at average exchange rates in effect for the period. Foreign currency transaction losses totaled $1.0 million, $0.6 million, and $0.5 million for the years ended December 31, 2021, 2020, and 2019, respectively. The financial statements of BlackLine K.K. are translated to USD using balance sheet date exchange rates for monetary assets and liabilities, historical rates of exchange for non-monetary assets and liabilities and equity, and average exchange rates in the period for revenues and expenses. Translation gains and losses are recorded in accumulated other comprehensive income (loss) as a component of stockholders’ equity in the consolidated balance sheets.

Recent accounting pronouncements

Recently-issued accounting pronouncements not yet adopted

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20)* and *Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This standard eliminates the beneficial conversion and cash conversion accounting models for convertible instruments. It also amends the accounting for certain contracts in an entity's own equity that are currently accounted for as derivatives because of specific settlement provisions. In addition, the new guidance modifies how particular convertible instruments and certain contracts that may be settled in cash or shares impact the diluted EPS computation. For public business entities, it is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years using the fully retrospective or modified retrospective method. Early adoption is permitted but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Company is planning to adopt the provisions of the new standard effective the first quarter of 2022 and is evaluating the impact of the adoption on its consolidated financial statements.

In January 2021, the Financial Accounting Standards Board ("FASB") issued ASU No. 2021-01, *Reference Rate Reform (Topic 848)*, which refines the scope of ASC 848 and clarifies some of its guidance of global reference rate reform activities. The new guidance provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform if certain criteria are met. These transactions include contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. Entities may apply the provisions of the new standard as of the beginning of the reporting period when the election is made (i.e., as early as the first quarter of 2020). The Company has not adopted the provisions of the new standard and does not expect it to have a material impact on the Company's consolidated financial statements.

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This standard addresses diversity in practice and inconsistency related to recognition of an acquired contract liability, and payment terms and their effect on subsequent revenue recognized by the acquirer. For public business entities, it is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. Entities should apply the provisions of the new standard prospectively to business combinations occurring on or after the effective date of the standard. Early adoption is permitted, including adoption in an interim period. The Company is planning to adopt the provisions of the new standard effective the first quarter of 2022 and is evaluating the impact of its adoption on our business combination completed in January 2022.

Note 3—Revenues

The Company disaggregates its revenue from contracts with customers by geographic location, as it believes it best depicts how the nature, amount, timing, and uncertainty of its revenues and cash flows are affected by economic factors.

The following table sets forth the Company's revenues by geographic region (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	$ 304,603	$ 264,016	$ 223,375
International	121,103	87,721	65,601
	$ 425,706	$ 351,737	$ 288,976

No countries outside the United States represented 10% or more of total revenues.

Note 4—Redeemable Non-Controlling Interest

In September 2018, the Company entered into an agreement with Japanese Cloud Computing and M30 LLC (the "Investors") to engage in the investment, organization, management, and operation of a Japanese subsidiary ("BlackLine K.K.") of the Company that is focused on the sale of the Company's products in Japan. In October 2018, the Company initially contributed approximately $4.5 million in cash in exchange for 51% of the outstanding common stock of BlackLine K.K. In November 2021, the Company made a further investment in BlackLine K.K. of $2.3 million that, including additional investments in Blackline K.K. of $2.2 million by existing third-party investors in

November 2021, maintained the Company's majority ownership of 51%. As the Company continues to control a majority stake in BlackLine K.K., the entity has been consolidated.

All of the common stock held by the Investors is callable by the Company or puttable by the Investors upon certain contingent events. Should the call or put option be exercised, the redemption value will be determined based upon a prescribed formula derived from the discrete revenues of BlackLine K.K. and the Company and may be settled, at the Company's discretion, with Company stock or cash. As a result of the put right available to the Investors in the future, the redeemable non-controlling interest in BlackLine K.K. is classified outside of permanent equity in the Company's consolidated balance sheets, and the balance is reported at the greater of the initial carrying amount adjusted for the redeemable non-controlling interest's share of earnings, or its estimated redemption value. The resulting changes in the estimated redemption amount are recorded within retained earnings or, in the absence of retained earnings, additional paid-in-capital.

The following table summarizes the activity in the redeemable non-controlling interest for the periods indicated below:

	December 31,		
	2021	2020	2019
Balance at beginning of period	$ 12,524	$ 4,905	$ 4,387
Investment by redeemable non-controlling interest	2,171	—	—
Net loss attributable to redeemable non-controlling interest (excluding adjustment to non-controlling interest)	(910)	(1,349)	(1,444)
Foreign currency translation	(163)	110	129
Adjustment to redeemable non-controlling interest	15,077	8,858	1,833
Balance at end of period	$ 28,699	$ 12,524	$ 4,905

Note 5 — Business Combinations

On October 2, 2020, the Company completed the acquisition of Rimilia for consideration of $120.0 million payable at the closing of the acquisition with additional cash payments of up to $30.0 million payable upon certain earnout conditions being met. The acquisition expands the Company's capabilities into an adjacent area, adding accounts receivable automation, and accelerating the Company's larger, long-term plan for transforming and modernizing finance and accounting. Transaction-related costs incurred by the Company totaling approximately $4.7 million were expensed as incurred and were included in general and administrative expenses in the Company's consolidated statement of operations for the year ended December 31, 2020.

The contingent cash consideration was classified as a liability and included in contingent consideration on the Company's consolidated balance sheet and is remeasured on a recurring basis at fair value. To estimate the fair value of the contingent consideration liability, management utilized a Monte Carlo simulation model to value the earn-out based on the likelihood of reaching firm-specific targets. Significant inputs used in the fair value measurement of contingent consideration are the amount and timing of Rimilia Annual Recurring Revenue ("ARR") in each year over a two year period subsequent to the acquisition date. At the acquisition date, the fair value of the contingent consideration liability was determined to be $17.1 million, and at December 31, 2021, the fair value of the contingent consideration liability was $14.4 million. See Note 15 for additional information regarding the valuation of the contingent consideration at December 31, 2021.

The Company accounted for the transaction as a business combination using the acquisition method of accounting. The total purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date. The total purchase consideration was $121.4 million of cash, reduced by a working capital adjustment of $0.2 million, and $17.1 million in contingent consideration payable based on the amount and timing of Rimilia's ARR. The purchase price accounting for this acquisition is final.

The major classes of assets and liabilities to which the Company allocated the total fair value of purchase consideration of $138.4 million were as follows (in thousands):

Cash and cash equivalents	$	1,901
Accounts receivable, net		2,232
Prepaid expenses and other current assets		1,873
Property and equipment, net		180
Operating lease right-of-use assets		329
Intangible assets, net		34,500
Goodwill		104,572
Accounts payable		(533)
Accrued expenses and other current liabilities		(1,885)
Deferred revenue		(2,100)
Operating lease liabilities		(329)
Deferred tax liabilities, net		(2,357)
Total consideration	$	138,383

The Company believes the amount of goodwill resulting from the acquisition is primarily attributable to increased offerings to customers, enhanced opportunities for growth and innovation, and expected synergies from the assembled workforce. The goodwill resulting from the acquisition is not tax deductible.

