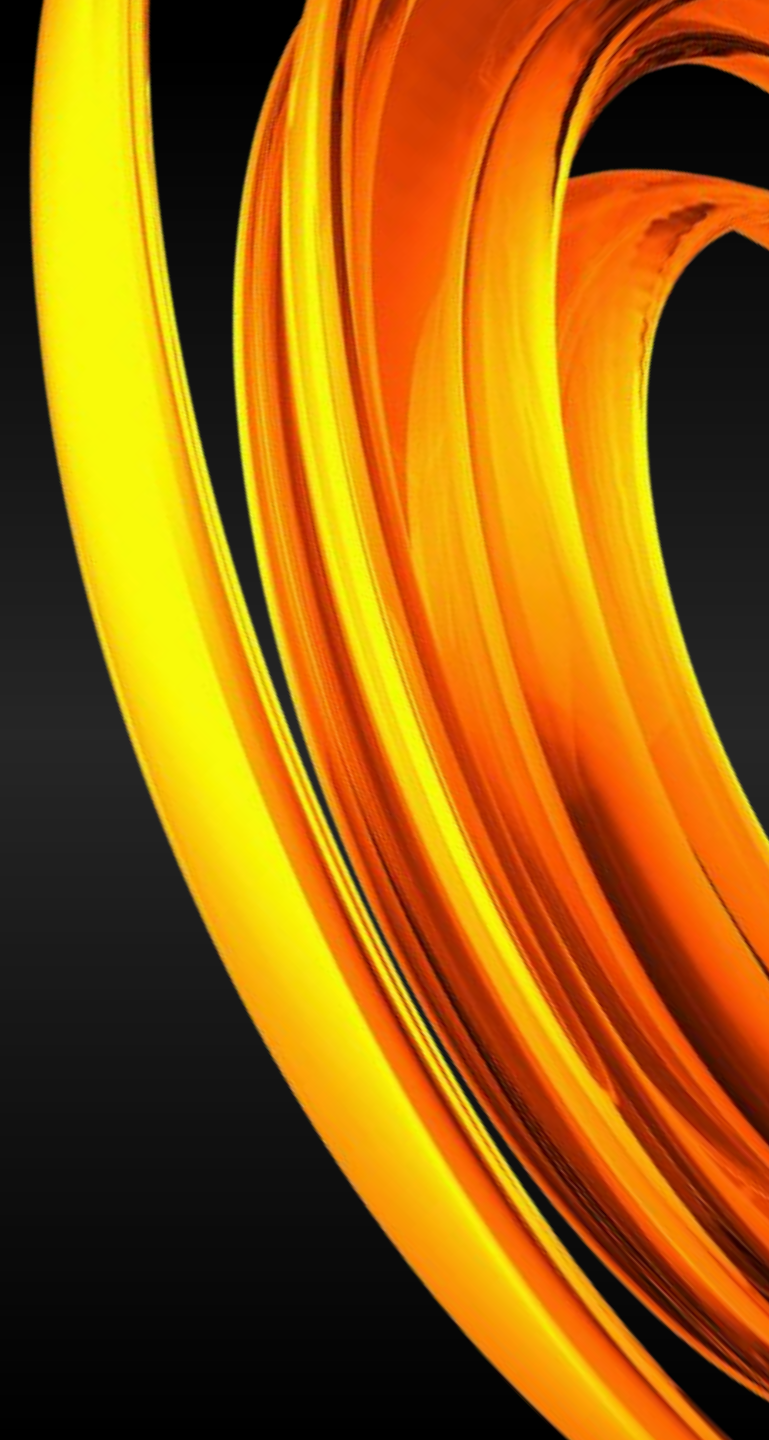




# Investor Day 2022

November 8<sup>th</sup>, 2022

Las Vegas, NV



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# Welcome

Matt Humphries | VP of Investor Relations

# Agenda

- |           |  |  |
|-----------|--|--|
| <b>1</b>  | <b>Welcome</b>                                 | Matt Humphries   VP of Investor Relations        |
| <b>2</b>  | <b>CEO Introduction</b>                        | Marc Huffman   Chief Executive Officer           |
| <b>3</b>  | <b>Go-to-Market Strategy</b>                   | Mark Woodhams   Chief Revenue Officer            |
| <b>4</b>  | <b>Customer Success</b>                        | Lisa Schreiber   Chief Customer Officer          |
| <b>5</b>  | <i>1<sup>st</sup> Break</i>                    |  |
| <b>6</b>  | <b>Product &amp; Technology Strategy</b>       | Pete Hirsch   Chief Technology Officer           |
| <b>7</b>  | <b>Strategic Products</b>                      | Mike Polaha   SVP Finance Solutions & Technology |
| <b>8</b>  | <b>Intercompany Financial Management (IFM)</b> | Mike Polaha   SVP Finance Solutions & Technology |
| <b>9</b>  | <i>2<sup>nd</sup> Break</i>                    |  |
| <b>10</b> | <b>An Accountant's Perspective</b>             | Patrick Villanova   Chief Accounting Officer     |
| <b>11</b> | <b>Financial Summary</b>                       | Mark Partin   Chief Financial Officer            |
| <b>12</b> | <i>Final Break</i>                             |  |
| <b>13</b> | <b>Q&amp;A Business Panel</b>                  | All Presenters                                   |

# 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 ability to execute our technology and platform initiatives and strategic relationships, including our relationship with SAP, 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. Considering 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.

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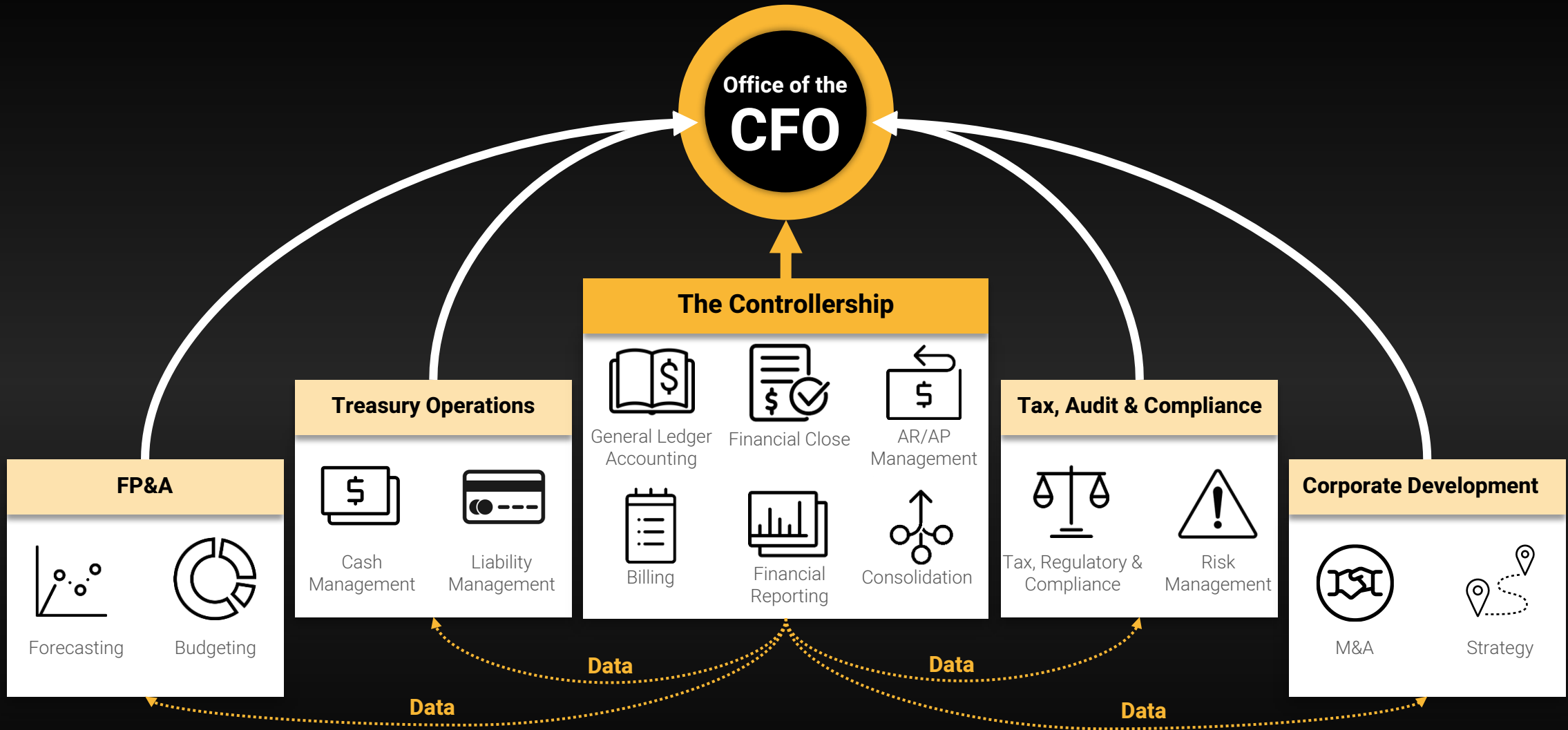
# CEO Introduction

Marc Huffman | Chief Executive Officer



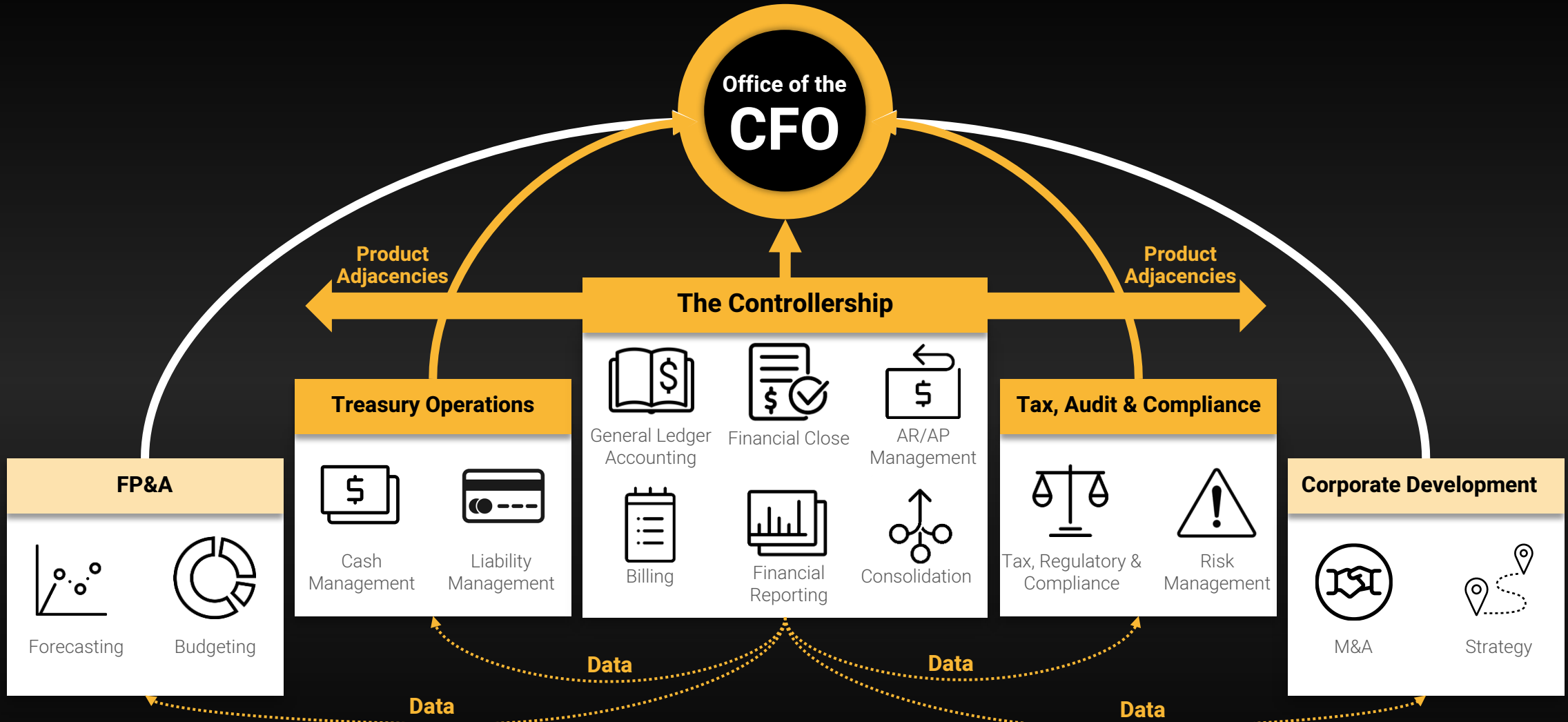
# Beyond **TheBlack**<sup>®</sup>

# BlackLine's Market: The Office of the CFO



The controllarship's **upstream position** make it prime real estate within the office of the CFO

# BlackLine's Market: The Office of the CFO



Treasury operations and functions of tax, audit and compliance are the best candidates for **continued product expansion**





# The Potential Impact of Accounting Errors is Clear



Securities and  
Exchange  
Commission

## RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

Listed issuers are now required to adopt, comply with, and disclose a policy for **recovery of erroneously awarded incentive-based compensation** received by its current or former executive officers **in the event of accounting restatements.**

SEC Press Release |  
October 26, 2022

## THE WALL STREET JOURNAL.

### ACCOUNTING ERRORS TO COST EXECUTIVES THEIR BONUSES UNDER SEC RULE

The Wall Street Journal has reported that **companies have played down the importance of their accounting errors** in recent years, **possibly to minimize the impact on share prices or executive compensation.**

The Wall Street Journal |  
October 26, 2022

## Bloomberg Law®

### SMALL ERRORS HOLD BIG STAKES IN EXECUTIVE PAY CLAWBACK RULE

New SEC requirements for recovering erroneous executive bonuses are bringing compliance jitters, as **companies prepare for more scrutiny over accounting mistakes both large and small.**

