



**BLACKLINE**

**ANNUAL STOCKHOLDERS MEETING**

**MAY 9, 2018**

# SAFE HARBOR

This presentation contains forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance of BlackLine, Inc. (“BlackLine” or the “Company”), the calculation of certain key financial and operating metrics, capital expenditures, introduction of new solutions or products, expansion into new markets, regulatory compliance, plans for growth and future operations, technological capabilities, and strategic relationships, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. You should not put undue reliance on any forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all.

Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this presentation may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements. These risks and uncertainties are described in greater detail under the heading “Risk Factors” in the filings we make with the Securities and Exchange Commission (“SEC”) from time to time, which are available on our website at <http://investors.blackline.com> and on the SEC’s website at [www.sec.gov](http://www.sec.gov). Except as required by law, BlackLine does not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this presentation, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

In addition to U.S. GAAP financials, this presentation includes certain non-GAAP financial measures, including non-GAAP revenue, gross profit, gross margin, free cash flow, sales and marketing expense, research and development expense, general and administrative expense, loss from operations and operating margin (loss). These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. The non-GAAP financial measures we use may differ from the non-GAAP financial measures used by other companies. A reconciliation of these measures to the most directly comparable GAAP measure is included in the Appendix to this presentation.

# BLACKLINE 2017 HIGHLIGHTS

- Delivered strong performance across all key financial metrics
- Expanded the Company's international presence
- Signed strategic formal alliances with Deloitte and KPMG
- Honored with significant market recognition
- Positioned as leader in Gartner 2017 Magic Quadrant for Cloud financial corporate performance management solutions

**43%**

FY2017 REVENUE  
GROWTH<sup>1</sup>

**81%**

**Gross  
Margin**  
(non-GAAP)<sup>2</sup>

**450**

**Net New  
Customers**

**196,000+**

**BlackLine  
Users**

# SIGNIFICANT MARKET OPPORTUNITY

**165K**

GLOBAL TARGET  
COMPANIES<sup>1</sup>

**2,200+**

BLACKLINE  
CUSTOMERS  
(at 12/31/17)

**13M**

GLOBAL F&A  
PROFESSIONALS<sup>1</sup>

**196,000+**

BLACKLINE  
USERS  
(at 12/31/17)

**~\$18B**

CORE GLOBAL MARKET  
BY 2018<sup>1</sup>

**\$177M**

BLACKLINE  
REVENUE<sup>2</sup>  
(FY2017)



# GROWTH STRATEGY

1

## INTERNATIONAL EXPANSION

Grow footprint across Europe, South America, and Asia

2

## LAND & EXPAND

Add new solutions, entities, and users for ~2,300<sup>1</sup> customers

3

## FOCUS ON MID-MARKET

Deliver finance automation to this large, underserved, and high-growth market

4

## EXTEND OUR ECOSYSTEM

Build new ERP, BPO Channel and Consulting Partnerships

5

## INNOVATE CONTINUOUSLY

Build new products to automate accounting everywhere

# 2018 KEY INITIATIVES

- 1 CUSTOMERS** - Be the model for customer experience in the SaaS industry
- 2 INNOVATION** - Deliver enhancements to BlackLine's platform and products
- 3 GROWTH** - Execute an effective, unified growth strategy
- 4 ECOSYSTEM** - Be the preferred value-added solution partner for finance transformation
- 5 CULTURE** - Maintain our people centric culture

# 1Q 2018 SNAPSHOT

Revenue growth of **34%**<sup>1</sup>

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Gross margin of **82%**<sup>2</sup>

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Dollar-based net revenue retention of **110%** (at 3/31/18)

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**~2,300** BlackLine customers (at 3/31/18)

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**202,000+** BlackLine users (at 3/31/18)

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Executed against our 2018 initiatives

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Signed formal strategic alliance with E&Y