To determine the estimated fair value of intangible assets acquired, the Company engaged a third-party valuation specialist to assist management. All estimates, key assumptions, and forecasts were either provided by, or reviewed by the Company. While the Company chose to utilize a third-party valuation specialist for assistance, the fair value analysis and related valuations reflect the conclusions of the Company and not those of any third party. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement as defined in ASC 820. The acquired intangible asset categories, fair value, and amortization periods, were as follows:

	Amortization Period		Fair Value (in thousands)
Developed technology	11 years	$	21,800
Customer relationships	4 years		12,700
		$	34,500

The weighted average lives of intangible assets at the acquisition date was 8.4 years.

The identified intangible assets, developed technology and customer relationships, were valued as follows:

Developed technology – The Company valued the finite-lived developed technology using the multi-period excess earnings model ("MPEEM") under the income approach. This method estimates an intangible asset’s value based on the present value of the incremental after-tax cash flows attributable to the intangible asset. The Company applied judgement which involves the use of significant assumptions with respect to the discount rate, obsolescence rate, revenue forecasts, and EBITDA forecasts.

Customer relationships – The Company valued the finite-lived customer relationships using the differential cash flow (with-and-without) model. This method assumes that the value of the intangible asset is equal to the difference between the present value of the prospective cash flows with the intangible asset in place and the present value of the prospective cash flows without the intangible asset. The Company applied judgement, which involved the significant assumption of the discount rate and the customer ramp-up rate.

The revenue and earnings of the acquired business were included in the Company’s results since the acquisition date and are not material to the Company’s consolidated financial results. Pro forma revenues and results of operations for this acquisition have not been presented as the impact on the Company's consolidated financial statements would be immaterial.

Note 6—Intangible Assets and Goodwill

The carrying value of intangible assets was as follows (in thousands):

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 15,977	$ (13,317)	$ 2,660
Developed technology	64,358	(43,148)	21,210
Customer relationships	16,589	(6,046)	10,543
Defensive patent	2,333	(551)	1,782
	$ 99,257	$ (63,062)	$ 36,195

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 15,977	$ (11,720)	$ 4,257
Developed technology	64,358	(40,463)	23,895
Customer relationships	44,483	(28,058)	16,425
Defensive patent	2,333	(236)	2,097
	$ 127,151	$ (80,477)	$ 46,674

Amortization expense is included in the following functional statements of operations expense categories. Amortization expense was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenues	$ 2,685	$ 1,192	$ 4,797
Sales and marketing	5,883	4,655	3,872
General and administrative	1,911	1,832	1,596
	$ 10,479	$ 7,679	$ 10,265

The following table presents the Company's estimate of remaining amortization expense for each of the five succeeding fiscal years and thereafter for finite-lived intangible assets at December 31, 2021 (in thousands):

2022	$ 8,155
2023	7,622
2024	5,555
2025	2,680
2026	2,552
Thereafter	9,631
	$ 36,195

The following table represents the changes in goodwill (in thousands):

Balance at December 31, 2019	$	185,138
Addition from acquisition		104,572
Balance at December 31, 2020		289,710
Addition from acquisition		—
Balance at December 31, 2021	$	289,710

Note 7—Balance Sheet Components

Investments in Marketable Securities

Investments in marketable securities presented within current assets on the consolidated balance sheet consisted of the following:

	December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Marketable securities				
Corporate bonds	$ 74,144	$ 346	$ (10)	$ 74,480
Commercial paper	584,742	—	(258)	584,484
	$ 658,886	$ 346	$ (268)	$ 658,964

	December 31, 2020			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Marketable securities				
U.S. treasury securities	$ 149,991	$ 3	$ —	$ 149,994
Corporate bonds	22,621	—	(8)	22,613
Commercial paper	2,599	—	—	2,599
	$ 175,211	$ 3	$ (8)	$ 175,206

Net gains related to maturities of marketable securities that were reclassified from accumulated other comprehensive loss to earnings, and included in general and administrative expenses in the Company's consolidated statements of operations, were immaterial, $0.2 million, and $2.0 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Net gains and losses are determined using the specific identification method. During the years ended December 31, 2021, 2020, and 2019, there were no material realized gains or losses related to sales of marketable securities recognized in the Company’s consolidated statements of operations.

Marketable securities in a continuous loss position for less than 12 months had an estimated fair value of $379.7 million and $0.3 million of unrealized losses at December 31, 2021, and an estimated fair value of $12.6 million and an immaterial amount of unrealized losses at December 31, 2020. At December 31, 2021, there were no marketable securities in a continuous loss position for greater than 12 months.

The Company's marketable securities are considered to be of high credit quality and accordingly, there was no allowance for credit losses related to marketable securities as of December 31, 2021 or December 31, 2020.

The Company’s marketable securities have a contractual maturity of less than two years. The amortized cost and fair values of marketable securities, by remaining contractual maturity, were as follows:

	December 31, 2021	
	Amortized Cost	Fair Value
	(in thousands)	
Maturing within 1 year	$ 643,432	$ 643,408
Maturing between 1 and 2 years	15,454	15,556
	$ 658,886	$ 658,964

Other Assets

Other assets consisted of the following (in thousands):

	December 31,	
	2021	2020
Deferred customer contract acquisition costs	$ 79,961	$ 58,980
Restricted cash	252	273
Capitalized software implementation costs	7,023	2,372
Other assets	617	3,744
	$ 87,853	$ 65,369

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31,	
	2021	2020
Accrued salaries and employee benefits	$ 32,156	$ 21,707
Accrued income and other taxes payable	9,770	5,496
Other accrued expenses and current liabilities	9,004	8,755
	$ 50,930	$ 35,958

Note 8—Fair Value Measurements

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis by level, within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 432,110	$ —	$ —	$ 432,110
Marketable securities				
Corporate bonds	—	74,480	—	74,480
Commercial paper	—	584,484	—	584,484
Total assets	$ 432,110	$ 658,964	$ —	$ 1,091,074
Liabilities				
Contingent consideration	$ —	$ —	$ 20,732	$ 20,732
Total liabilities	$ —	$ —	$ 20,732	$ 20,732

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 98,336	$ —	$ —	$ 98,336
U.S. treasury securities	199,984	—	—	199,984
Marketable securities				
U.S. treasury securities	149,994	—	—	149,994
Corporate bonds	—	22,613	—	22,613
Commercial paper	—	2,599	—	2,599
Total assets	$ 448,314	$ 25,212	$ —	$ 473,526
Liabilities				
Contingent consideration	$ —	$ —	$ 23,490	$ 23,490
Total liabilities	$ —	$ —	$ 23,490	$ 23,490