Bloomberg Law |  
October 28, 2022

# BlackLine's Target Customer: **The Corporate Controller**

Finance executive's digital transformation goals **by 2025...**

**86%**

Desire a faster, real time financial close

**64%**

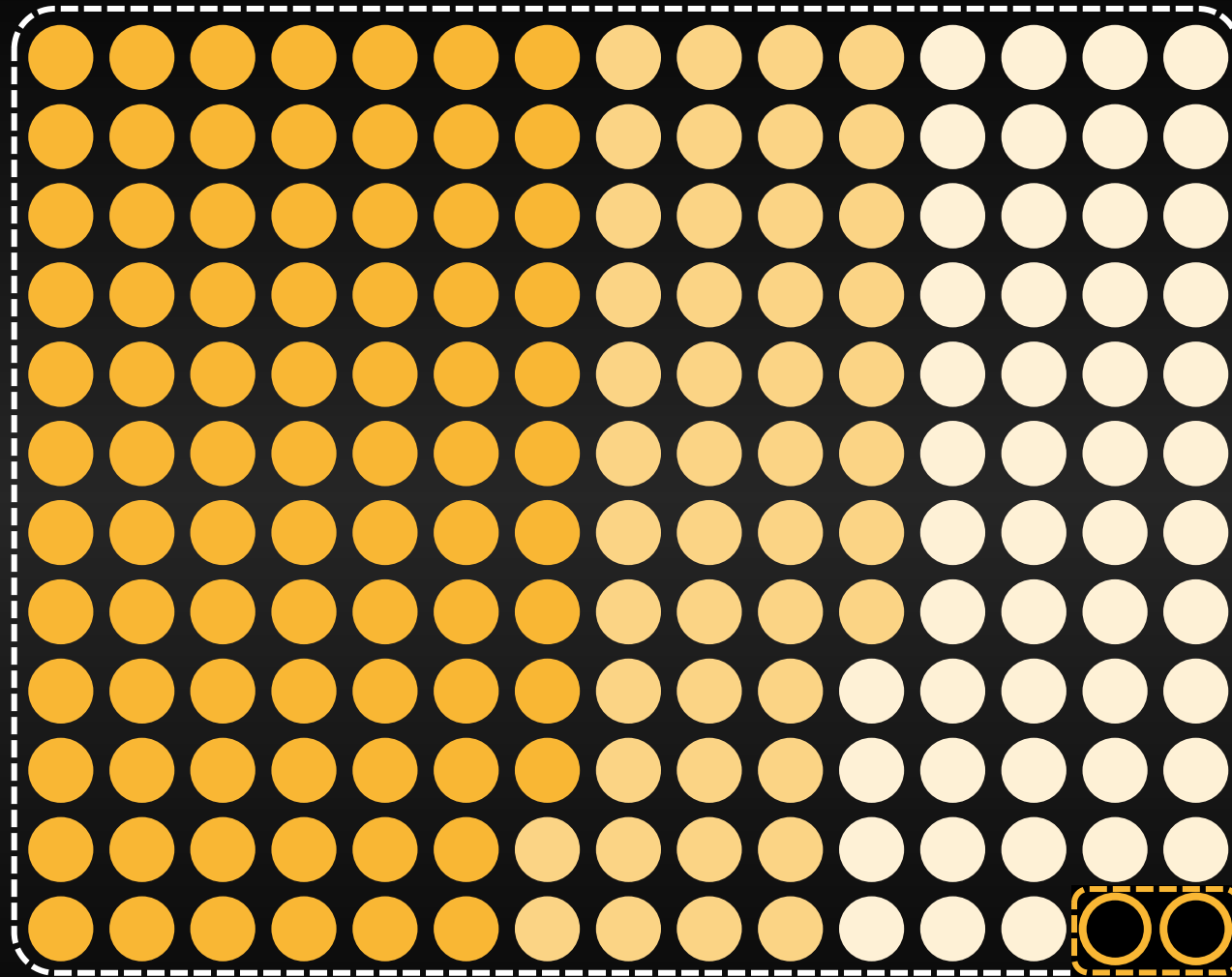
Desire an error-free financial close

**55%**

Are aiming for a completely touchless financial close

Where the CFO relies on the controller, **the controller relies on BlackLine**

# Market Leader with Large & Underpenetrated TAM



**\$39B+**

**\$18.5B** Financial Close Market <sup>1</sup>

**\$10B** Accounts Receivable Market <sup>2</sup>

**\$11B** Intercompany Financial Management <sup>3</sup>

Comprised of >200,000 Target Customers

**\$498M** BlackLine LTM Revenue  
Comprised of 4,000+ Customers <sup>4</sup>

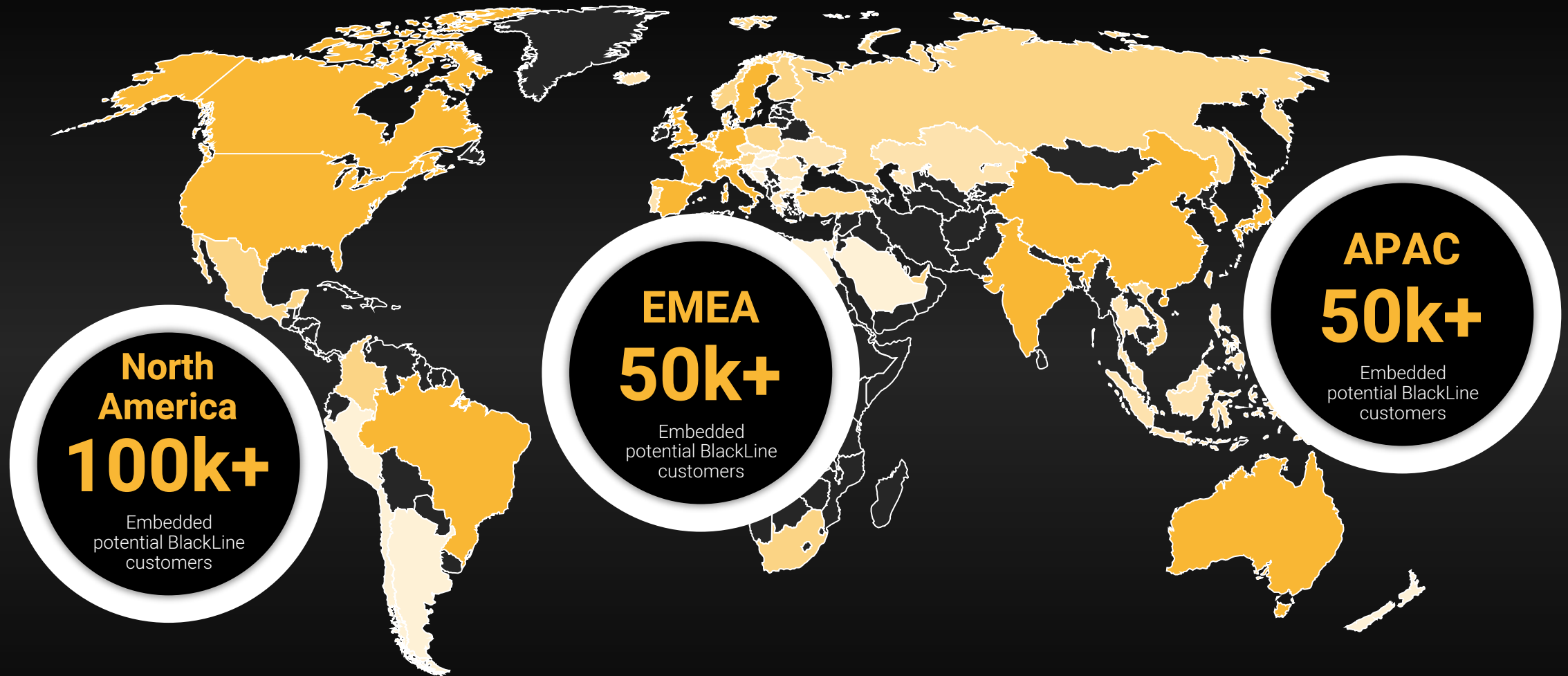
<sup>1</sup> Source: Frost and Sullivan. TAM for Core Products.

<sup>2</sup> Source: Independent third-party analysis. Assumes ~40,000 target customers in the US, UK & EMEA with a maximum ARR spend of \$250K.

<sup>3</sup> Source: Independent third-party analysis.

<sup>4</sup>As of September 30, 2022.

# Strength Across Geographies, Sectors, and Sizes



Underpenetrated TAM Consists of **>200,000 Customers**

# How BlackLine Wins...

## Continued Investment in Innovation

Expanded investments in R&D, ongoing Google Cloud modernization and exploration of product adjacencies

## Execute Along Well-Worn GTM Path

Leverage best practices acquired over 20+ years, MAP for Enterprise and our large and expanding network of partnerships and alliances

## Customer Success

Drive customer expansion and adoption through improved time-to-value, training, support resources and customer data visibility

**Clear Market Leadership**

# ...When BlackLine Wins



## Stronger Net Retention

Moving BlackLine upstream of customer data sources improves strategic use cases and strengthens strategic indispensability to the office of the CFO

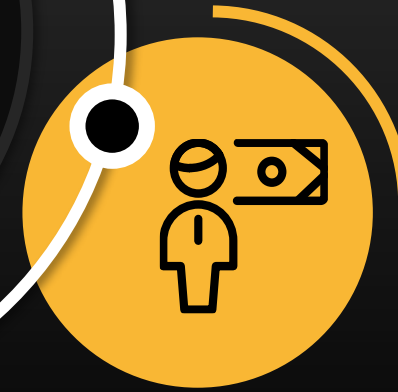
## Unlock Operational Efficiencies at Scale

Enhanced profitability at scale and average deal sizes expand further



## Drive Sustained Profitable Growth

From our underpenetrated \$39B+ TAM and embedded customer whitespace

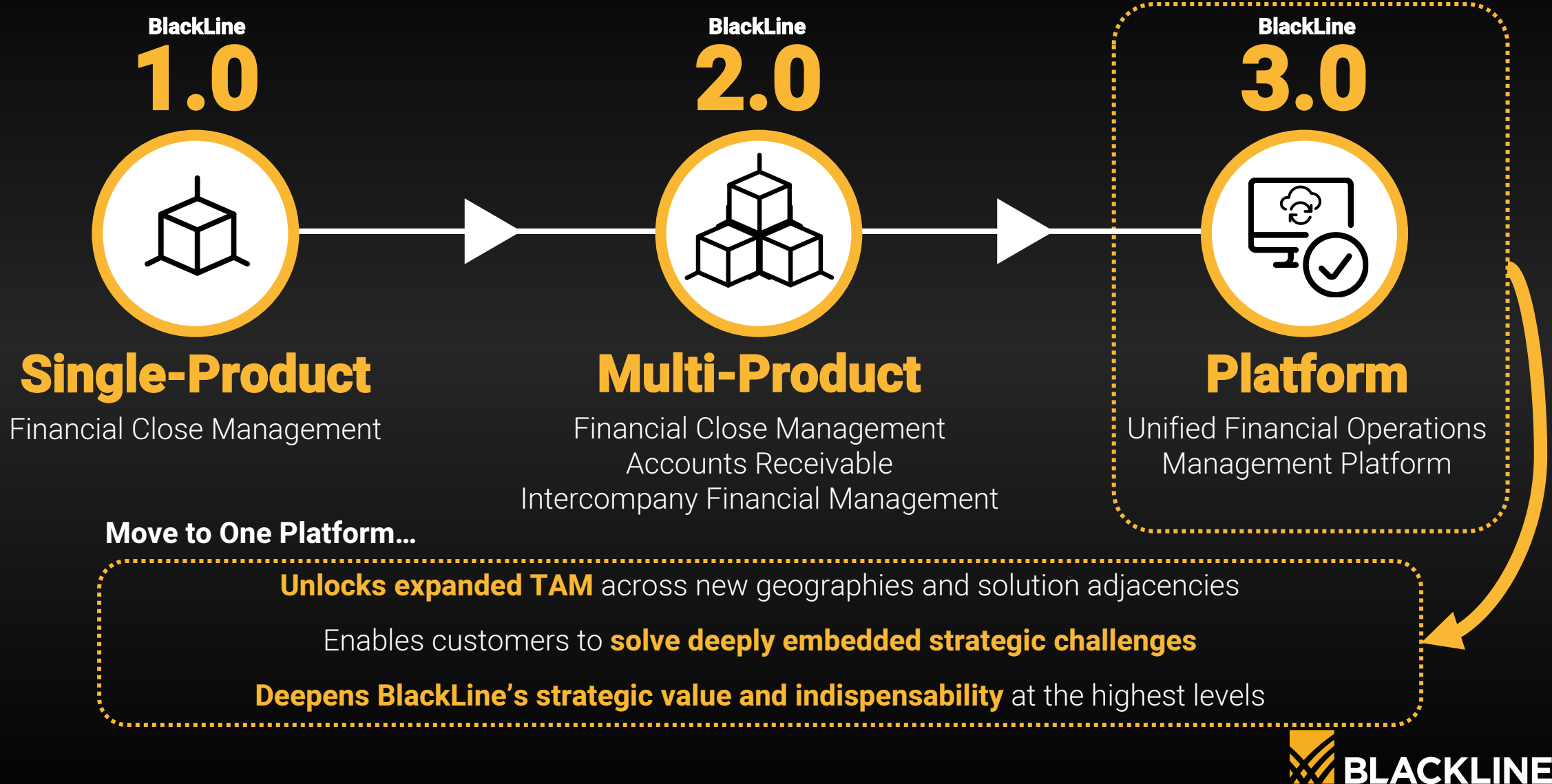


## Enhanced Unit Economics

Increased upsell and cross-sell opportunities combined with increased salesforce productivity

# Building an Industry Leading Automation Platform

BlackLine is closer than ever before in realizing its plan to become a platform financial operations solution provider





# Building a Platform for the Future

## Financial Operations Management Platform

### BlackLine Accounting Studio

#### Financial Close

Account Reconciliations  
Task Management  
Journal Entry  
Compliance  
Variance Analysis  
Consolidation Integrity  
Account Analysis  
Financial Reporting  
Analytics (2023)

**Core Products**

#### Transaction Matching

#### Smart Close

SAP Smart Close

#### Intercompany Financial Management

Non-Trade  
Balance & Resolve  
Net & Settle (4Q22)

#### Accounts Receivable

Cash Application  
Credit & Risk  
Collections  
Disputes & Deductions  
Team & Task  
AR Intelligence

**Strategic Products**

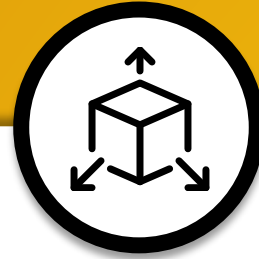
# Building Our Platform Through Continued Innovation



## Platform-Driven Innovation

BlackLine Accounting Studio

Connectors



## Product Adjacencies

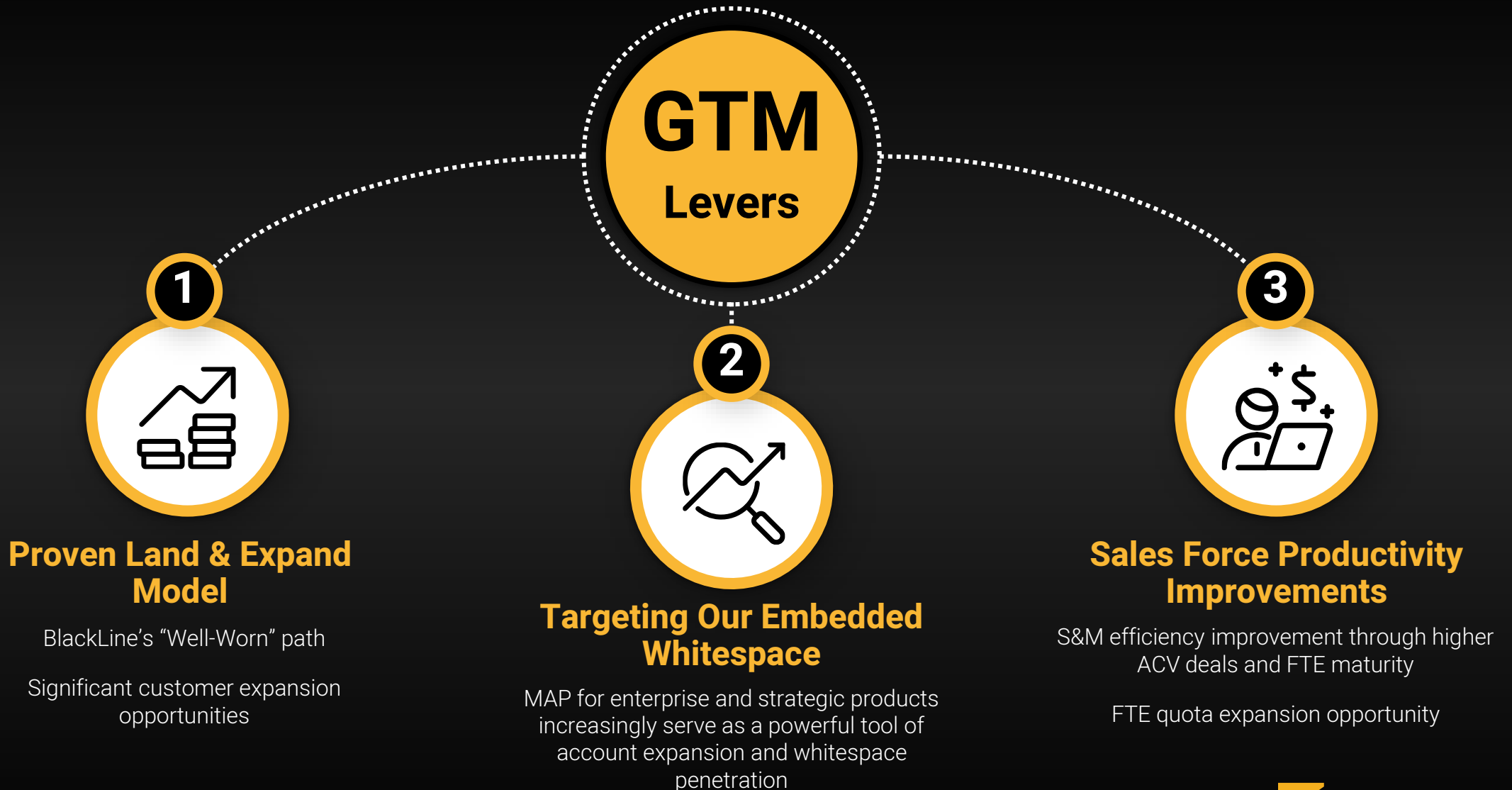
Modern Accounting Playbook (MAP) for Cash Application