**BLACKLINE**

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# APPENDIX MATERIALS

# NON-GAAP RECONCILIATIONS AND DEFINITIONS

## NON-GAAP REVENUE, NON-GAAP GROSS PROFIT, AND FREE CASH FLOW (\$ IN 000'S)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018 <sup>1</sup>	2013	2014	2015	2016	2017
<b>Non-GAAP Revenues</b>																		
GAAP Revenues	\$18,047	\$19,425	\$21,661	\$24,474	\$26,561	\$29,026	\$32,196	\$35,340	\$38,634	\$42,293	\$45,871	\$50,233	\$51,284	\$31,967	\$51,677	\$83,607	\$123,123	\$177,031
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	179	537	-	-	-	-	-	6,045	4,952	-	716	-
<b>Total Non-GAAP Revenues</b>	<b>\$18,047</b>	<b>\$19,425</b>	<b>\$21,661</b>	<b>\$24,474</b>	<b>\$26,561</b>	<b>\$29,026</b>	<b>\$32,375</b>	<b>\$35,877</b>	<b>\$38,634</b>	<b>\$42,293</b>	<b>\$45,871</b>	<b>\$50,233</b>	<b>\$51,284</b>	<b>\$38,012</b>	<b>\$56,629</b>	<b>\$83,607</b>	<b>\$123,839</b>	<b>\$177,031</b>
<b>Non-GAAP Gross Profit</b>																		
GAAP Gross Profit	\$13,094	\$13,939	\$15,718	\$18,127	\$19,621	\$21,963	\$24,655	\$26,673	\$29,402	\$31,918	\$34,973	\$39,252	\$39,678	\$21,535	\$35,079	\$60,878	\$92,912	\$135,545
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	179	537	-	-	-	-	-	6,045	4,952	-	716	-
Amortization of Developed Technology	1,534	1,535	1,535	1,535	1,534	1,535	1,595	1,704	1,704	1,713	1,716	1,714	1,715	2,048	6,139	6,139	6,368	6,847
Stock-Based Compensation Expense	87	138	126	115	141	134	150	290	250	271	334	294	838	86	249	466	715	1,149
<b>Total Non-GAAP Gross Profit</b>	<b>\$14,715</b>	<b>\$15,612</b>	<b>\$17,379</b>	<b>\$19,777</b>	<b>\$21,296</b>	<b>\$23,632</b>	<b>\$26,579</b>	<b>\$29,204</b>	<b>\$31,356</b>	<b>\$33,902</b>	<b>\$37,023</b>	<b>\$41,260</b>	<b>\$42,231</b>	<b>\$29,714</b>	<b>\$46,419</b>	<b>\$67,483</b>	<b>\$100,711</b>	<b>\$143,541</b>
<b>Free Cash Flow</b>																		
Cash flows from operating activities	(\$793)	(\$589)	\$1,232	\$1,156	(\$4,651)	\$1,561	\$4,139	(\$5,857)	(\$1,705)	\$1,872	\$3,507	\$2,750	\$1,822	(\$5,334)	\$8,943	\$1,006	(\$4,808)	\$6,424
Capitalized software development costs	(507)	(352)	(647)	(767)	(807)	(665)	(854)	(944)	(1,083)	(900)	(1,362)	(1,279)	(1,653)	(927)	(1,437)	(2,273)	(3,270)	(4,624)
Purchase of property and equipment	(2,356)	(2,848)	(2,142)	(2,748)	(409)	(493)	(406)	(416)	(488)	(630)	(2,611)	(273)	(1,634)	(1,321)	(1,429)	(10,094)	(1,724)	(4,002)
<b>Free Cash Flow</b>	<b>(\$3,656)</b>	<b>(\$3,789)</b>	<b>(\$1,557)</b>	<b>(\$2,359)</b>	<b>(\$5,867)</b>	<b>\$403</b>	<b>\$2,879</b>	<b>(\$7,217)</b>	<b>(\$3,276)</b>	<b>\$342</b>	<b>(\$466)</b>	<b>\$1,198</b>	<b>(\$1,465)</b>	<b>(\$7,582)</b>	<b>\$6,077</b>	<b>(\$11,361)</b>	<b>(\$9,802)</b>	<b>(\$2,202)</b>

### “ACQUISITION” DEFINITION

We operated as BlackLine Systems, Inc., which we refer to as the “Predecessor,” from 2001 until September 2013. On September 3, 2013, BlackLine, Inc., which we refer to as the “Successor,” acquired BlackLine Systems, Inc. in connection with an investment by Silver Lake Sumeru and Iconiq, which we refer to as the “Acquisition.” The Successor was created for the sole purpose of acquiring the Predecessor and had no prior operations. We refer to Silver Lake Sumeru and Iconiq collectively as our “Investors” and, in connection with the Acquisition, our Investors obtained a controlling interest in us. The Acquisition resulted in a new basis of accounting and was accounted for as a business combination.

2016 GAAP revenues were adjusted for the impact of purchase accounting resulting from the Runbook Acquisition on August 31, 2016. The purchase accounting adjustments for the quarters ended March 31, 2017, June 30, 2017, September 30, 2017, December 31, 2017, and March 31, 2018 related to the Runbook Acquisition were not meaningful and were thus not presented.