The following table summarizes the changes in the contingent consideration liability (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Beginning fair value	$ 23,490	$ 6,362	$ 6,316
Additions in the period	—	17,100	—
Change in fair value	(2,758)	28	46
Ending fair value	$ 20,732	$ 23,490	$ 6,362

Note 9—Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	December 31,	
	2021	2020
Computers and equipment	$ 18,286	$ 13,480
Purchased software	11,634	10,561
Furniture and fixtures	2,727	2,806
Leasehold improvements	10,062	10,165
Data center equipment - finance lease	1,231	—
Construction in progress	938	17
	$ 44,878	$ 37,029
Less: accumulated depreciation and amortization	$ (28,557)	$ (23,790)
	$ 16,321	$ 13,239

Depreciation and amortization expense related to property and equipment was $7.6 million, $6.8 million, and $6.3 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 10—Leases

The Company has entered into various operating and finance lease agreements for office space and data centers. As of December 31, 2021, the Company had 16 leased properties with remaining lease terms of less than one year to thirteen years, some of which include options to extend the leases up to six years, and some of which include options to terminate the leases within one year.

The components of the lease expense recorded in the consolidated statements of operations were as follows:

	Year Ended December 31, 2021	2020
	(in thousands)	
Finance lease cost:		
Amortization of assets	$ 46	$ —
Interest on lease liabilities	3	—
Operating lease cost	4,792	5,364
Short-term lease cost	336	697
Variable cost	741	738
Total lease cost	$ 5,918	$ 6,799

Supplemental balance sheet information related to leases was as follows:

		December 31, 2021	2020
		(in thousands)	
Leases	**Year Ended Classification**		
Assets:			
Finance lease assets	Property and equipment, net (1)	$ 1,185	$ —
Operating lease assets	Operating lease right-of-use assets (2)	16,264	8,708
Total leased assets		$ 17,449	$ 8,708
Liabilities:			
Current			
Finance	Short-term portion of finance lease liabilities	$ 373	$ —
Operating	Operating lease liabilities, current	4,936	4,147
Noncurrent			
Finance	Finance lease liabilities, noncurrent	824	—
Operating	Operating lease liabilities, noncurrent	13,248	7,356
Total leased liabilities		$ 19,381	$ 11,503

(1) Finance lease assets are recorded net of accumulated amortization of $46 thousand and nil at December 31, 2021 and December 31, 2020, respectively.

(2) Operating lease assets are recorded net of accumulated amortization of $4.4 million and $4.7 million at December 31, 2021 and December 31, 2020, respectively.

For the years ended December 31, 2021 and 2020, right-of-use assets obtained in exchange for finance lease obligations was approximately $1.2 million and nil.

For the years ended December 31, 2021 and 2020, right-of-use assets obtained in exchange for operating lease obligations was approximately $12.1 million and $0.8 million, of which $0.3 million related to leases acquired in connection with the Rimilia Acquisition.

Cash flow and other information related to leases was as follows:

	Year Ended December 31, 2021		2020	
	(in thousands)			
Cash paid for amounts included in the measurement of lease liabilities				
Financing cash flows from finance leases	$ 15		$ —	
Operating cash flows from operating lease liabilities	5,390		5,769	
Weighted average remaining lease term (in years):				
Finance leases	2.9		—	
Operating leases	4.3		3.9	
Weighted average discount rate:				
Finance leases	2.2	%	—	
Operating leases	2.3	%	5.4	%

Maturities of lease liabilities at December 31, 2021, for each of the five succeeding fiscal years and thereafter, were:

	Finance Leases	Operating Leases
	(in thousands)	
2022	$ 394	$ 4,637
2023	419	5,587
2024	419	2,992
2025	4	2,722
2026	—	2,154
Thereafter	—	1,150
Total lease payments	1,236	19,242
Less imputed interest	(39)	(1,058)
Total lease obligations	$ 1,197	$ 18,184

At December 31, 2021, the Company had two lease obligations totaling $1.1 million that commenced in the first quarter of 2022 with lease terms of approximately ten months and twenty-six months.

Note 11—Convertible Senior Notes

2024 Notes

In August 2019, the Company issued 0.125% Convertible Senior Notes (the “2024 Notes”) due in 2024 for aggregate gross proceeds of $500.0 million, which includes the initial purchasers’ option of $65.0 million aggregate principal amount, in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the “Securities Act”). The resale of the 2024 Notes by the initial purchasers to qualified institutional buyers was exempt from registration pursuant to Rule 144A under the Securities Act. The 2024 Notes were issued pursuant to an indenture between the Company and U.S. Bank National Association, as trustee.

In connection with the issuance of the 2026 Notes (as defined below) in March 2021, the Company used approximately $432.2 million of the net proceeds to repurchase $250.0 million aggregate principal amount of the 2024 Notes. Management also determined the fair value of the liability component of the 2024 Notes being extinguished. To estimate the fair value of a similar liability that does not have an associated conversion feature, management discounted the contractual cash flows of the 2024 Notes at an estimated interest rate for a comparable non-convertible note. Based on market data available for publicly-traded, senior, unsecured corporate bonds issued by companies in the same industry and with similar maturity, the Company estimated the implied interest rate of its 2024 Notes to be approximately 4.94%. The fair value of the liability portion was then deducted from the amount of consideration transferred and allocated to the liability component. The remaining consideration was allocated to the reacquisition of the equity component of the 2024 Notes and recognized as a reduction of additional paid-in capital in the amount of $219.3 million. The difference between the fair value of the liability and its carrying value was recognized as an extinguishment loss in the amount of $7.0 million. The equity component of the 2024 Notes will not be remeasured as long as it continues to meet the conditions for equity classification. The debt discount is amortized to interest expense over the term of the 2024 Notes using the effective interest method.

The 2024 Notes consisted of the following (in thousands):

	December 31, 2021	December 31, 2020
Liability:		
Principal	$ 250,000	$ 500,000
Unamortized debt discount and issuance costs	(34,500)	(92,968)
Net carrying amount	$ 215,500	$ 407,032
Carrying amount of the equity component	$ 55,615	$ 111,230

The Company carries the 2024 Notes at face value less unamortized discount and issuance costs on its consolidated balance sheet and presents the fair value for disclosure purposes only. The estimated fair value of the 2024 Notes, based on a market approach at December 31, 2021 was approximately $377.2 million, which represents a Level 2 valuation. The estimated fair value was determined based on the actual bids and offers of the 2024 Notes in an over-the-counter market on the last trading day of the period.

During the year ended December 31, 2021, the Company recognized $14.4 million of interest expense related to the amortization of debt discount and issuance costs and $0.4 million of coupon interest expense. During the year ended December 31, 2020, the Company recognized $22.7 million of interest expense related to the amortization of debt discount and issuance costs and $0.6 million of coupon interest expense.