## Customer-Driven Innovation

Financial Reporting Analytics (2023)

# Delivering on Go-to-Market Investments



# Driving Toward Continued Success

## Positioned for Today

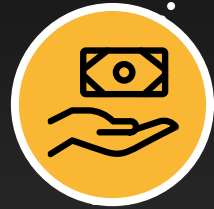
Enable customers to unlock operational efficiencies at a time when they are most needed

**Automating  
"More with Less"**



Ability for customers to unlock cash trapped on the balance sheet during uncertain economic times is invaluable

**Renewed  
Emphasis on  
Cash  
Management**



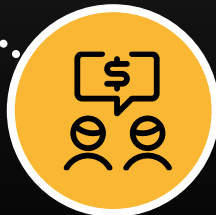
Governments globally continue to increase the complexity of their accounting, tax and reporting requirements

**Increasingly  
Complex  
Accounting  
Procedures**



Rising labor costs paired with declining graduation and CPA rates make hiring more accountants an unscalable solution

**Skilled  
Accountants  
Expensive, in  
Short Supply**



## Poised for Tomorrow

**Industry Leading  
Position**



We created the financial close management category. We pioneered it, and we lead it today

**Large and  
Underpenetrated  
TAM**



BlackLine's large and unpenetrated TAM provides ample runway for future growth

**Vision to  
Become a  
Platform  
Company**



BlackLine is now a multiproduct company with plans to continue driving toward a unified financial operations management platform

**Progress  
Towards Rule of  
40 & Profitable  
Growth at Scale**



Strong growth paired with strengthening organizational efficiencies



# Medium-Term Growth Model

## Sustainable Revenue Growth

**20%-25%**

Medium-Term<sup>1</sup> Revenue Growth Target

## Profitable Business Model

Rule of **40**

Continued progress towards Rule of 40 achievement

BlackLine's profitable growth model is positioned to drive success  
**today and tomorrow**

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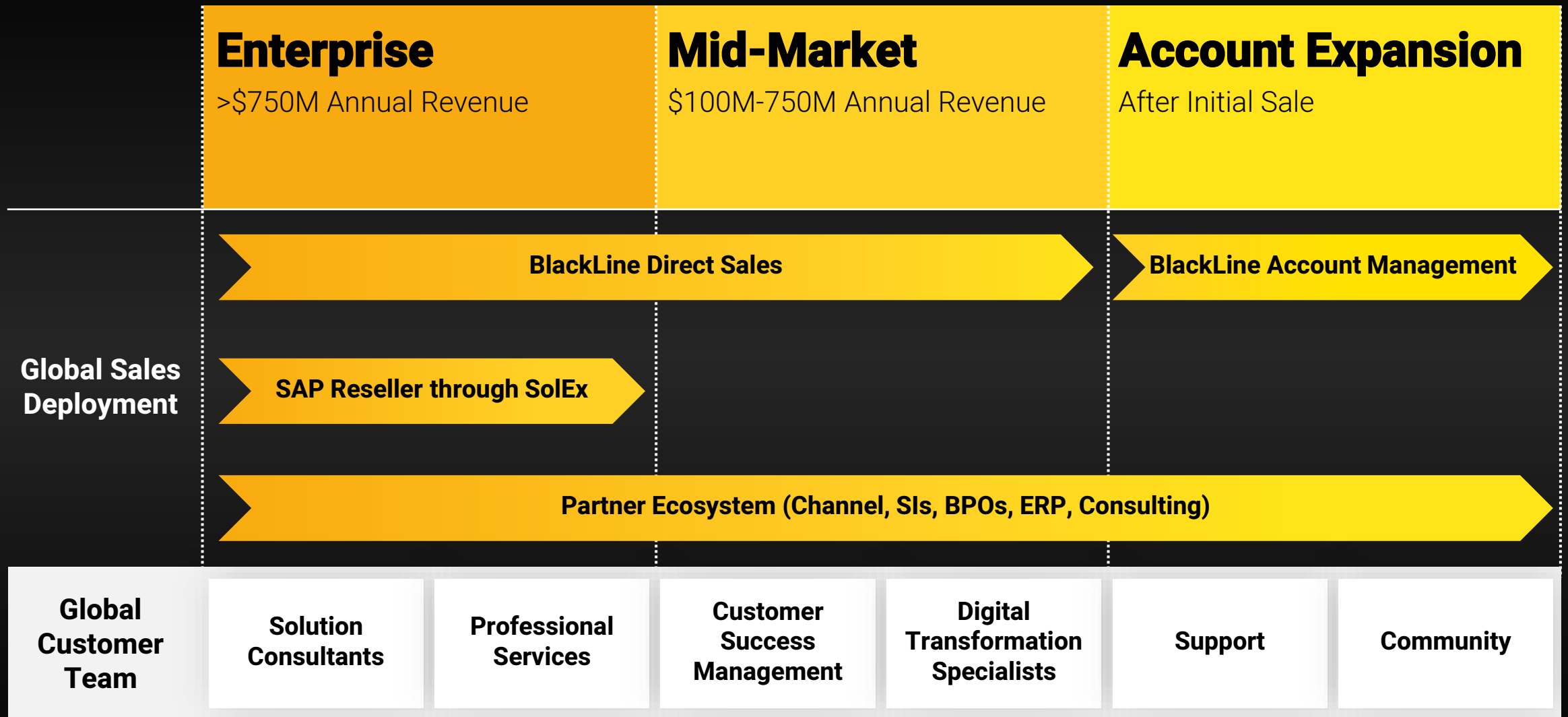
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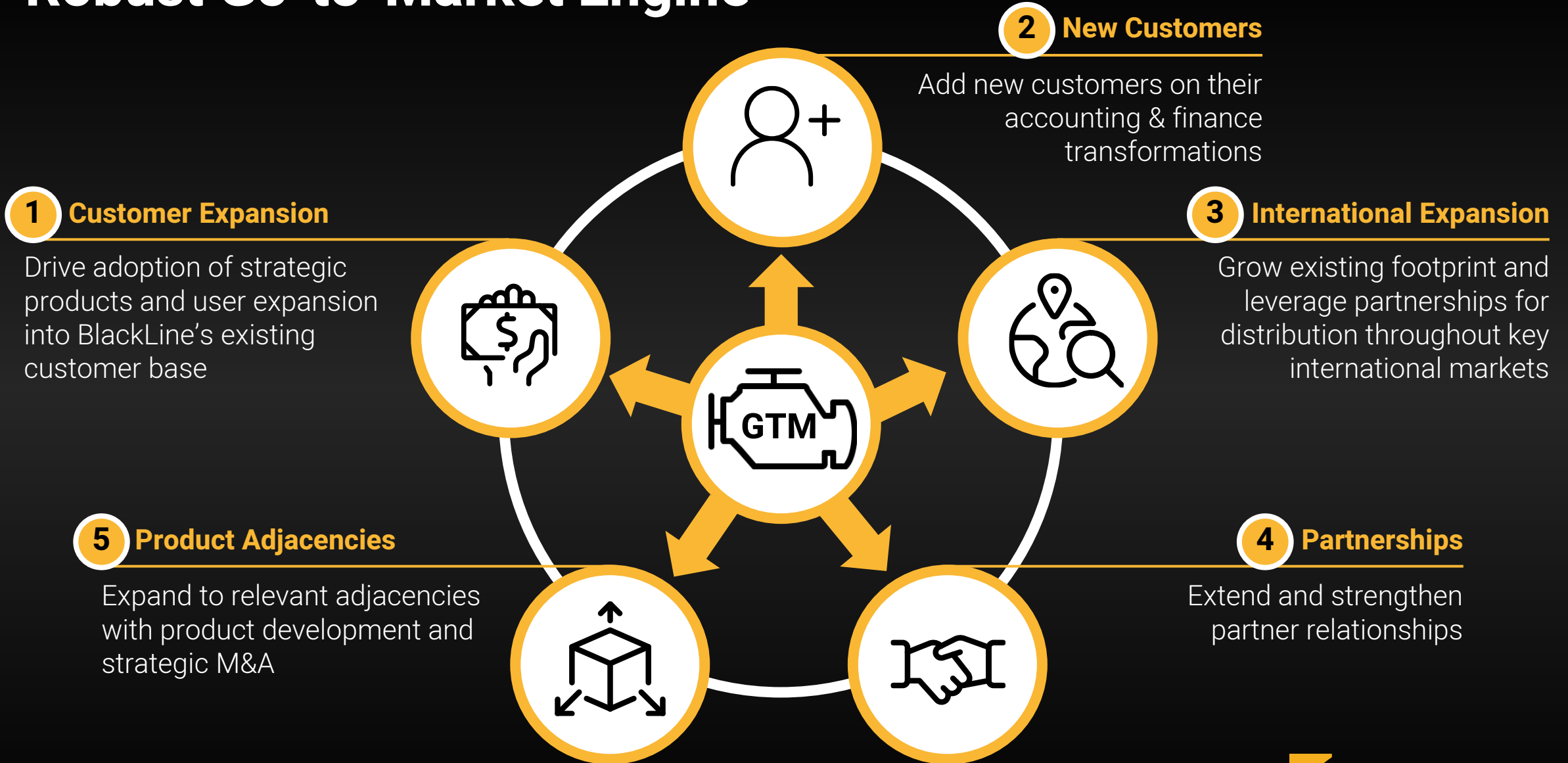
# Go-To-Market Strategy

Mark Woodhams | Chief Revenue Officer

# Our Go-To-Market & Customer Strategy



# Robust Go-to-Market Engine

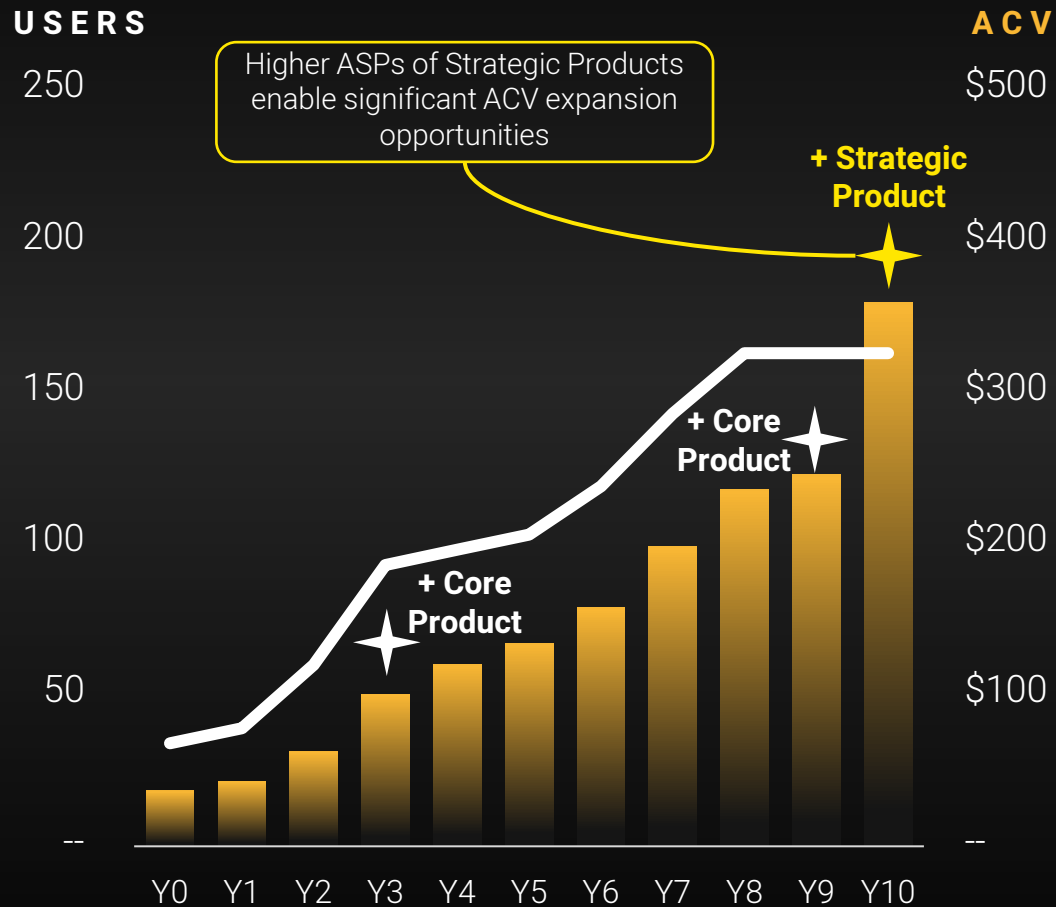




# 1 Expanding Within Our Customers

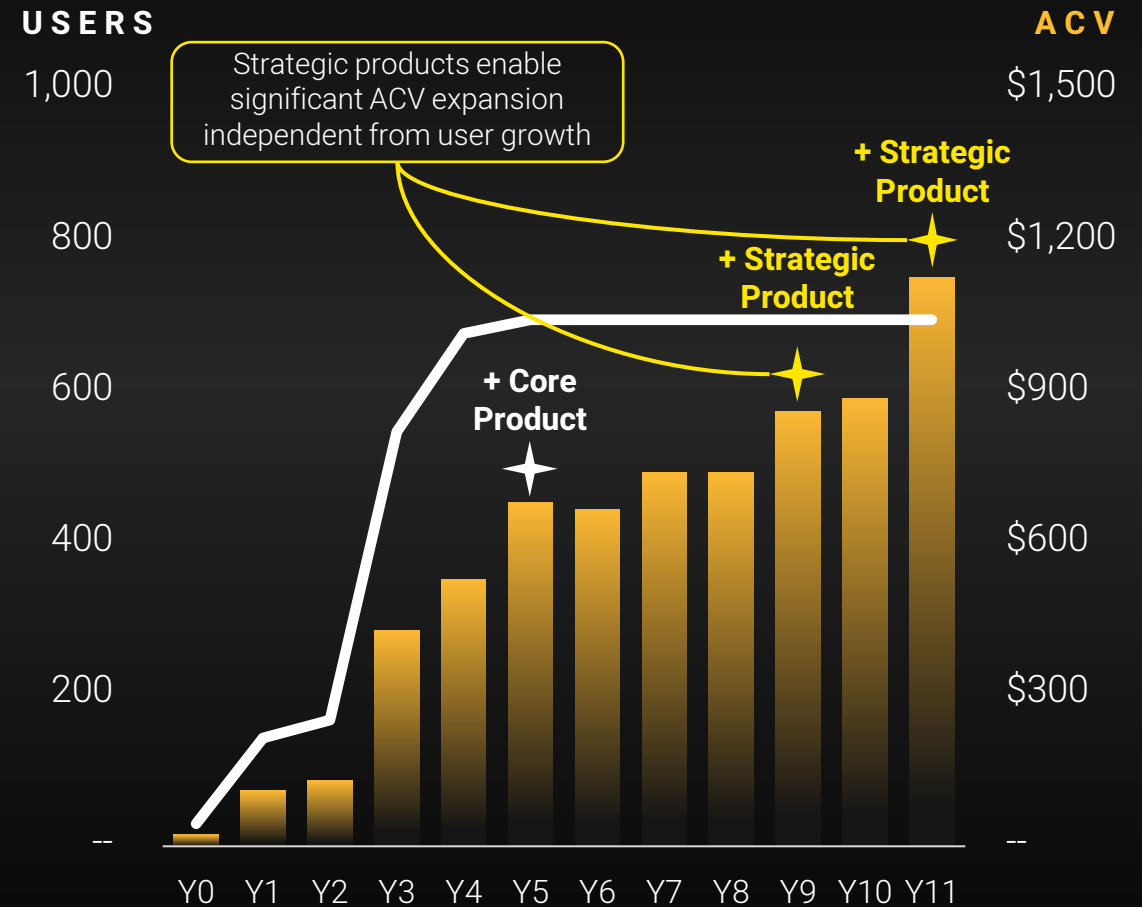
## Enterprise Consumer Retail Customer

Current ACV of ~\$350k



## Enterprise Global Industrials Customer

Current ACV of ~\$1.1M



## 2 Modern Accounting Playbook (MAP)

Enterprise MAP is BlackLine's strategy to further capture the enterprise market opportunity by applying the lessons learned in mid-market adoption and pursuing a now well-worn go-to-market path