<sup>1</sup> Q1 2018 is based on ASC 606 standard. All prior periods are based on ASC 605 standard.

# NON-GAAP RECONCILIATIONS

## NON-GAAP OPERATING INCOME (LOSS) AND NON-GAAP NET INCOME (LOSS) (\$ IN 000'S)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018 <sup>1</sup>	2013	2014	2015	2016	2017
<b>Non-GAAP Income (Loss) from Operations</b>																		
GAAP Loss from Operations	(\$5,937)	(\$9,070)	(\$9,842)	(\$9,963)	(\$9,799)	(\$8,259)	(\$7,167)	(\$8,709)	(\$8,295)	(\$7,852)	(\$13,205)	(\$5,708)	(\$7,560)	(\$19,801)	(\$18,179)	(\$34,812)	(\$33,934)	(\$35,060)
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	179	537	-	-	-	-	-	6,045	4,952	-	716	-
Amortization of Acquired Intangible Assets	3,023	3,023	3,023	3,023	3,023	3,023	3,138	3,321	3,330	3,333	3,325	3,322	3,323	4,031	12,092	12,092	12,505	13,310
Stock-Based Compensation Expense	788	1,522	1,560	1,627	1,625	1,549	1,360	1,992	1,849	1,987	9,115	3,093	3,974	900	2,017	5,497	6,526	16,044
Change in Fair of Contingent Consideration	13	13	13	2	62	81	135	93	93	96	178	261	112	-	(781)	41	371	628
Acquisition-Related Costs	-	-	-	-	-	-	1,372	210	-	-	-	-	-	7,220	-	-	1,582	-
Compensation costs for payments to stock option holders in association with the Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	712	-	-	-	-
Secondary offering costs	-	-	-	-	-	-	-	-	-	809	-	-	-	-	-	-	-	809
Shelf offering costs	-	-	-	-	-	-	-	-	-	-	-	818	177	-	-	-	-	818
<b>Total Non-GAAP Income (Loss) From Operations</b>	<b>(\$2,113)</b>	<b>(\$4,512)</b>	<b>(\$5,246)</b>	<b>(\$5,311)</b>	<b>(\$5,089)</b>	<b>(\$3,606)</b>	<b>(\$983)</b>	<b>(\$2,556)</b>	<b>(\$3,023)</b>	<b>(\$1,627)</b>	<b>(\$587)</b>	<b>\$1,786</b>	<b>\$26</b>	<b>(\$893)</b>	<b>\$101</b>	<b>(\$17,182)</b>	<b>(\$12,234)</b>	<b>(\$3,451)</b>
<b>Non-GAAP Net Income (Loss)</b>																		
Net Income (Loss)	(\$4,254)	(\$6,538)	(\$6,735)	(\$7,207)	(\$9,335)	(\$7,541)	(\$6,619)	(\$15,664)	(\$9,010)	(\$10,114)	(\$13,092)	(\$5,845)	(\$7,155)	(\$16,671)	(\$16,752)	(\$24,734)	(\$39,159)	(\$38,061)
Provision for (benefit from) Income Taxes	(2,447)	(3,704)	(3,824)	(3,959)	(1,402)	(1,493)	(1,926)	(2,135)	(162)	23	(159)	124	(125)	(3,972)	(8,282)	(13,934)	(6,956)	(174)
Secondary offering costs	-	-	-	-	-	-	-	-	-	809	-	-	-	-	-	-	-	809
Shelf offering costs	-	-	-	-	-	-	-	-	-	-	-	818	177	-	-	-	-	818
Stock-Based Compensation Expense	788	1,522	1,560	1,627	1,625	1,549	1,360	1,992	1,849	1,987	9,115	3,093	3,974	900	2,017	5,497	6,526	16,044
Amortization of Acquired Intangible Assets	3,023	3,023	3,023	3,023	3,023	3,023	3,138	3,321	3,330	3,333	3,325	3,322	3,323	4,031	12,092	12,092	12,505	13,310
Accretion of Debt Discount	57	57	57	57	65	81	96	1,061	-	-	-	-	-	57	228	228	1,303	-
Accretion of Warrant Discount	69	69	69	69	69	69	69	547	-	-	-	-	-	74	276	276	754	-
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	179	537	-	-	-	-	-	6,045	4,952	-	716	-
Change in Fair Value of Contingent Consideration	13	13	13	2	62	81	135	93	93	96	178	261	112	-	(781)	41	371	628
Change in Fair Value of Common Stock Warrant Liability	(30)	280	(80)	250	-	(300)	-	6,180	1,000	2,490	-	-	-	-	3,700	420	5,880	3,490
Acquisition-Related Costs	-	-	-	-	-	-	1,372	210	-	-	-	-	-	7,220	-	-	1,582	-
Compensation costs for payments to stock option holders in association with the Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	712	-	-	-	-
<b>Total Non-GAAP Net Income (Loss)</b>	<b>(\$2,781)</b>	<b>(\$5,278)</b>	<b>(\$5,917)</b>	<b>(\$6,138)</b>	<b>(\$5,893)</b>	<b>(\$4,531)</b>	<b>(\$2,196)</b>	<b>(\$3,858)</b>	<b>(\$2,900)</b>	<b>(\$1,376)</b>	<b>(\$633)</b>	<b>\$1,773</b>	<b>\$306</b>	<b>(\$1,604)</b>	<b>(\$2,550)</b>	<b>(\$20,114)</b>	<b>(\$16,478)</b>	<b>(\$3,136)</b>