At December 31, 2021, the remaining life of the 2024 Notes was approximately 31 months.

The 2024 Notes were convertible at December 31, 2021. As a result, holders have the option to convert their Notes at any time during the quarter ending March 31, 2022.

It is the Company’s current intent to settle conversions of the Notes through “combination settlement”, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of its common stock. At December 31, 2021 and through the date of this filing, the Company has not received any conversion requests for the 2024 Notes.

2026 Notes

In March 2021, the Company issued $1.15 billion aggregate gross proceeds, which includes the initial purchasers’ option of $150.0 million aggregate principal amount, of 0.00% Convertible Senior Notes due 2026 (the “2026 Notes” and, together with the 2024 Notes, the “Notes”) in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2026 Notes were sold to the initial purchasers pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act. The 2026 Notes were issued pursuant to an indenture (the “Indenture”), by and between the Company and U.S. Bank National Association, as trustee (the “Trustee”).

The 2026 Notes do not bear regular interest, and the principal amount of the 2026 Notes does not accrete. The 2026 Notes may bear special interest under specified circumstances related to the Company’s failure to comply with its reporting obligations under the Indenture or if the 2026 Notes are not freely tradeable as required by the Indenture. The 2026 Notes will mature on March 15, 2026, unless redeemed, repurchased, or converted prior to such date in accordance with their terms.

The initial conversion rate of the 2026 Notes is 6.0156 shares of common stock per $1,000 principal amount of the 2026 Notes, equivalent to an initial conversion price of approximately $166.23 per share of common stock.

The conversion rate is subject to adjustment for certain events. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election. It is the Company's current intent to settle conversions of the Notes through "combination settlement", which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of its common stock.

Prior to the close of business on the business day immediately preceding December 15, 2025, the 2026 Notes will be convertible only under the following circumstances:

(1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, and only during such calendar quarter, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2026 Notes on each applicable trading day;

(2) during the five business-day period after any five consecutive trading-day period in which the trading price per $1,000 principal amount of 2026 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day;

(3) if the Company calls any or all of the 2026 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

(4) upon the occurrence of specified corporate events set forth in the Indenture.

If the Company undergoes a fundamental change, as described in the Indenture, prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2026 Notes for cash at a price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The 2026 Notes are the Company's senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The Indenture contains customary events of default with respect to the Notes and provides that upon certain events of default occurring and continuing, the Trustee may, and the Trustee at the request of holders of at least 25% in principal amount of the Notes shall, declare all principal and accrued and unpaid interest, if any, of the Notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization, involving the Company, all of the principal of, and accrued and unpaid interest on the Notes will automatically become due and payable.

In accounting for the issuance of the 2026 Notes, management allocated the proceeds of the 2026 Notes between liability and equity components. To estimate the fair value of the liability component, management measured the fair value of a similar liability that does not have an associated conversion feature by discounting the contractual cash flows of the 2026 Notes at an estimated interest rate for a comparable non-convertible note. The Company applied judgment to determine the interest rate of 5.65%, which was estimated based on the credit spread implied by the 2026 Notes issuance. Significant inputs used in the model to determine the applicable interest rate include implied volatility over the term of the 2026 Notes. The equity component representing the conversion option was determined by deducting the fair value of the liability component from the principal amount of the 2026 Notes. The difference between the principal amount of the 2026 Notes and the equity component totaling $276.3 million was recorded as a debt discount. In addition, the Company incurred $21.2 million of transaction costs related to the 2026 Notes, of which $16.1 million and $5.1 million, respectively, was allocated to the liability and equity components of the 2026 Notes. Transaction costs allocated to the equity component were recorded as additional debt discount. The equity component of the 2026 Notes will not be remeasured as long as it continues to meet the conditions for equity classification. The debt discount is amortized to interest expense over the term of the 2026 Notes using the effective interest method. Additionally, the Company recorded, through equity, a deferred tax liability of $2.4 million, net of the related change in the valuation allowance, related to the issuance costs and debt discount on the 2026 Notes.

The 2026 Notes consisted of the following (in thousands):

		December 31, 2021
Liability:		
Principal	$	1,150,000
Unamortized debt discount and issuance costs		(251,261)
Net carrying amount	$	898,739
Carrying amount of the equity component[1]	$	271,229

1 The carrying amount of the equity component of $271.2 million differs from the equity component of the 2026 convertible senior notes, net of issuance costs and tax of $268.8 million per the Condensed Consolidated Statements of Stockholders' Equity due to a deferred tax liability of $2.4 million, net of the related change in the valuation allowance, related to the issuance costs and debt discount on the 2026 Notes.

The effective interest rate of the liability component of the 2026 Notes, excluding the conversion option, is 6.04%.

The Company carries the 2026 Notes at face value less unamortized discount and issuance costs on its consolidated balance sheet and presents the fair value for disclosure purposes only. The estimated fair value of the 2026 Notes, based on a market approach at December 31, 2021, was approximately $1.1 billion, which represents a Level 2 valuation. The estimated fair value was determined based on the actual bids and offers of the 2026 Notes in an over-the-counter market on the last trading day of the period.

During the year ended December 31, 2021, the Company recognized $41.2 million of interest expense related to the amortization of debt discount and issuance costs.

At December 31, 2021, the remaining life of the 2026 Notes was approximately 51 months.

The 2026 Notes were not convertible at December 31, 2021.

2024 Capped Calls

The capped calls related to the 2024 Notes (the "2024 Capped Calls") were not exercised as part of the repurchase and, as of December 31, 2021, were carried at 100% of their original value on the Company's accompanying consolidated financial statements.

2026 Capped Calls

In connection with the offering of the 2026 Notes, the Company entered into capped call transactions with certain counterparties (the “2026 Capped Calls” and, together with the 2024 Capped Calls, the “Capped Calls”) at a cost of approximately $102.4 million, which was recorded as a reduction of the Company’s additional paid-in capital in the accompanying consolidated financial statements.

Under the 2026 Capped Calls, the Company purchased capped call options that initially cover in the aggregate, the total number of shares of the Company’s common stock that initially underlie the 2026 Notes, with an exercise price equal to the initial conversion price of the 2026 Notes, and a cap price of $233.31 per share of common stock, subject to certain adjustments under the terms of the 2026 Capped Calls.

By entering into the 2026 Capped Calls, the Company expects to reduce the potential dilution to its common stock upon any conversion of the 2026 Notes (or, in the event a conversion of the 2026 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes the market value per share of its common stock exceeds the conversion price of the 2026 Notes, with such reduction subject to the cap price.

The cost of the 2026 Capped Calls is not expected to be tax deductible as the Company did not elect to integrate the 2026 Capped Calls into the 2026 Notes for tax purposes.