### MAP for Mid-Market Launch

MAP rollout to mid-market companies driving new logo growth; expanded to 600+ customers (\$30M+ ACV) to-date

### NEW: MAP for Cash Application

AR cash application for our MAP and MAP for enterprise solution offerings

### Modern Accounting Playbook

MAP for Enterprise rolled out to enterprise customers with early success; global availability launched April 2022; designed for success within the largest and most complex global organizations

### MAP For Enterprise Launch

### MAP's Winning Attributes



#### Improved Deal Process

Value-based sales platform geared to rapidly identify organizational challenges through activity analysis accelerates time-to-close and improves sales outcomes



#### Time-to-Scale

MAP process designed to decrease implementation cycle and accelerate time-to-value

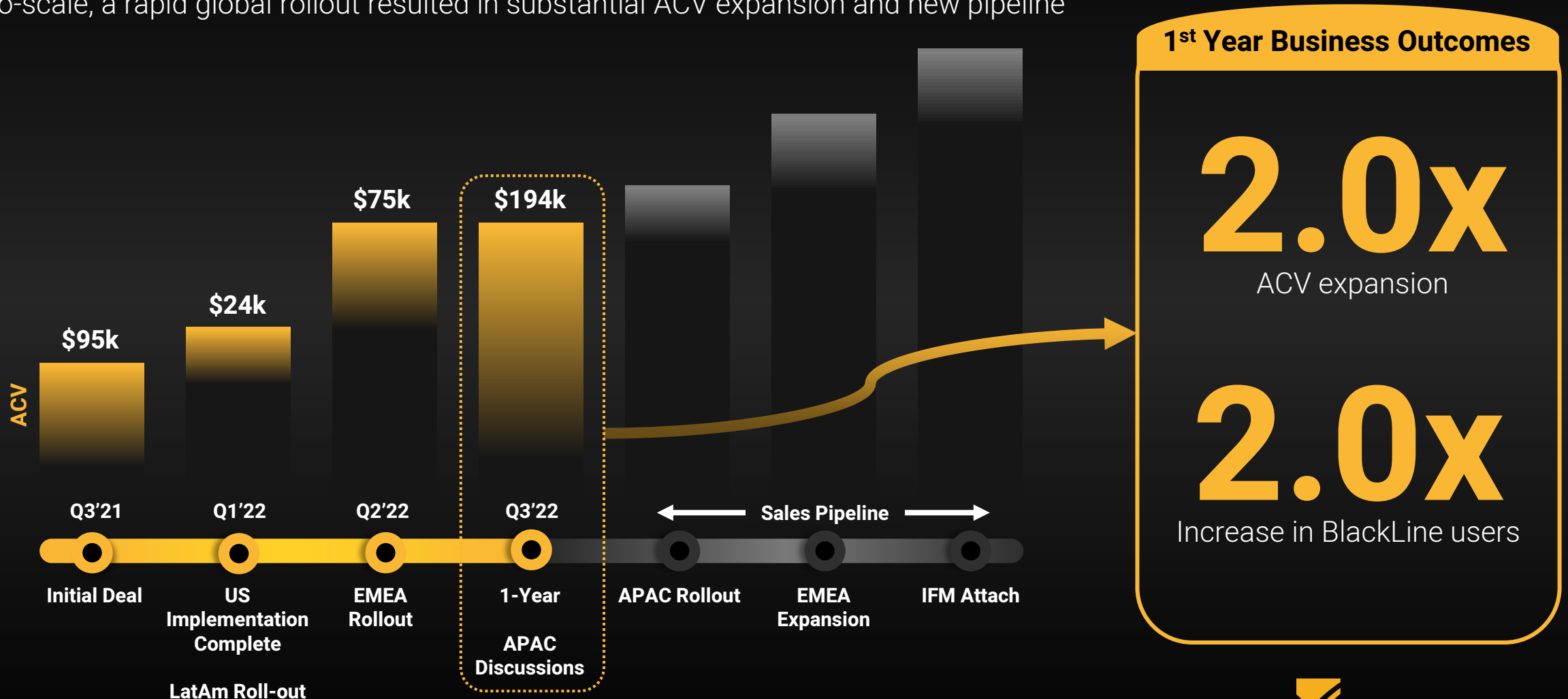


#### A Well-Worn Path

We have proved success in mid-market and have now begun capturing the enterprise market

## 2 Example: Global Enterprise Medical Technology Company

BlackLine's first MAP for Enterprise customer required improved visibility and control over an increasingly complex, global, multi-ERP accounting organization. With MAP for Enterprise's accelerated implementation and lighting time-to-scale, a rapid global rollout resulted in substantial ACV expansion and new pipeline



### 3 Key International Markets

Building another growth engine reaching far into the future

EMEA



#### EMEA Opportunity

BlackLine has achieved strong growth in EMEA markets – gaining additional exposure following the acquisition of Rimilia in 2020 and initiating our partnership with SAP in 2018

APAC



#### APAC Opportunity

Asia-Pacific markets remain an area of growth and focus and are underpenetrated when compared with our North American & EMEA markets

International Business

36%

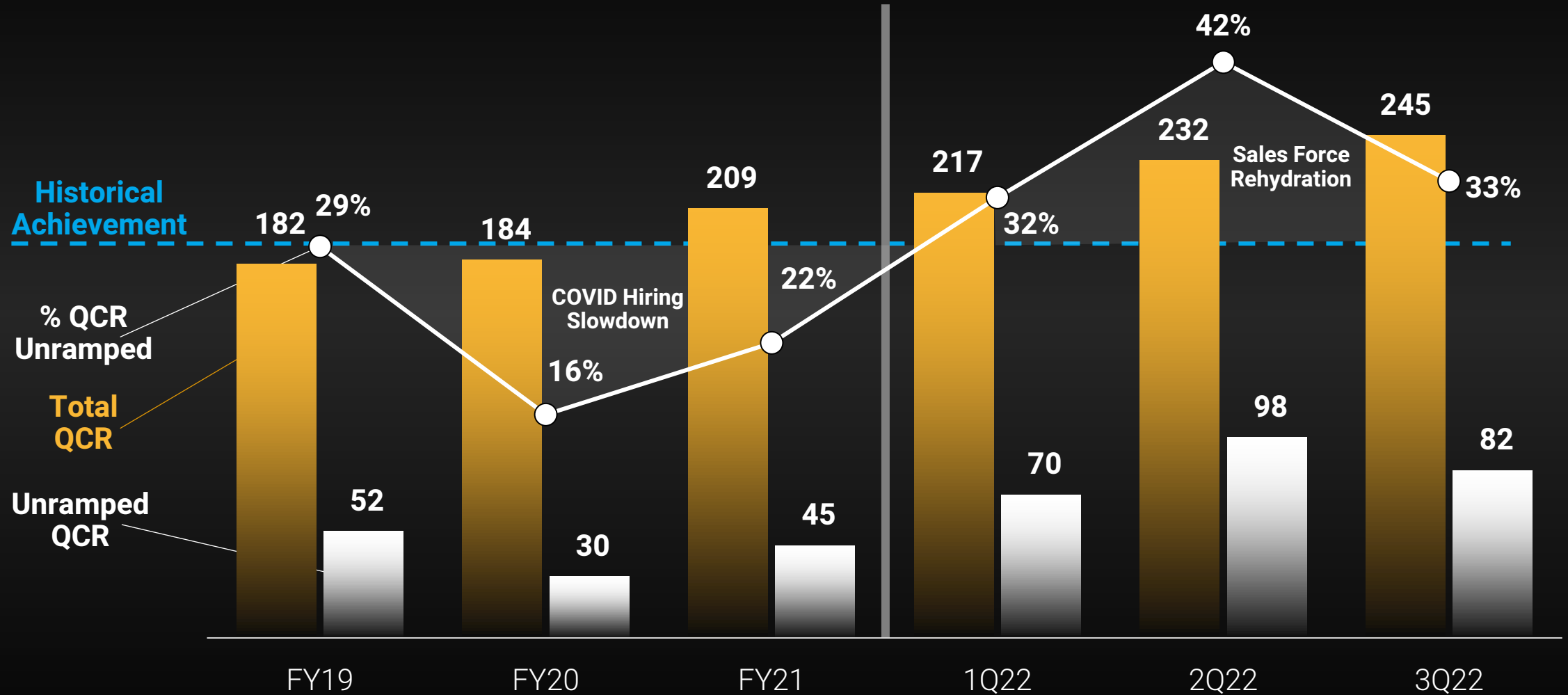
'18-'21 Revenue CAGR

# 4 Delivering on Go-to-Market Investments

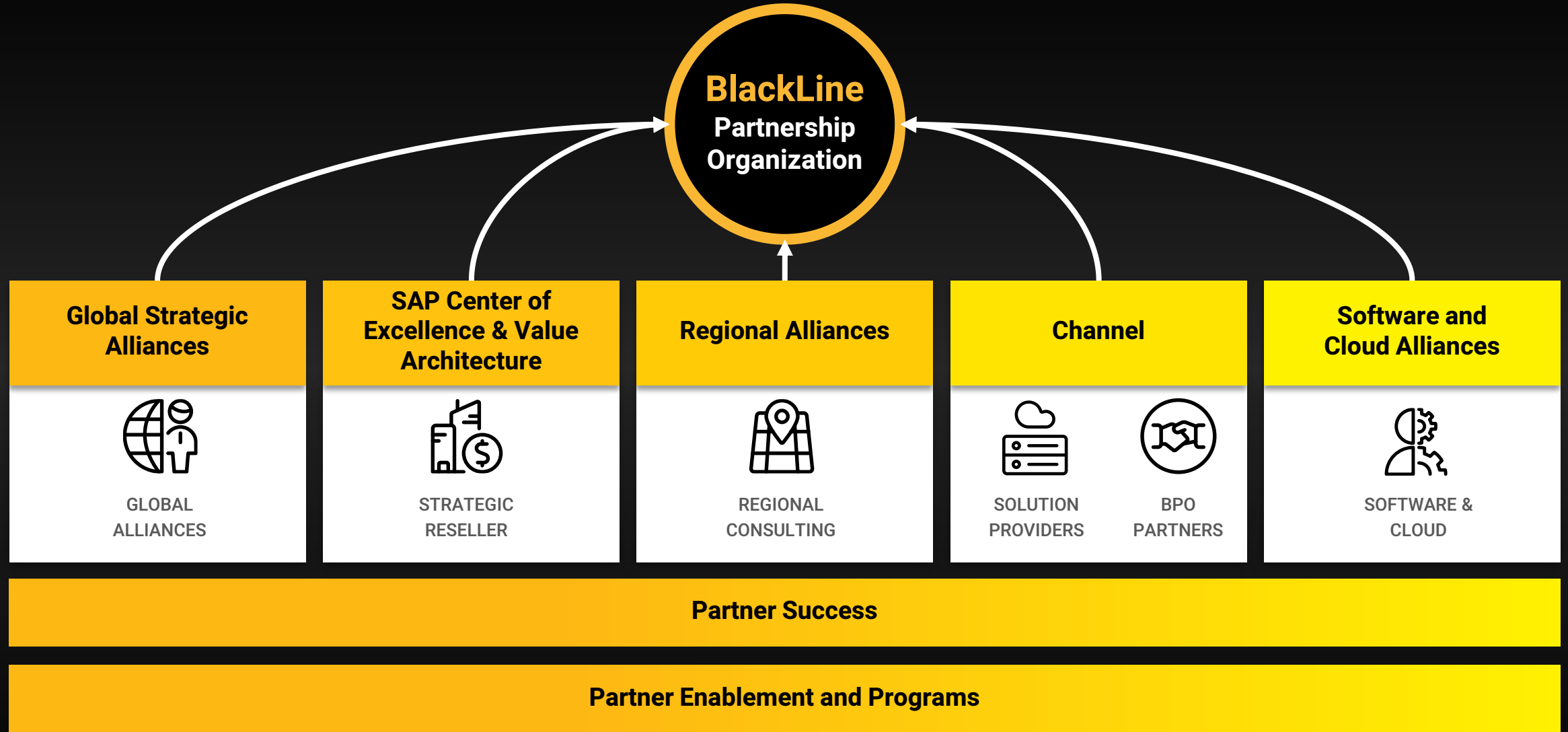


# Positioned to Drive Sales Efficiency Improvements

Maturing sales organization; product adjacencies and recent TAM expansion have added products to sell within our direct and partner channel ecosystems