<sup>1</sup> Q1 2018 is based on ASC 606 standard. All prior periods are based on ASC 605 standard.

## NON-GAAP RECONCILIATIONS

### NON-GAAP S&M, NON-GAAP R&D, NON-GAAP G&A (\$ IN 000'S)

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018 <sup>1</sup>	2013	2014	2015	2016	2017
GAAP Sales and Marketing Expense	\$11,657	\$13,297	\$14,740	\$16,852	\$18,169	\$19,073	\$19,037	\$21,531	\$23,496	\$25,125	\$33,375	\$27,779	\$29,227	\$17,348	\$31,837	\$56,546	\$77,810	\$109,775
Amortization of Intangible Assets	872	872	872	871	872	872	896	965	965	968	970	969	969	1,162	3,487	3,487	3,605	3,872
Stock-Based Compensation Expense	463	682	602	671	672	661	501	656	660	748	7,761	1,642	1,437	124	1,059	2,418	2,490	10,811
Non-GAAP Sales and Marketing Expense	\$10,322	\$11,743	\$13,266	\$15,310	\$16,625	\$17,540	\$17,640	\$19,910	\$21,871	\$23,409	\$24,644	\$25,168	\$26,821	\$16,062	\$27,291	\$50,641	\$71,715	\$95,092
GAAP Research and Development Expense	\$3,569	\$4,465	\$4,904	\$5,278	\$5,272	\$5,193	\$5,087	\$5,573	\$5,948	\$6,009	\$5,883	\$6,034	\$6,929	\$6,963	\$9,705	\$18,216	\$21,125	\$23,874
Stock-Based Compensation Expense	89	171	160	168	161	173	198	277	83	215	236	233	429	330	229	588	809	767
Non-GAAP Research and Development Expense	\$3,480	\$4,294	\$4,744	\$5,110	\$5,111	\$5,020	\$4,889	\$5,296	\$5,865	\$5,794	\$5,647	\$5,801	\$6,500	\$6,633	\$9,476	\$17,628	\$20,316	\$23,107
GAAP General and Administrative Expense	\$3,805	\$5,247	\$5,916	\$5,960	\$5,979	\$5,956	\$7,698	\$8,278	\$8,253	\$8,636	\$8,920	\$11,147	\$11,082	\$17,025	\$11,716	\$20,928	\$27,911	\$36,956
Amortization of Intangible Assets	617	616	616	617	617	616	647	652	661	652	639	639	639	821	2,466	2,466	2,532	2,591
Stock-Based Compensation Expense	149	531	672	673	651	581	511	769	856	753	784	924	1,270	360	480	2,025	2,512	3,317
Change in Fair Value of Contingent Consideration	13	13	13	2	62	81	135	93	93	96	178	261	112	-	(781)	41	371	628
Acquisition Related Costs	-	-	-	-	-	-	1,372	210	-	-	-	-	-	7,220	-	-	1,582	-
Compensation Costs for Payments to Stock Option Holders in Association With The Acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	712	-	-	-	-
Secondary offering Costs	-	-	-	-	-	-	-	-	-	809	-	-	-	-	-	-	-	809
Shelf offering Costs	-	-	-	-	-	-	-	-	-	-	-	818	177	-	-	-	-	818
Non-GAAP General and Administrative Expense	\$3,026	\$4,087	\$4,615	\$4,668	\$4,649	\$4,678	\$5,033	\$6,554	\$6,643	\$6,326	\$7,319	\$8,505	\$8,884	\$7,912	\$9,551	\$16,396	\$20,914	\$28,793

<sup>1</sup> Q1 2018 is based on ASC 606 standard. All prior periods are based on ASC 605 standard.