Note 12—Equity Awards

2014 and 2016 Plans

On March 3, 2014, the Company adopted the 2014 Stock Incentive Plan (the "2014 Plan"). In November 2016, upon the completion of the Company's initial public offering, the Company adopted the 2016 Equity Incentive Plan (the "2016 Plan") and determined that it will no longer grant any additional awards under the 2014 Plan. However, the 2014 Plan continues to govern the terms and conditions of the outstanding awards previously granted under the 2014 plan. Upon the adoption of the 2016 Plan, the maximum number of shares issuable was 6.2 million, plus a number of shares equal to the number of shares subject to outstanding awards granted under the 2014 Plan after the date the 2014 Plan is terminated without having been exercised in full. The Company's board of directors may grant stock options and restricted stock units to employees, directors and consultants under the 2016 Plan. The aggregate number of shares available under the 2016 Plan and the number of shares subject to outstanding options automatically adjusts for any changes in the Company's outstanding common stock by reason of any recapitalization, spin-off, reorganization, reclassification, stock dividend, stock split, reverse stock split, or similar transaction. Stock options and restricted stock units generally vest over four years and have contractual terms of ten years.

At December 31, 2021, 15.1 million shares were available for issuance under the 2016 Plan.

Stock options with service-only vesting conditions

A summary of the Company's stock option activity and related information for awards that contain service-only vesting conditions was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Outstanding at December 31, 2020	2,944	$ 35.03	6.8	$ 289,561
Granted	260	$ 111.94		
Exercised	(429)	$ 28.09		
Forfeited/canceled	(36)	$ 51.11		
Outstanding at December 31, 2021	2,739	$ 43.20	6.3	$ 167,498
Exercisable at December 31, 2021	1,879	$ 30.70		

The weighted average grant date fair value per share of options granted during the years ended December 31, 2021, 2020, and 2019 that contain service only vesting conditions were $50.77, $26.63, and $23.40, respectively. The aggregate intrinsic value of options exercised that contain service only vesting conditions during the years ended December 31, 2021, 2020, and 2019 were $38.3 million, $62.6 million, and $25.6 million, respectively. Cash received from the exercise of stock options for the years ended December 31, 2021, 2020, and 2019 was $11.4 million, $20.6 million, and $10.6 million, respectively.

Unrecognized compensation expense relating to stock options that contain service only vesting conditions was $23.2 million at December 31, 2021, which is expected to be recognized over a weighted-average period of 2.4 years.

Stock options with performance conditions

In October 2016, the Company granted options to purchase 682,800 shares of common stock at an exercise price of $14.00 per share to two executive officers that vest upon meeting certain performance conditions and continued service. On July 1, 2020, 200,000 stock options with performance conditions were canceled upon the change in the employment status of one of the officers. During the quarter ended March 31, 2021, the
Compensation Committee, under delegation from the Board of Directors, certified that the performance targets were not achieved on the subsequent determination date and, as such, the remaining performance awards totaling 482,800 stock options were forfeited.

Restricted stock units

The following table summarizes activity for restricted stock units:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Nonvested at December 31, 2020	2,072	$ 56.29
Granted	567	$ 113.54
Vested	(918)	$ 54.42
Forfeited/canceled	(218)	$ 71.57
Nonvested at December 31, 2021	1,503	$ 76.83

At December 31, 2021, the intrinsic value of nonvested restricted stock units was $155.6 million. At December 31, 2021, total unrecognized compensation cost related to nonvested restricted stock units was $98.4 million and was expected to be recognized over a weighted-average period of 2.6 years.

Employee Stock Purchase Plan

Under the Company's 2018 Employee Stock Purchase Plan ("ESPP") eligible employees are granted the right to purchase shares at the lower of 85% of the fair value of the stock at the time of grant or 85% of the fair value at the time of exercise. The right to purchase shares is granted twice yearly for six month offering periods in May and November and exercisable on or about the succeeding November and May, respectively, of each year. Under the ESPP, 1.1 million shares remained available for issuance at December 31, 2021. The Company recognized stock-based compensation expense related to the ESPP of $3.8 million, $2.9 million, and $2.1 million for the years ended December 31, 2021, 2020, and 2019, respectively.

The fair value of ESPP shares granted was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2021	2020	2019
Risk-free interest rate	0.0% - 0.2%	0.1% - 0.2%	1.6% - 2.4%
Expected term (in years)	0.5 - 1	0.5 - 1	0.5 - 1
Volatility	23.4% - 46.6%	50.2% - 57.8%	39.3% - 54.3%

At December 31, 2021, total unrecognized compensation cost related to the 2018 ESPP was $2.7 million and was expected to be recognized over a weighted-average period of approximately one year.

Stock-based compensation expense

Stock-based compensation expense recorded in the Company's consolidated statements of operations was as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Cost of revenues	$ 8,410	$ 6,896	$ 4,814
Sales and marketing	22,756	21,546	15,389
Research and development	11,110	7,398	4,729
General and administrative	23,594	13,850	9,120
	$ 65,870	$ 49,690	$ 34,052

Stock-based compensation capitalized as an asset was $1.8 million, $1.3 million, and $0.5 million in the years ended December 31, 2021, 2020, and 2019, respectively.

The Company recorded $0.6 million, $0.3 million, and $0.1 million of foreign tax benefits attributable to equity awards for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 13—Income Taxes

The components of income (loss) before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
United States	$ (96,836)	$ (35,999)	$ (33,940)
International	(4,023)	(2,701)	3,519
	$ (100,859)	$ (38,700)	$ (30,421)

The components of the total provision for income taxes were as follows (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Current			
Federal	$ —	$ 7	$ —
State	63	63	59
Foreign	889	1,013	352
Total current tax expense	952	1,083	411
Deferred			
Foreign	(817)	(381)	1,314
Total deferred tax provision	(817)	(381)	1,314
Total provision for income taxes	$ 135	$ 702	$ 1,725

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the years ended December 31, 2021, 2020, and 2019 was as follows:

	Year Ended December 31,		
	2021	2020	2019
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State tax, net of federal benefit	(0.1)%	(0.1)%	(0.2)%
Federal tax credits	6.1 %	9.1 %	5.8 %
Change in valuation allowance	(34.0)%	(17.8)%	(34.1)%
Foreign tax differential	(1.2)%	(2.5)%	(4.8)%
Windfall tax benefits, net related to stock-based compensation	16.5 %	35.6 %	11.2 %
Recaptured dual consolidated losses	— %	(38.3)%	— %
Nondeductible officer compensation	(7.5)%	(5.4)%	(2.8)%
Nondeductible transaction costs	— %	(1.9)%	— %
Nondeductible meals and entertainment	(0.5)%	(1.0)%	(1.9)%
Other	(0.4)%	(0.5)%	0.1 %
	(0.1)%	(1.8)%	(5.7)%