# 4 Partnership Organization



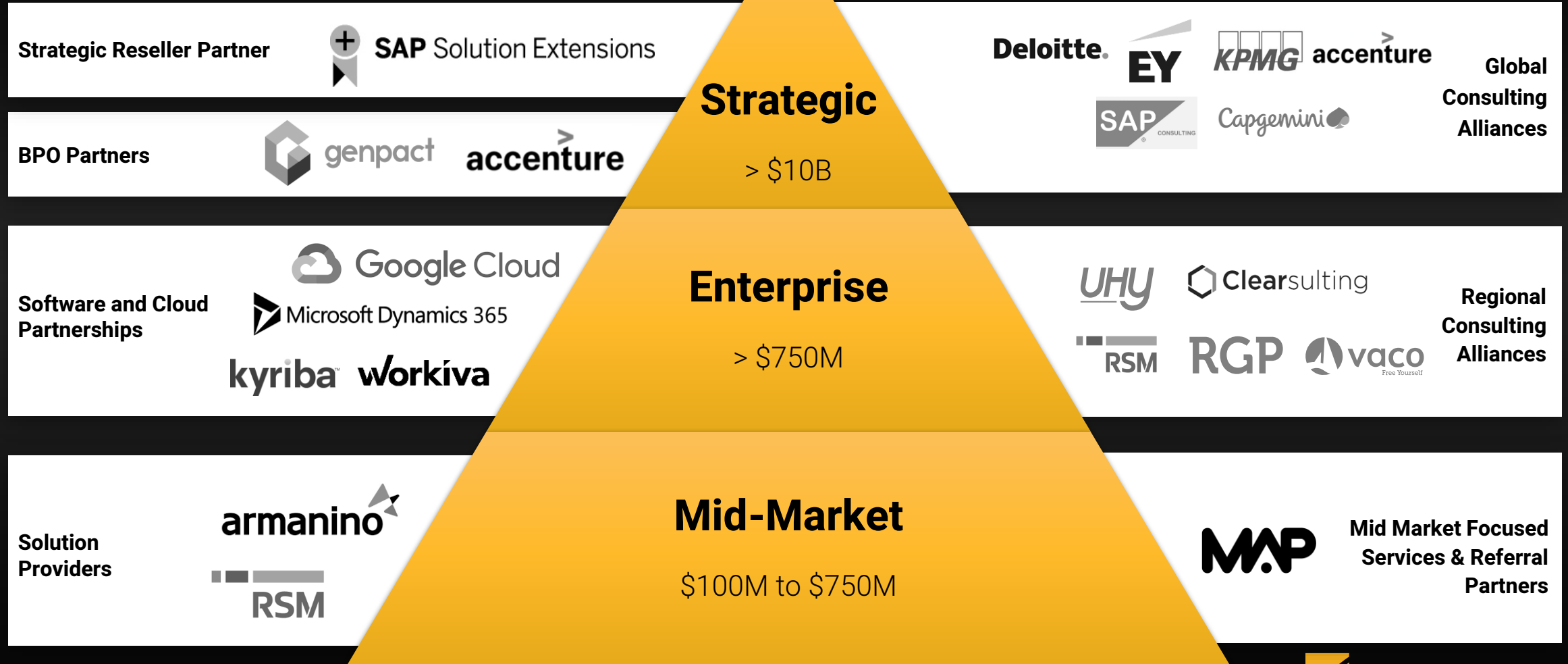
# 4 BlackLine's Partner Ecosystem

## Channel (Resellers / Solution Providers / BPO)

Source, Sell, Co-Sell, Implement, CSM

## BlackLine Services Alliances

Source, Influence, Co-Sell and Implement





# 4 SAP Enablement & Achievement

North America

~1,300

EMEA

~3,500

APAC

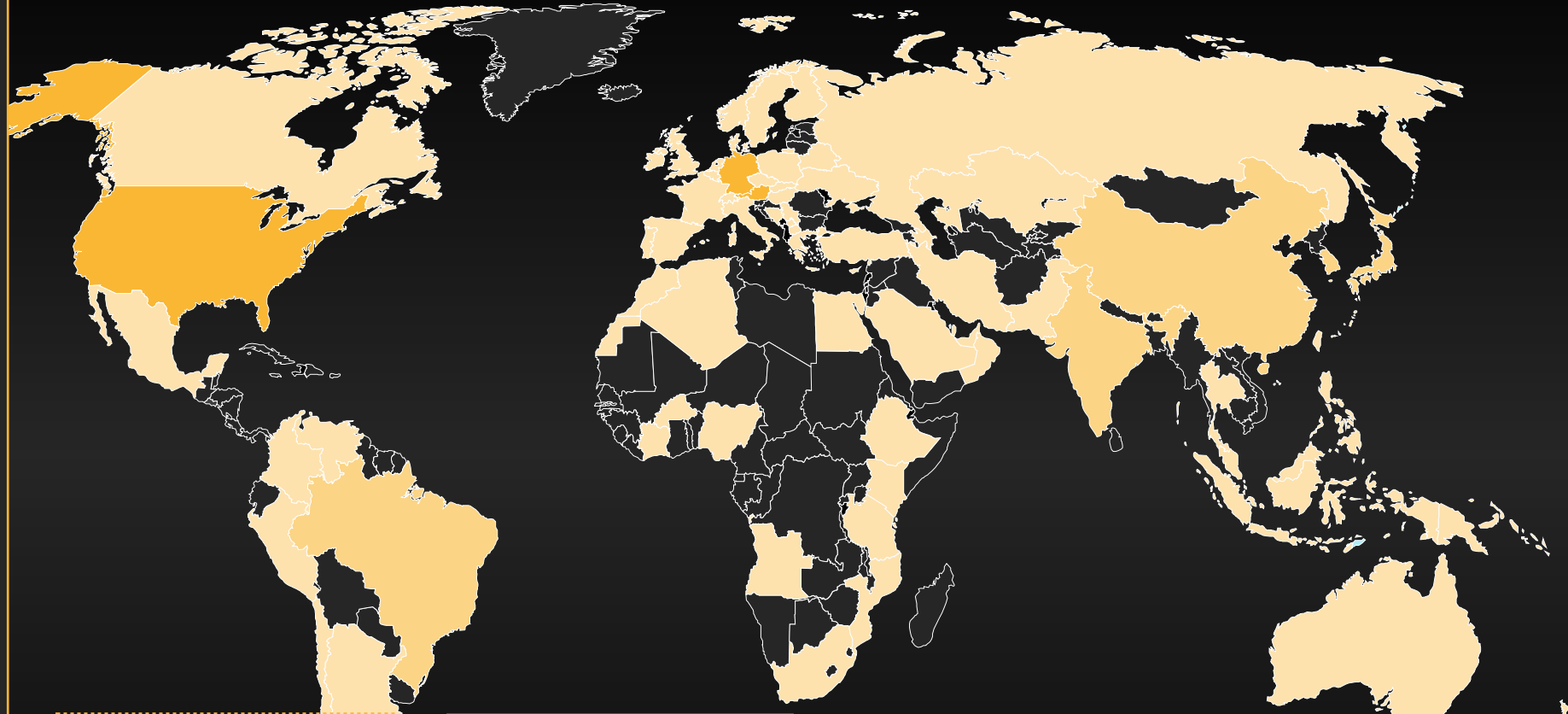
~700

Rest of World

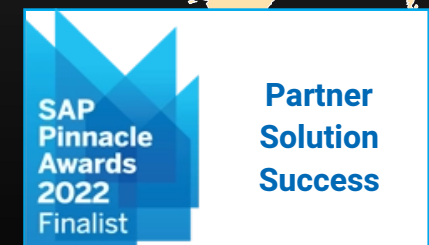
~4,500

~10,000

SAP customers with >\$1B in revenue<sup>1</sup>



BlackLine's demonstrated commitment to partnership success



## 4 SAP – BlackLine Customer Success Across Industries

### Food & Beverage

Global Enterprise Customer

**30x**

Reduction in intercompany imbalances

### eCommerce

Global Enterprise Customer

**70%**

Faster monthly close

### Insurance

NA Enterprise Customer

**160%**

Workload increase absorbed w/o adding staff

### Food & Beverage

NA Enterprise Customer

**97%**

Journal entry automation

### Food & Beverage

NA Enterprise Customer

**225%**

Return on net assets

### Telecommunications

APAC Enterprise Customer

**60%**

Less time to report on daily transaction audit findings

### Utilities

EMEA Enterprise Customer

**3.5x**

FTE initial ROI

### Chemicals

Global Enterprise Customer

**60%**

Auto-certification rate

# 5 Exploring Product Adjacencies

## Recent M&A



## Enhanced Competitiveness



## AR/IFM Whitespace

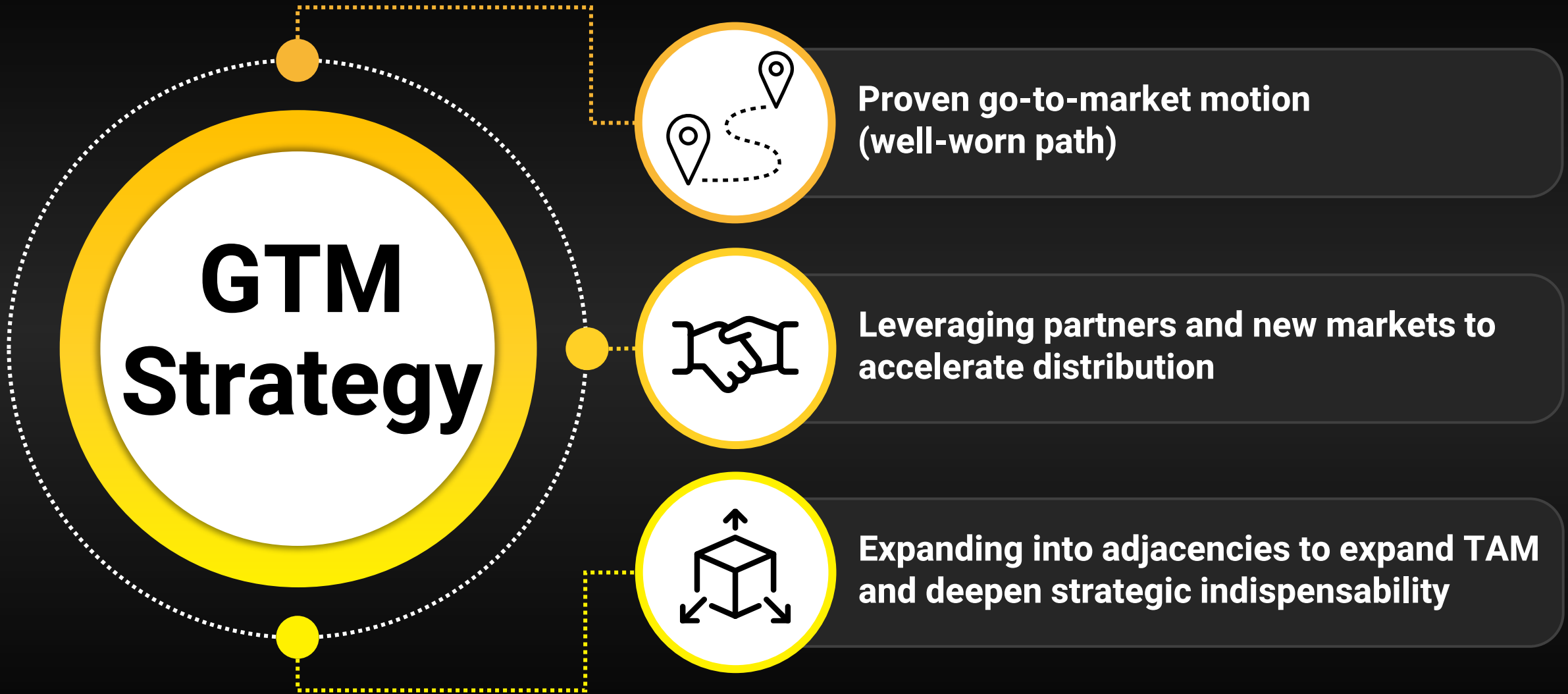


Recent acquisitions have focused on the strategic expansion into the highly adjacent Accounts Receivable and Intercompany Financial Management markets

This expansion serves to round-out solution suite and advances BlackLine closer to a unified financial operations management platform, deepens strategic indispensability, increases stickiness and bolsters retention

Unlocked significant whitespace and revenue opportunity embedded within BlackLine's current customer base, and better equips our channel ecosystem partners

# Powering BlackLine's Growth



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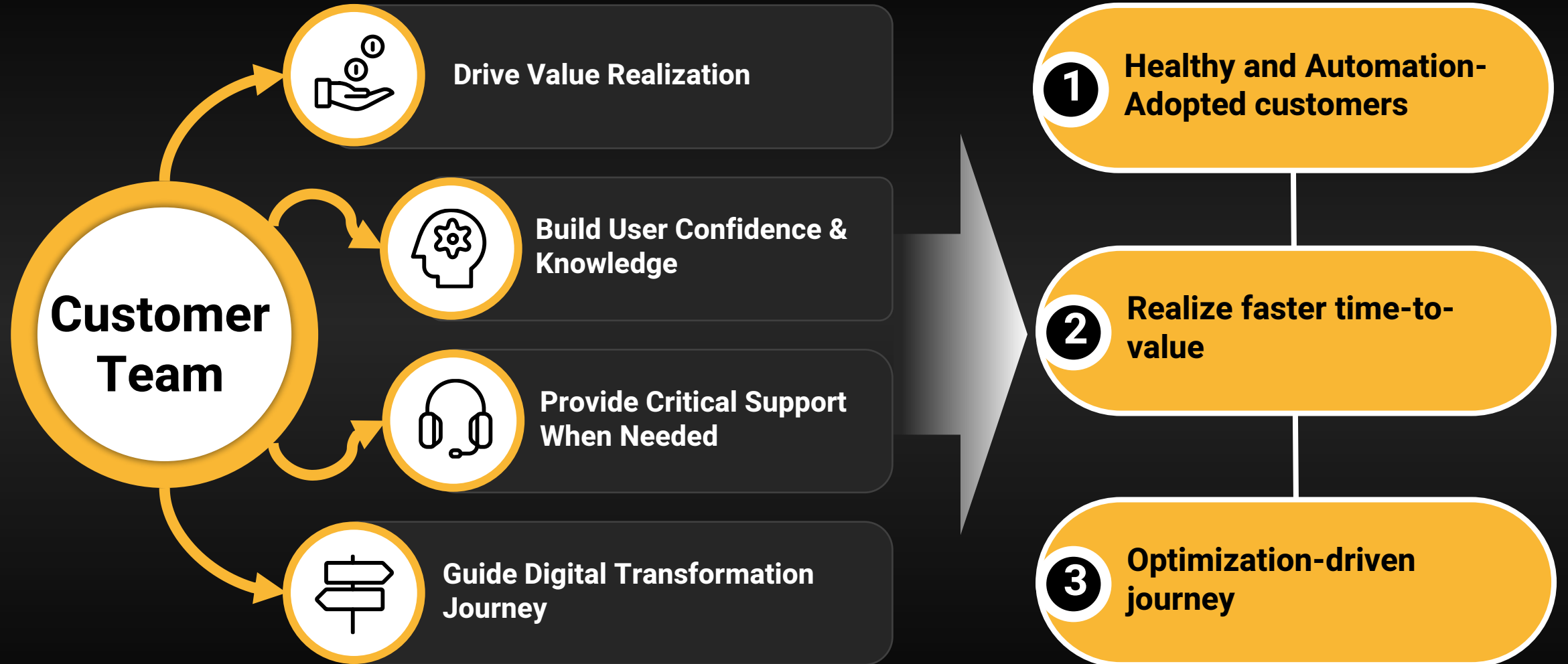
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# Customer Success

Lisa Schreiber | Chief Customer Officer

# Customer Success Objectives



# Implement & Onboard

## Implement



“Get the Foundation Right”

Unlock BlackLine’s Capabilities

**Customer Realizes First Value**

## Onboard



Healthy Customer, Platform Usage & Automation

Enhance Customer Confidence & Knowledge

Customer Success Plan for Future Optimizations

**Customer Realizes Further Value**

**Enabling  
Faster Time-  
to-Value**

# Training



**44%**

**Subscription Training  
3Q22 Attach Rate**

Learning portal purpose-built  
to accelerate learning



**Live Training**

**212%**

**YoY Training Revenue  
Increase<sup>1</sup>**

Workshop-style, live training  
delivered by a BlackLine  
Subject Matter Expert



**Optimization Academy**



Live program that delivers  
leading-practice optimization  
strategies



# Supporting Our Customers

## Our Digital Ecosystem & Data-Driven Insights



### Customer Success for Scale

Data-driven Insights Trigger Outreach  
Intelligence-based Customer Health Monitoring  
Communities  
Optimization Academy  
CSM On-Demand



### New Customer Service Offerings

Premium Services  
Admin as a Service  
Optimization Consulting  
Strategic Customer Advisory

## Offerings

*Webinars*



*"Try-it-Now"*



*Coffee Breaks*



*Communities*



*Self-Service*



*Academy*



*Training*



# Customer Success as a Differentiator



## Customer Success



Customer value realization and health bolster DBNRR and generational sales



Data-driven intelligence and insights drive engagement with customers and improve business outcomes



Accelerates revenue growth through enhanced customer engagement and adoption of BlackLine's full suite of capabilities

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# 1st Break

To Resume in 10 Minutes

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# Product & Technology Strategy

Pete Hirsch | Chief Technology Officer

# Marks of a Category Leader

From Financial Close Management to Financial Operations Management



## 14.2B

Total Imported Transactions in  
Q1-Q3 2022

### Financial Close Management

Represents a **57% YoY increase** in  
imported transactions vs. the  
corresponding prior three-quarter period



## >\$200B

Total Value of Payments Processed  
Q1-Q3 2022

### Accounts Receivable Automation

Represents a **32% YoY increase** in the  
value of accounts receivable payments  
processed vs. the corresponding prior  
three-quarter period



## >200k

Total Intercompany Transactions  
Processed Q1-Q3 2022

### Intercompany Financial Management

Represents a **34% YoY increase** in total  
intercompany transactions processed vs.  
the corresponding prior three-quarter  
period

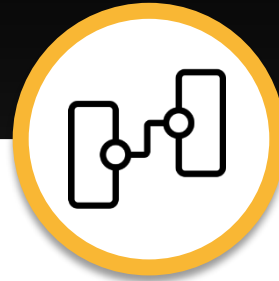
# Embedded at the Core of Our Customers' Workflows