Significant components of the Company’s deferred tax assets and liabilities were as follows (in thousands):

	December 31, 2021	December 31, 2020
Deferred tax assets		
Net operating loss carryforwards	$ 78,003	$ 52,771
Business credits	25,447	16,016
Stock-based compensation	7,407	7,915
Operating and finance leases	2,126	2,297
Business interest carryforward	6,587	—
Accrued expenses and other current liabilities	3,986	3,037
Other	1,412	368
Total deferred tax assets	124,968	82,404
Less: valuation allowance	(32,279)	(37,691)
Deferred tax assets, net of valuation allowance	92,689	44,713
Deferred tax liabilities		
Convertible notes	(63,892)	(20,851)
Intangible assets	(13,499)	(12,315)
Prepaid expenses	(21,522)	(15,670)
Right-of-Use and finance lease assets	(1,681)	(1,674)
Other	(249)	(751)
Total deferred tax liabilities	(100,843)	(51,261)
Net deferred taxes	$ (8,154)	$ (6,548)

ASC 740 requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. Realization of future tax benefits is dependent on the Company’s ability to generate sufficient taxable income within the carryforward period. For financial reporting purposes, the Company has incurred losses for each of the past three years. Based on available objective evidence, including the Company’s history of losses, management believes it is more likely than not that the net deferred tax assets will not be fully realizable. Accordingly, the Company provided a valuation allowance against certain deferred tax assets. The net deferred tax liability position at December 31, 2021 was related to the Company's domestic and foreign tax jurisdictions. The net deferred tax liability position at December 31, 2020 was related to the Company’s foreign tax jurisdictions.

The changes in the valuation allowance were as follows (in thousands).

	Year Ended December 31, 2021	2020	2019
Valuation allowance, at beginning of year	$ 37,691	$ 30,598	$ 45,173
Increase in valuation allowance recorded through earnings	42,240	7,064	12,808
Increase (decrease) in valuation allowance recorded through equity	(47,652)	29	(27,383)
Valuation allowance, at end of year	$ 32,279	$ 37,691	$ 30,598

The decrease in valuation allowance recorded through equity of $47.7 million during the year ended December 31, 2021 is related to the issuance of the 2026 Notes. The decrease in valuation allowance recorded through equity of $27.4 million during the year ended December 31, 2019 is related to the issuance of the 2024 Notes.

The Company did not provide for US income taxes on the undistributed earnings and other outside temporary differences of foreign subsidiaries as they are considered indefinitely reinvested outside the United States. At December 31, 2021 and 2020, the amount of temporary differences related to undistributed earnings and other outside temporary differences upon which U.S. income taxes have not been provided is immaterial to these consolidated financial statements.

During 2020, the Company elected to change certain foreign subsidiaries from disregarded to controlled foreign corporation tax status for U.S. tax purposes. The change in tax status resulted in the recapture of $70.6 million and $37.7 million for federal and state tax purposes, respectively. Accordingly, the Company's federal and state net operating losses have been reduced for these recaptured amounts.

At December 31, 2021, the Company had consolidated federal and state net operating loss carryforwards available to offset future taxable income of approximately $277.2 million and $147.6 million, respectively. The federal losses will begin to expire in 2033, and the state losses will begin to expire between 2023 and 2033, depending on the jurisdiction. The Company has federal research and development credits and foreign tax credits of $13.4 million and $3.2 million, respectively, which begin to expire in 2033 and 2023, respectively. The Company has state research and development credits and enterprise zone credits of $10.5 million and $0.6 million, respectively, which are indefinite in expiration and begin to expire in 2023, respectively. Pursuant to Internal Revenue Code Section 382, use of the Company's net operating loss carryforwards may be limited if the Company experiences a cumulative change in ownership of more than 50% over a three-year period.

The following is a rollforward of the Company's total gross unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2021	2020	2019
Beginning gross unrecognized tax benefits	$ 2,523	$ 1,737	$ 1,223
Increases related to prior year tax positions	400	161	134
Increases related to current year tax positions	1,343	625	380
Ending gross unrecognized tax benefits	$ 4,266	$ 2,523	$ 1,737

At December 31, 2021, the realization of unrecognized tax benefits were not expected to impact the effective rate due to a full valuation allowance on federal and state deferred taxes. The Company has not recorded any interest or penalties in its provision for income taxes for the years ended December 31, 2021, 2020, and 2019 and no such amounts have been accrued at December 31, 2021 and 2020.

The Company files U.S. federal, various state, and foreign income tax returns. In the normal course of business, the Company is subject to examination by taxing authorities. The tax years from 2013 forward remain subject to examination for federal purposes. Generally, state and foreign tax authorities may examine the Company's tax returns for four years and five years, respectively, from the date an income tax return is filed. However, the taxing authorities may continue to examine the Company's federal and state net operating loss carryforwards until the statute of limitations closes on the tax years in which the federal and state net operating losses are utilized.

The Company does not anticipate material changes in the total amount or composition of its unrecognized tax benefits within 12 months of the reporting date.

Note 14—Net Loss per Share

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2021	2020	2019
Numerator:			
Net loss attributable to BlackLine, Inc.	$ (115,161)	$ (46,911)	$ (32,535)
Denominator:			
Weighted average shares	58,351	56,832	55,320
Add: Dilutive effect of securities	—	—	—
Shares used to calculate diluted net loss per share	58,351	56,832	55,320
Basic net loss per share attributable to BlackLine, Inc.	$ (1.97)	$ (0.83)	$ (0.59)
Diluted net loss per share attributable to BlackLine, Inc.	$ (1.97)	$ (0.83)	$ (0.59)

The following potentially dilutive shares were excluded from the calculation of diluted net loss per share attributable to common stockholders because they were anti-dilutive:

	Year Ended December 31,		
	2021	2020	2019
Stock options with service-only vesting conditions	2,739	2,944	3,486
Stock options with performance conditions	—	483	683
Restricted stock units	1,503	2,072	1,654
Total shares excluded from net loss per share	4,242	5,499	5,823

Additionally, approximately 3.4 million and 6.9 million weighted average shares underlying the conversion option in the 2024 Notes and the 2026 Notes, respectively, are not considered in the calculation of diluted net loss per share as the effect would be anti-dilutive. The shares are subject to adjustment, up to approximately 4.7 million shares and 9.9 million shares for the 2024 Notes and the 2026 Notes, respectively, if certain corporate events occur prior to the maturity dates or if the Company issues a notice of redemption. The Company uses the treasury stock method for calculating any potential dilutive effect of the conversion option on diluted net income per share, if applicable. The conversion option may have a diluted impact on net loss per share when the average market price per share for a given period exceeds the conversion price of the 2024 Notes and the 2026 Notes of $73.40 and $166.23 per share, respectively.