## Partnerships

SAP Solution Extension  
Provider

Microsoft Partnership



## Interoperability

**All Major ERPs**

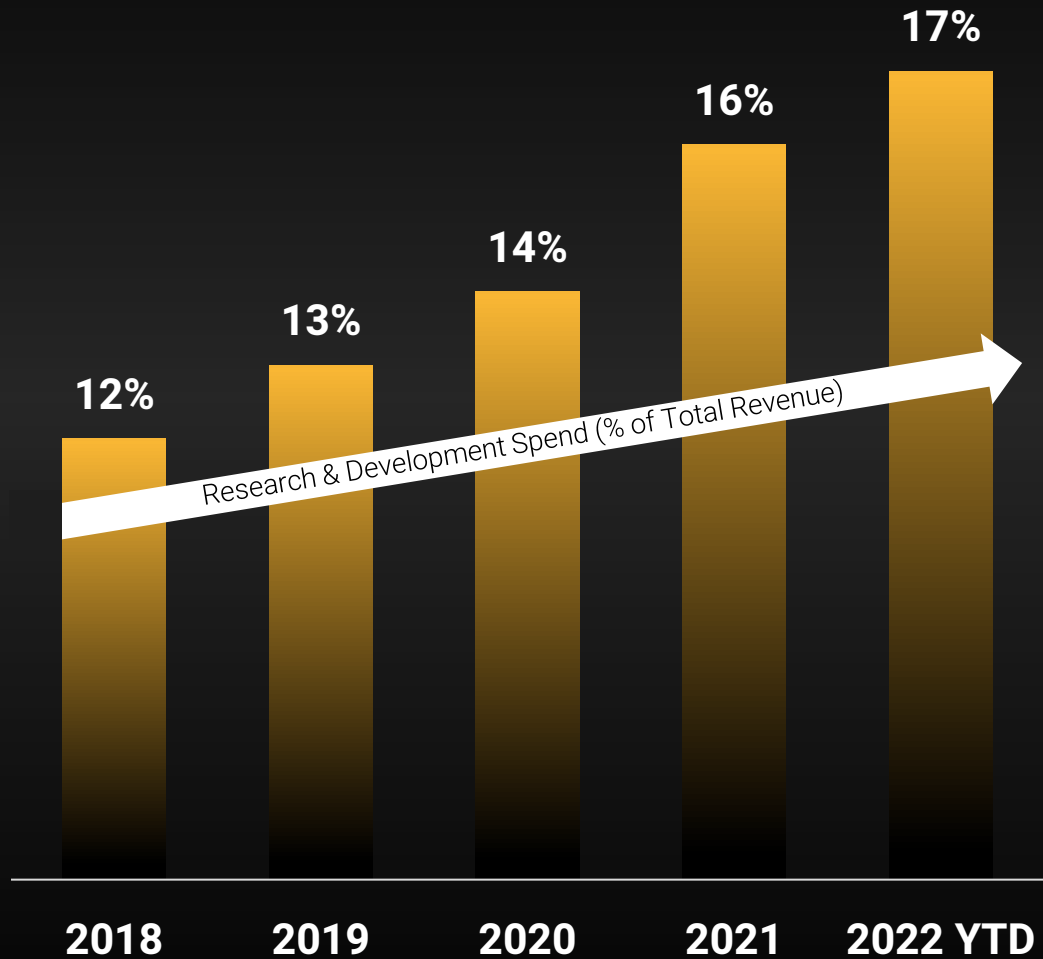


## Subledger Access

Accounts Payable/  
Receivable, Supply Chain,  
Inventory, Fixed Assets

# Investments in Innovation & Platform Modernization

## Growing Investment in Product & Engineering

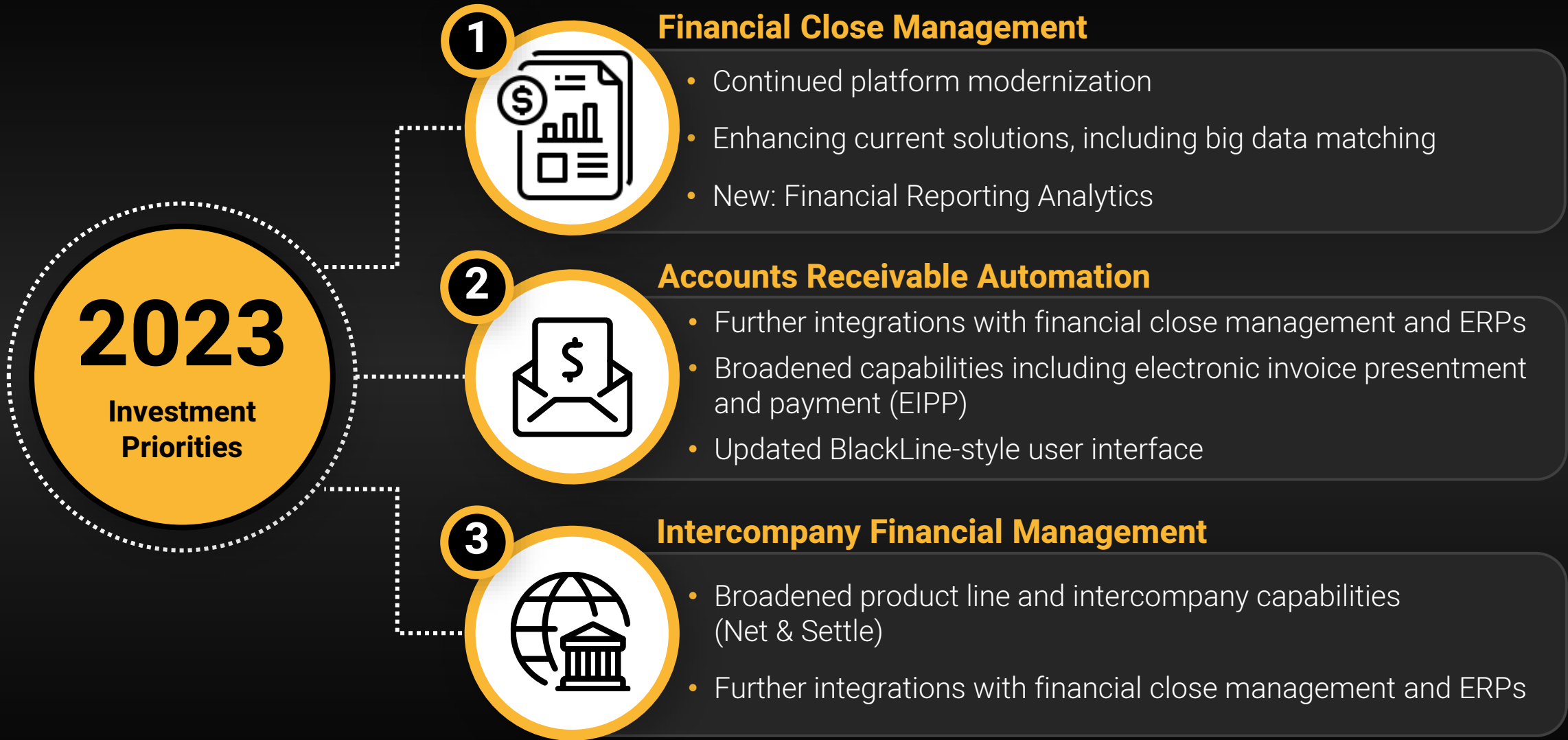


## Platform Modernization



- Central driver and enabler of scale
- Accelerates pace of product innovation
- Delivers operational security enhancement
- Our cloud migration is halfway complete, and anticipated to be substantially complete in 2024

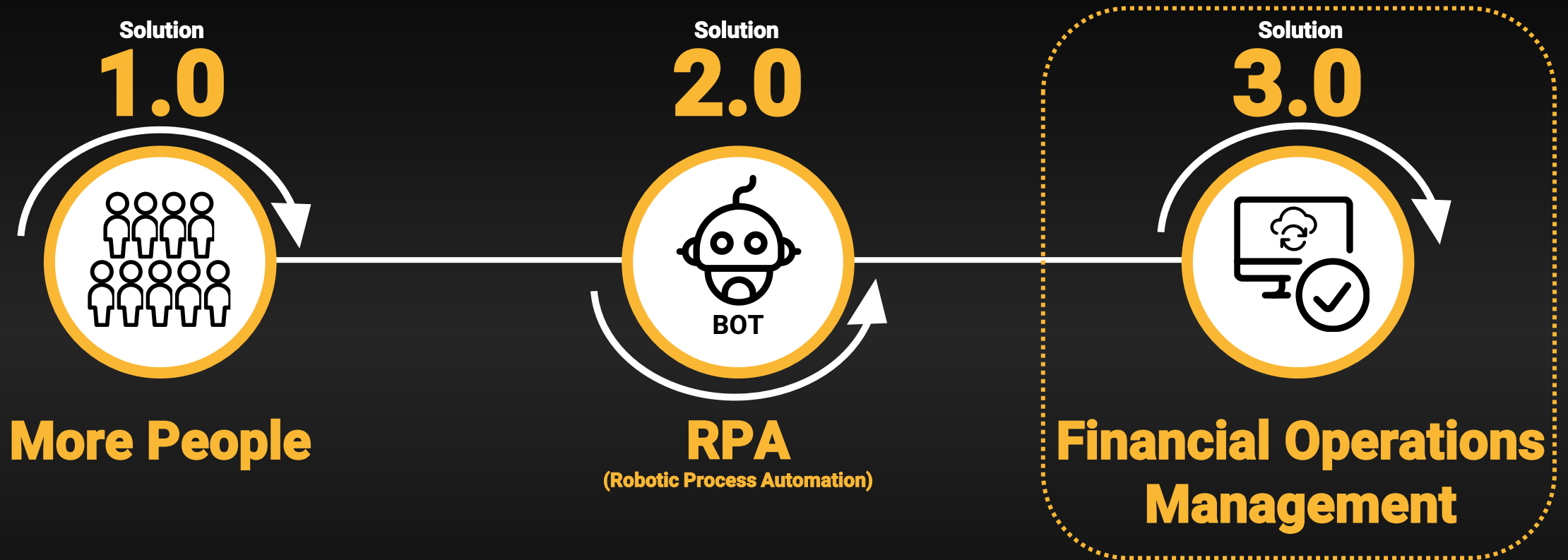
# Investment Priorities for the Next Wave of Growth





# Defining a New Category: Financial Operations Management

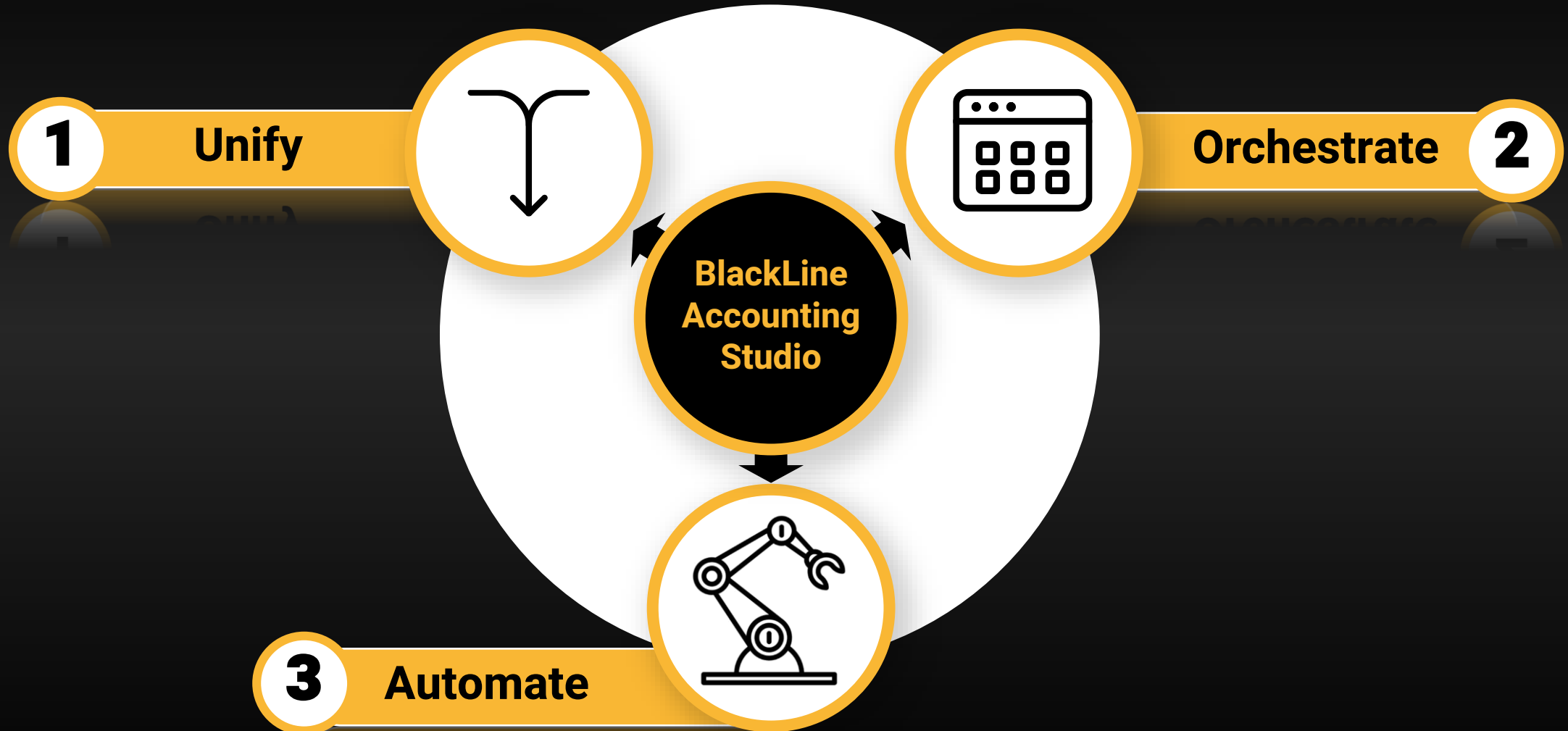
Redefining financial automation in **2023 and beyond...**



We're creating this new category, and we'll be the leader in it. We've done it before when we pioneered and led the Financial Close Management category, and we're doing it again in Financial Operations Management

# Introducing BlackLine Accounting Studio

Embedded Intelligent Automation launching in 2023



# BlackLine Accounting Studio Evolution

## BlackLine Accounting Studio Principals

- **Unifies accounting systems** including multiple ERPs, with **unprecedented visibility** on status of processes in flight
- **Central hub** to orchestrate accounting processes
- Power capabilities to **automate end-to-end accounting processes**

### General Availability

Spring 2023



- General availability of BlackLine Accounting Studio
- Single-pane visibility
- Ability to automatically trigger events when dependent activity is completed

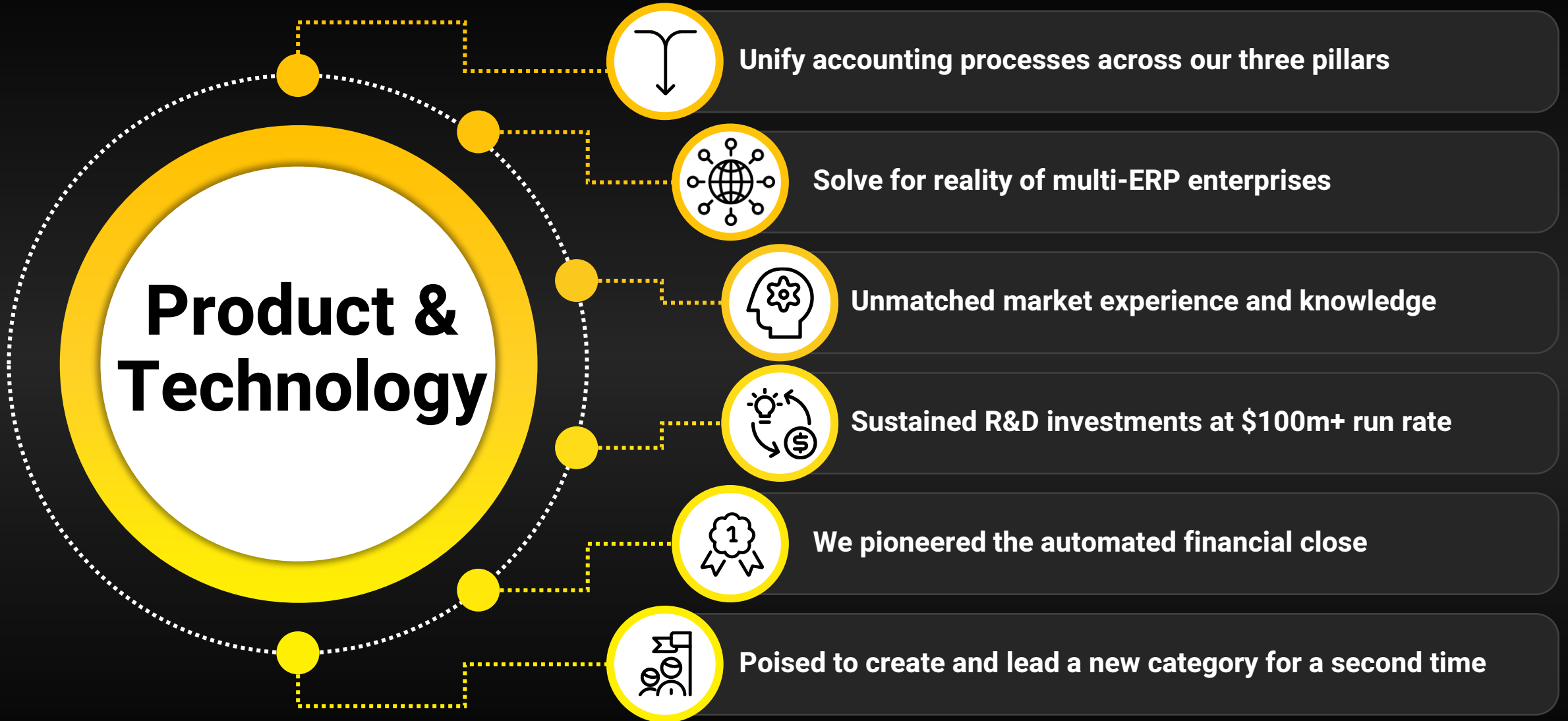
### Full System Unification

Beyond 2023+



- Capabilities extended to all BlackLine products plus ERPs and other F&A systems
- Best-practice automation library
- BlackLine as a true platform company