Note 15—Contingent Consideration

In conjunction with the 2013 Acquisition, option holders of BlackLine Systems, Inc. were allowed to cancel their stock option rights and receive a cash payment equal to the amount of calculated gain (less applicable expense and other items) had they exercised their stock options and then sold their common shares as part of the 2013 Acquisition. As a condition of the 2013 Acquisition, the Company is required to pay additional cash consideration to certain equity holders if the Company realizes a tax benefit from the use of net operating losses generated from the stock option exercises concurrent with the 2013 Acquisition. The maximum contingent cash consideration to be distributed is $8.0 million. The fair value of the contingent consideration liability was $6.3 million and $6.4 million at December 31, 2021 and 2020, respectively. See Note 2 for additional information regarding the valuation of the contingent consideration.

As a condition of the Rimilia Acquisition, the Company agreed to pay additional cash consideration if Rimilia realized certain Rimilia ARR thresholds in each year over a two-year period subsequent to the acquisition date. The maximum contingent cash consideration payable was $30.0 million. During fiscal 2021, Rimilia did not meet specified ARR thresholds which relieved the Company of its obligation to pay some of the additional consideration. The Company recorded a reversal of expense which, when partially offset by a revaluation of contingent consideration related to remaining ARR thresholds, reduced the consideration payable by $2.7 million during the year ended December 31, 2021. As of December 31, 2021, the maximum contingent cash consideration payable for Rimilia is $15.0 million, and the Company has recognized a liability of $14.4 million equal to the estimated fair value of the contingent consideration payable. The fair value of the contingent consideration liability was $17.1 million at December 31, 2020. See Note 2 for additional information regarding the valuation of the contingent consideration.

Note 16—Commitments and Contingencies

Litigation—From time to time, the Company may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings, nor is it aware of any pending or threatened litigation, that would have a material adverse effect on the Company's business, operating results, cash flows, or financial condition should such litigation be resolved unfavorably.

Indemnification—In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors, and officers with respect to certain matters, including, but not limited to, losses arising out of its breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor has it been sued in connection with these indemnification arrangements. At December 31, 2021 and 2020, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements was not probable or reasonably estimable.

Note 17—Defined Contribution Plan

The Company sponsors a defined contribution retirement plan (the "Plan") that covers substantially all domestic employees. The Company makes matching contributions of 100% of each $1 of the employee's contribution up to the first 3% of the employee's bi-weekly compensation and 50% of each $1 of the employee's contribution up to the next 2% of the employee's bi-weekly compensation. Matching contributions to the Plan recorded in the Company's consolidated statements of operations totaled $5.9 million, $4.7 million, and $3.6 million for the years ended December 31, 2021, 2020, and 2019, respectively.

Note 18—Geographic Information

The following table sets forth the Company's long-lived assets, which consist of property and equipment, net, and operating lease right-of-use assets by geographic region (in thousands):

	Year Ended December 31,	
	2021	2020
United States	$ 20,350	$ 17,600
International	12,235	4,347
	$ 32,585	$ 21,947

Note 19—Unaudited Quarterly Data

The following table sets forth unaudited quarterly consolidated statements of operations data for each of the quarters in the years ended December 31, 2021 and 2020. The Company has prepared the unaudited quarterly consolidated statements of operations data on a basis consistent with the audited annual consolidated financial statements. In the opinion of management, the financial information in this table reflects all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of this data.

	Quarter Ended							
	2021				2020			
	December 31,	September 30,	June 30,	March 31,	December 31,	September 30,	June 30,	March 31,
Revenues	$ 115,326	$ 109,402	$ 102,122	$ 98,856	$ 95,710	$ 90,157	$ 83,272	$ 82,598
Gross profit	$ 87,354	$ 84,965	$ 78,550	$ 76,966	$ 76,528	$ 73,175	$ 66,529	$ 66,533
Net loss	$ (32,476)	$ (9,718)	$ (25,576)	$ (33,224)	$ (12,634)	$ (7,857)	$ (7,941)	$ (10,970)
Net loss attributable to non-controlling interest	$ (177)	$ (252)	$ (284)	$ (197)	$ (268)	$ (425)	$ (328)	$ (328)
Adjustment attributable to non-controlling interest	$ 4,711	$ 4,275	$ 154	$ 5,937	$ 4,619	$ 1,319	$ 719	$ 2,201
Net loss attributable to BlackLine, Inc.	$ (37,010)	$ (13,741)	$ (25,446)	$ (38,964)	$ (16,985)	$ (8,751)	$ (8,332)	$ (12,843)
Basic net loss per share attributable to BlackLine, Inc.	$ (0.63)	$ (0.23)	$ (0.44)	$ (0.67)	$ (0.30)	$ (0.15)	$ (0.15)	$ (0.23)
Diluted net loss per share attributable to BlackLine, Inc.	$ (0.63)	$ (0.23)	$ (0.44)	$ (0.67)	$ (0.30)	$ (0.15)	$ (0.15)	$ (0.23)

Note 20—Subsequent Events

FourQ Systems, Inc. Acquisition

On January 26, 2022, we completed the acquisition of FourQ Systems, Inc. ("Four Q"), a leader in intercompany financial management technology. With FourQ, BlackLine seeks to enhance its existing intercompany accounting automation capabilities by driving end-to-end automation of traditionally manual intercompany accounting processes and accelerating BlackLine’s larger, long-term plan for transforming and modernizing finance and accounting.

We acquired all of the equity interests in FourQ for consideration of $165.0 million payable at close. The final purchase price consideration will also include an estimate for contingent consideration of up to $75.0 million over the next three years subject to certain financial performance milestones. The fair value estimate of contingent consideration is in the early stages of analysis. The purchase price is also subject to certain post-closing purchase price adjustments, including working capital adjustments.

Given the recent timing of the closing of this acquisition, we are in the process of identifying and measuring the value of the assets acquired and liabilities assumed. We plan to disclose the preliminary purchase price allocation estimates and other related information in our Form 10-Q for the quarterly period ending March 31, 2022.