# Uniquely Positioned to Execute on This Vision



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# Strategic Products

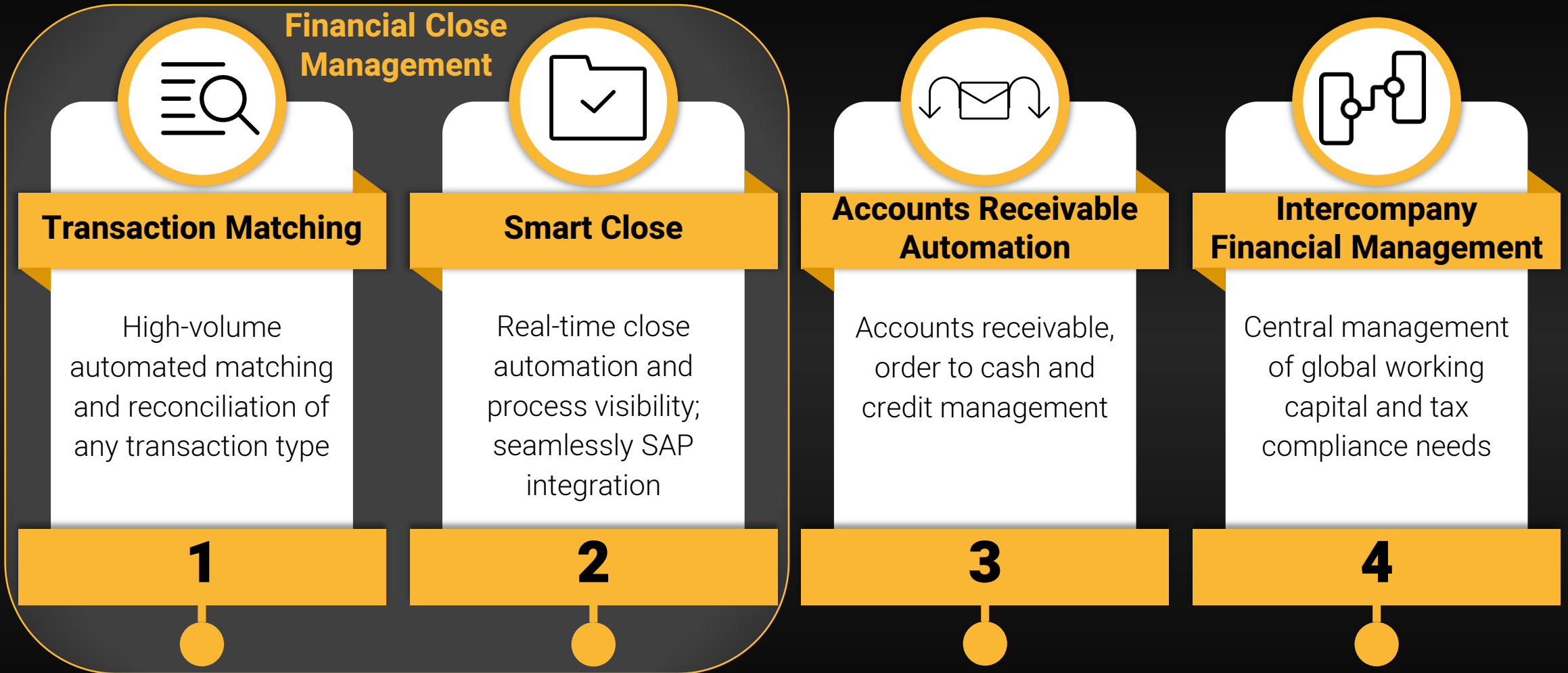
Mike Polaha | SVP Finance Solutions & Technology

# The Case for Strategic Products

## *Positions BlackLine to Capture New Market Opportunity*



# Strategic Products Offerings



....High automation processes, **focused on volume and transactions**

# 1 Transaction Matching

## Enhanced Strategic Indispensability



Symmetrical product with Journals, extends BlackLine further into upstream data activity, strategic nature deepens solution indispensability

## Big Transactions Data Enable Insights



Enterprise customers are particularly interested in unlocking transaction data-driven insights given the size and complexity of their financial operations

## Automation: Enabling More With Less

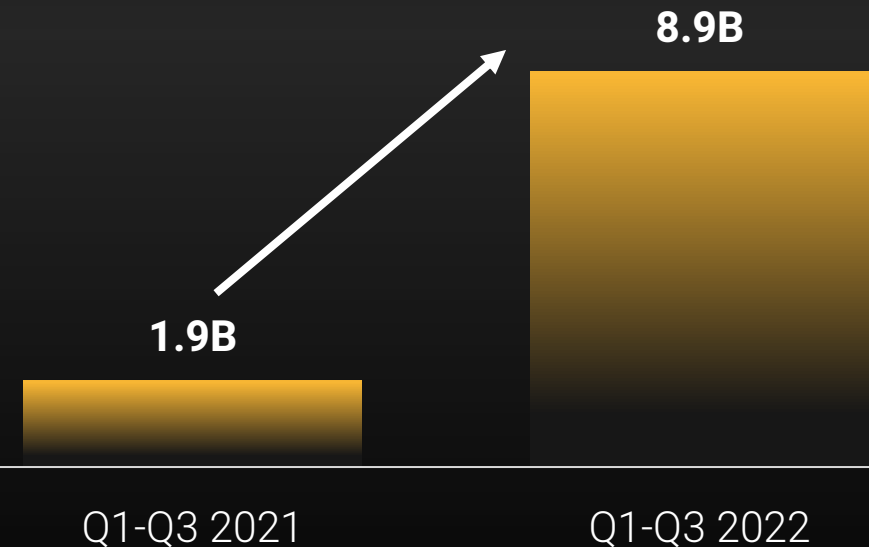


Automated transaction matching enables customers to “do more with less” at a time when skilled accountants are expensive and in decreasing supply

## Total Matching Transactions Automated

# 4.6x

YoY Increase in Transactions Matched Automatically with BlackLine



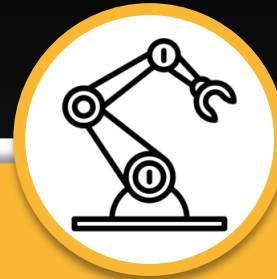


# 1 Transaction Matching



## Industry-Leading Operability

- Flexible Integration
- Configurable Automation
- Reconcile Multiple Sources
- Exception Handling



## Enablement Through Automation

**99.9%**

Transactions automatically matched each period

**70%**

Of manual effort automated



## Strengthen Value Proposition of BlackLine Ecosystem

**191%**

ROI each year from integrating Transaction Matching with Account Reconciliations

## 2 Smart Close

### SAP Partnership



**400+**

**Manual SAP Steps Fully Automated**

- Native SAP solution compliments and extends SAP ecosystem

### Faster, Better Close



**70%**

**Of Closing Activities Automated<sup>1</sup>**

**60%**

**Reduction in Average Time to Close<sup>1</sup>**

### Customer Satisfaction



**Manual SAP Steps Fully Automated**

- Standardize close activities across the organization and SAP ecosystem
- Easily monitor tasks & highlight exceptions
- Access directly from a SSO SAP interface

**Success in Smart Close is a Proofpoint of our Financial Operations Management Platform**

# 3 Accounts Receivable Automation Tailwinds

## Cash Is King



Ability for customers to unlock cash trapped on the balance sheet during uncertain economic times is invaluable

## Doing More With Less



With tight labor markets and rising costs, companies are building scalable business processes around automation

## Insights & Intelligence



Ability to deliver insight into customer behaviors and risk profiles



# 83%

Of users willing to pay for AR applications with modern architecture<sup>1</sup>

# 69%

Of companies with over 10K employees consider AR workflow Automation as a high priority for their AR departments<sup>1</sup>

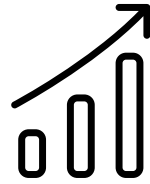
## 3 Accounts Receivable Automation



### Competitive Differentiation

Unified platform enables configurable **real-time AR process management**

Data-driven customer and payment insights provide **visibility into collection strategies and risk profiles**



### Strong Growth Profile

# 33%

Growth in managed transaction volume for first three quarters 2021 vs. 2022



### Large Transaction Network

# >\$200B

Of total payments managed 2022 YTD

## 4 Intercompany Financial Management



### Product Differentiation

- Touchless Process Automation
- Tax Hyperautomation
- Centralized Business Insight Reports



### Only Tax-Centric Intercompany Automation Product

Increasingly important with the **rise of cross-border global regimes**

**e-invoicing regulatory requirements** grow increasingly complex

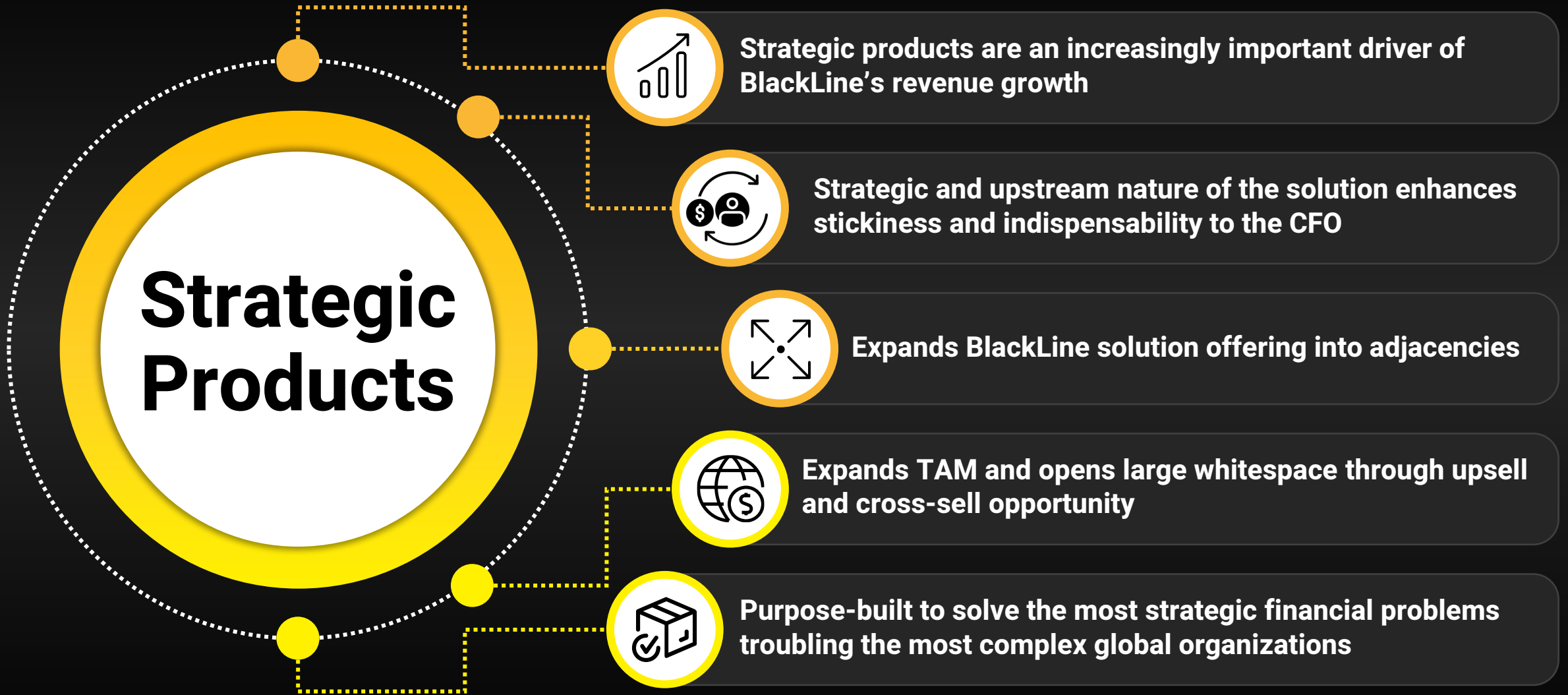


### Mitigate Regulatory & Reputational Risk

Complexity of intercompany accounting is only increasing, with **\$1B+ fines handed out for non-compliance**

Spurred further by **e-invoicing mandates**, and a potential **global corporate tax regime**

# The Importance of Strategic Products



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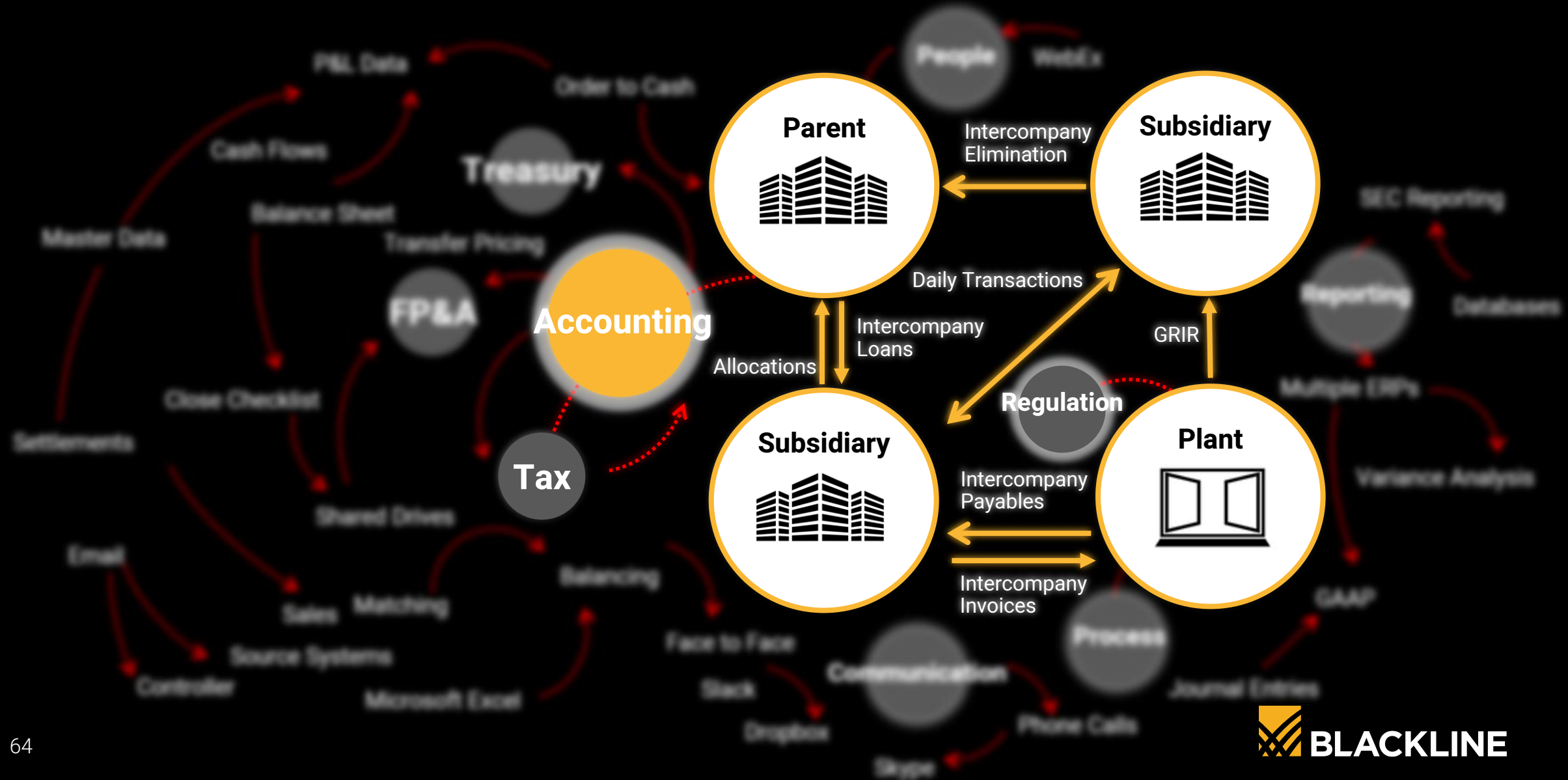
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# Intercompany Financial Management