Equity Grants

On February 16, 2022, the Compensation Committee of the Board of Directors of BlackLine, Inc. approved restricted stock unit grants to employees totaling 0.1 million shares. Each restricted stock unit entitles the recipient
to receive one share of common stock upon vesting of the award. The vast majority of the restricted stock units will vest as to one-fourth of the total number of units awarded on the first anniversary of February 20, 2022 and quarterly thereafter for 12 consecutive quarters.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

   Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   Financial Statement Schedules have been omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

3. Exhibits:

   The documents listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Index

		Incorporated by Reference			
Exhibit Number	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
2.1	Agreement and Plan of Merger, by and among SLS Breeze Holdings, Inc., SLS Breeze Intermediate Holdings, Inc., SLS Breeze Merger Sub, Inc. and BlackLine Systems, Inc., dated as of August 9, 2013	S-1	333-213899	2.1	September 30, 2016
3.1	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Registrant, effecting a one-for-five reverse stock split.	S-1/A	333-213899	3.2	October 17, 2016
3.2	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	001-37924	3.2	December 12, 2016
3.3	Amended and Restated Bylaws of the Registrant.	10-Q	001-37924	3.3	December 12, 2016
4.1	Specimen Common Stock Certificate of the Registrant.	S-1	333-213899	4.1	September 30, 2016
4.2	Description of Registrant's Securities	10-K	001-37924	4.2	February 25, 2021
4.3	Amended and Restated Stockholders' Agreement, by and among the Registrant, Silver Lake Sumeru, Iconiq, Therese Tucker and Mario Spanicciati.	10-Q	001-37924	4.2	December 12, 2016
4.4	Amended and Restated Registration Rights Agreement, by and among the Registrant, Silver Lake Sumeru, Iconiq, Therese Tucker and Mario Spanicciati.	10-Q	001-37924	4.3	December 12, 2016
4.5	Form of Senior Indenture.	S-3	333- 221500	4.5	November 13, 2017
4.6	Form of Subordinated Indenture.	S-3	333- 221500	4.6	November 13, 2017
4.7	Indenture, dated as of August 13, 2019, between the Company and U.S. Bank National Association.	8-K	001-37924	4.1	August 13, 2019
4.8	Form of 0.125% Convertible Senior Note due 2024 (included in Exhibit 4.7).	8-K	001-37924	4.1	August 13, 2019
10.1*	Software Development Cooperation Agreement, by and between the Company and SAP AG, effective as of October 1, 2013.	S-1	333-213899	10.1	September 30, 2016
10.2	Amendment No. 1 to Software Development Cooperation Agreement, by and between the Company and SAP AG, effective as of October 31, 2018	10-K	001-37924	10.2	February 28, 2019
10.3+	2014 Equity Incentive Plan and form of equity agreements thereunder.	S-1	333-213899	10.6	September 30, 2016
10.4+	Amendment No. 1 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.7	September 30, 2016
10.5+	Amendment No. 2 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.8	September 30, 2016
10.6+	Amendment No. 3 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.9	September 30, 2016

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.7+	2016 Equity Incentive Plan and the form of equity award agreements thereunder.	S-1/A	333-213899	10.10	October 17, 2016
10.8+	Employee Incentive Compensation Plan of the Company.	S-1	333-213899	10.11	September 30, 2016
10.9+	2018 Employee Stock Purchase Plan.	10-Q	001-37924	10.2	August 8, 2018
10.10+	Form of Change of Control and Severance Policy.	S-1	333-213899	10.13	September 30, 2016
10.11+	Executive Employment Agreement, by and between the Registrant and Therese Tucker, effective as of January 1, 2016.	S-1	333-213899	10.14	September 30, 2016
10.12+	Employment Offer Letter, by and between the Company and Karole Morgan-Prager, dated as of May 4, 2015.	S-1	333-213899	10.16	September 30, 2016
10.13+	Confirmatory Offer Letter, by and between the Registrant and Karole Morgan-Prager, dated as of September 29, 2016.	S-1	333-213899	10.18	September 30, 2016
10.14+	Employment Offer Letter, by and between the Company and Mark Partin, dated as of December 25, 2014.	S-1	333-213899	10.19	September 30, 2016
10.15+	Confirmatory Offer Letter, by and between the Registrant and Mark Partin, dated as of September 29, 2016.	S-1	333-213899	10.20	September 30, 2016
10.16+	Employment Offer Letter, by and between the Registrant and Marc Huffman, dated as of January 8, 2018.	10-Q	001-37924	10.18	May 9, 2018
10.17+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-213899	10.22	September 30, 2016
10.18*	Office Lease, by and between the Company and Douglas Emmet 2008, LLC, dated November 22, 2010.	S-1	333-213899	10.25	September 30, 2016
10.19*	First Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated August 14, 2012.	S-1	333-213899	10.26	September 30, 2016
10.20*	Second Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated December 26, 2013.	S-1	333-213899	10.27	September 30, 2016
10.21*	Third Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated June 24, 2014.	S-1	333-213899	10.28	September 30, 2016
10.22	Fourth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated January 29, 2015.	S-1	333-213899	10.29	September 30, 2016
10.23	Fifth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated October 6, 2016.	S-1/A	333-217981	10.26	May 22, 2017
10.24	Sixth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated May 10, 2017.	S-1/A	333-217981	10.27	May 22, 2017
10.25	Seventh Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated May 18, 2017.	S-1/A	333-217981	10.28	May 22, 2017
10.26	Form of Capped Call Confirmation.	8-K	001-37924	10.2	August 13, 2019
21.1	List of subsidiaries of the Company.	10-K	001-37924	21.1	February 25, 2022
23.1**	Consent of Independent Registered Public Accounting Firm.				
24.1	Power of Attorney (included on page 103 of the original 10-K).	10-K	001-37924	24.1	February 25, 2022

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
31.1**	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2**	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
101.INS**	Inline XBRL Instance Document				
101.SCH**	Inline XBRL Taxonomy Extension Schema Document				
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

* Portions of this exhibit (indicated by “[***]”) have been omitted as the Company has determined the omitted information (i) is not material and (ii) would be competitively harmful to Registrant if publicly disclosed

** Filed herewith.

\+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of BlackLine, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K/A to be signed on its behalf by the undersigned, thereunto duly authorized, on March 24, 2022.

BLACKLINE, INC.

By:	/s/ Marc Huffman
Name:	Marc Huffman
Title:	Chief Executive Officer

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-214309, 333-217985, 333-223528, 333-226818, 333-229968, 333-236715, and 333-253522) and Form S-3 (No. 333-221500) of BlackLine, Inc. of our report dated February 25, 2022 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, CA
February 25, 2022

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc Huffman, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of BlackLine, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2022

BLACKLINE, INC.

By:	/s/ Marc Huffman
Name:	Marc Huffman
Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Partin, certify that:

1. I have reviewed this Annual Report on Form 10-K/A of BlackLine, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 24, 2022

BLACKLINE, INC.

By:	/s/ Mark Partin
Name:	Mark Partin
Title:	Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

**CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Marc Huffman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K/A of BlackLine, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of BlackLine, Inc.

Date: March 24, 2022	By:	/s/ Marc Huffman
	Name:	Marc Huffman
	Title:	Chief Executive Officer (Principal Executive Officer)

I, Mark Partin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K/A of BlackLine, Inc. for the fiscal year ended December 31, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K/A fairly presents, in all material respects, the financial condition and results of operations of BlackLine, Inc.

Date: March 24, 2022	By:	/s/ Mark Partin
	Name:	Mark Partin
	Title:	Chief Financial Officer (Principal Financial Officer)