Mike Polaha | SVP Finance Solutions & Technology

# Intercompany Processes are Unsustainable





# Intercompany Use Cases are Numerous & High-Impact



Project-based costs  
or cost pools



Support functions  
(i.e., Legal, HR, EHS)



Field engineer hours



Global or regional HQ  
allocations



Management fees



Shared service costs



Learning and  
classroom



Expats and mobility



Centrally managed  
payroll services



IT consumption-  
based chargebacks



IT asset chargebacks



Global platform costs



Sales force cost  
allocations



Parts and spares



Finished goods

Solutions are built to solve **all enterprise-level** intercompany challenges

# The Importance of **Intercompany**



## Cost Of Business Administration

Not a single dollar of reportable revenue is generated

Example: ~\$165M of intercompany volume per FTE processed annually<sup>1</sup>



## Clean Books & Records

Key closing workstream and pain point within F&A teams

99% of CFOs say IC is becoming increasingly complex<sup>2</sup>



## Regulatory & Reputational Risk

Large-cap medical device company fined \$1.6B for IC royalty rates not at arms-length

Large-cap pharmaceutical company fined \$1.4B for shifting profits via IC

<sup>1</sup> Source: BlackLine large-cap insurance customer-provided intercompany experience.

<sup>2</sup> Source: Independent 3<sup>rd</sup> party market survey.

# Powerful Market Dynamics Driving Intercompany Adoption

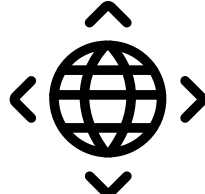
## M&A & FDI Volume<sup>1</sup>

Cross-border M&A has been on the rise, with ~10k deals annually and ~\$1T in annual deal value



## Globalization<sup>2</sup>

~80% of global trade takes place within the value chains of large corporations (OECD)



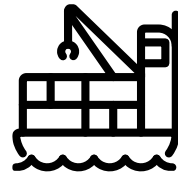
## Tax & Regulatory Changes<sup>3</sup>

e-invoicing mandates and a potential global corporate tax regime



## 80% of World GDP<sup>4</sup>

US companies generate \$2 overseas to every \$1 of US-based revenue



### Macro Factors

## Enterprise Dynamics



### Entity Complexity

Many legal entities and transactions that span multiple jurisdictions



### Spaghetti Financial Systems

ERPs and other systems don't talk to one another, limiting data transparency and hampering operational efficiency



### Lack of Ownership

The process is rarely owned by a single team. It's a shared responsibility across Controllershship, Tax, FP&A, and Treasury

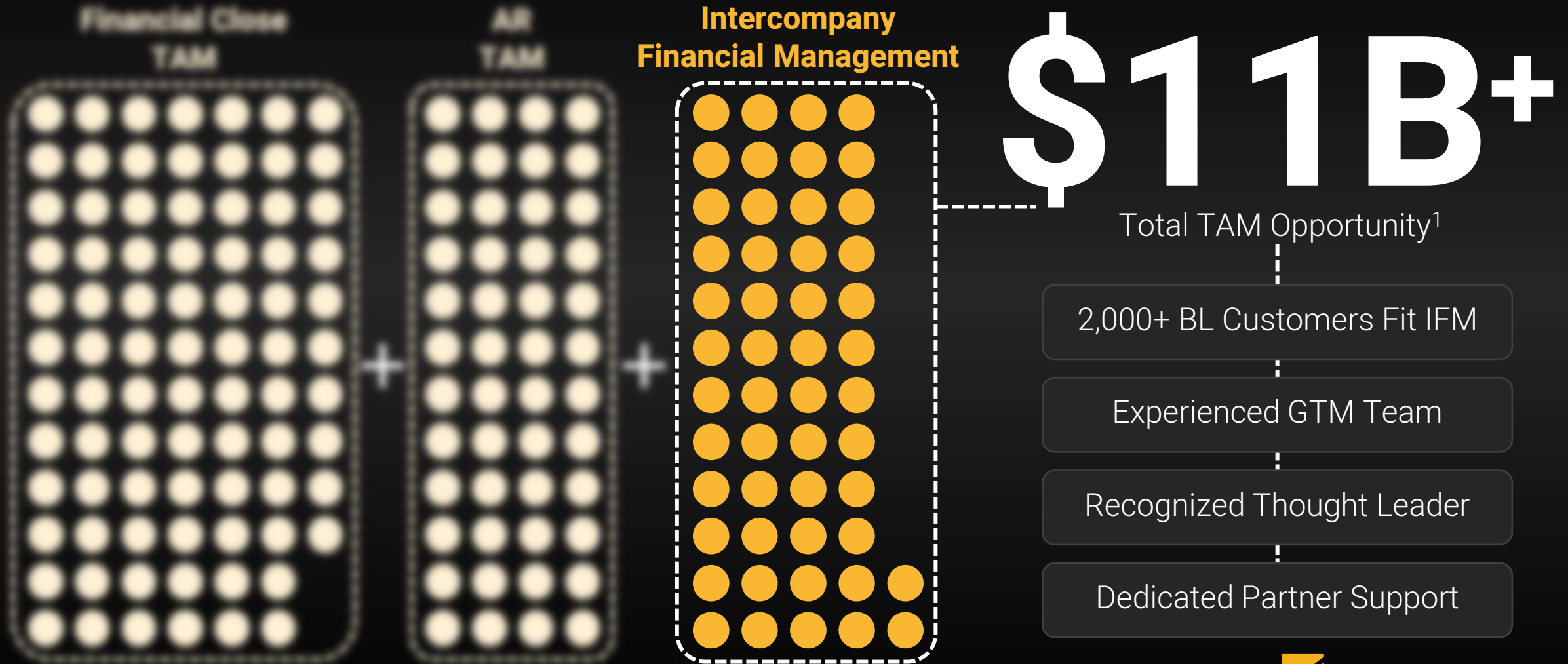
<sup>1</sup> Source: Dealogic: *Cross-border M&A soars to new record.*

<sup>2</sup> Source: CNBC, April 2020.

<sup>3</sup> Source: Bloomberg: *Global Corporate Taxes Face 'Revolution' After U.S. Shift.*

<sup>4</sup> Source: Deloitte: *Why Intercompany Accounting is Increasing Corporate Risk.*

# The Market Opportunity is Clear, Independently Supported and Prime to Be Seized



# BlackLine Intercompany

Solution bundles that transform how companies manage their intercompany operations and the transaction lifecycle

**Create**

**Balance & Resolve**

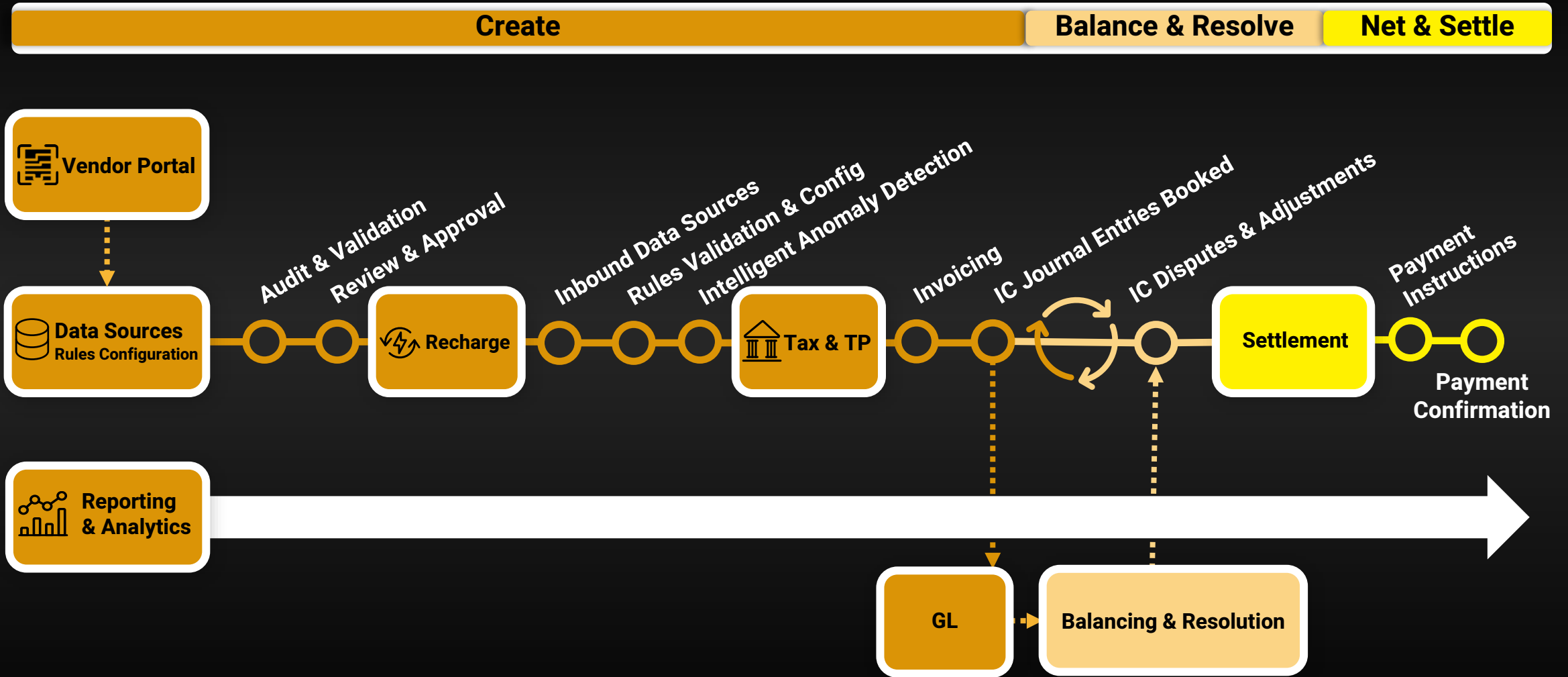
**Net & Settle**

**Automate, optimize, and manage** intercompany transactions to prevent the mess

**Centralize, streamline, and automate** intercompany reconciliations and dispute management to balance the books

**Streamline and automate** intercompany transaction netting and settlement to ensure cash precision

# Solutions for End-to-End Transaction Automation



# Intercompany **Product Differentiation**



## **Touchless Process Automation**

Configurable and dynamic billing routes

End-to-End transaction lifecycles without intervention



## **Tax Hyperautomation**

Dynamic to macro and jurisdiction changes

Compliant, transparent and auditable data



## **Business Insights Reporting**

Centralized, structured and transparent data

Next generation technology for visualization and continuous optimization

# How BlackLine's Customers Go Beyond Zero

Average payback within **1 year** of go-live<sup>1</sup>



## Improve Operational Efficiency

**50%-60%**

Efficiency gains and \$1.8M reduced process costs with a 60% reduction in days to close



## Gain Global Tax Control

**85%**

Reduction in net BEAT exposure and 8% annual improvements in defensible tax deductibility



## Preservation of Operating Margins

**\$15M**

In reduced tax leakage, 80% reduction in write-offs, unprecedented data granularity for more commercial outcomes



## Achieve Cash Precision

**50%-60%**

Reduction of payments while settling 4+ days faster and improved cash management



# Case Study: Mega-Cap Insurance Customer

## Problem

- ✗ 4 shared service centers all performed intercompany process differently
- ✗ Manual process steps and poor communication led to unreconciled balances between entities
- ✗ Lack of intercompany policy enforcement held no one accountable
- ✗ Business consequences included inefficient operating model, audit risk and VAT leakage

## Solutions

- ✓ Current-state process map assessment
- ✓ New global intercompany policy with governance controls
- ✓ Deployed Intercompany Non-Trade to configure and automate billing processes
- ✓ Configured billing routes between buyer and seller entities based on tax strategies
- ✓ Implemented a dispute management system

## Benefits

- ✓ **45% reduction of intercompany FTE**
- ✓ Automated billing processes that took both sides of the entry and **eliminate unreconciled balances**
- ✓ Tax-optimized billings routes to improve deducibility and **prevent \$6M VAT leakage**
- ✓ Centralized intercompany platform with transaction details
- ✓ Central management of disputes with resolution governance targets

# Intercompany Positioned to Drive Growth

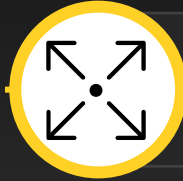
## Intercompany Financial Management



Huge greenfield opportunity targeted at the largest, most complex global enterprises



The only tax-focused intercompany solution in the market



Expansion & cross sell within existing customer base



Extremely sticky solution with high ACV



Quick payback period



High return on investment

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# 2nd Break

To Resume in 10 Minutes

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# An Accountant's Perspective

Patrick Villanova | Chief Accounting Officer

# Customer Panel

Hear how our customers have transformed their financial processes with BlackLine...



**Helene Carrier**

*Record-to-Report Value  
Stream Owner*



**Vince Garlati**

*VP/Global Controller & Principal  
Accounting Officer*



**Jon Bell**

*Head of Operations Europe &  
APAC Business Services*

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# Financial Summary

Mark Partin | Chief Financial Officer

# Fundamentals of a Compelling Long-Term Opportunity



**Market Leader with Large & Underpenetrated TAM**

**\$39B+**

Market opportunity

**1**



**Compelling Land & Expand Model**

>4,000 customers with high renewal and retention rates combined with large expansion opportunity

**2**



**Durable Business Model with Investment in Profitable Growth**

High-growth, high-margin subscription business with demonstrated operating leverage

**3**

# 3Q'22 Financial KPI Dashboard



**4,000+**

**Customers**

In 130+ countries



**23%**

**Revenue Growth**

94% SaaS recurring revenue



**~\$515M**

**Total ARR<sup>1</sup>**

22% YoY increase



**12%**

**FCF Margin<sup>2</sup>**

>\$16M of FCF generated



**\$1.4k+**

**ARPU<sup>3</sup>**

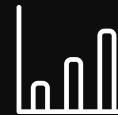
On our 350,000+ user base



**80%**

**Gross Margin<sup>2</sup>**

Highly-profitable business model



**\$685M**

**RPO**

29% YoY increase



**109%**

**Net Retention**

Compelling value proposition

Note: YoY growth as of September 30, 2022.

<sup>1</sup> BlackLine defines ARR as: contracted recurring revenue components of term subscriptions and support normalized to a one-year period.

<sup>2</sup> Represents a Non-GAAP metric. See appendix for GAAP financial measures and reconciliations.

<sup>3</sup> Calculated as LTM revenue divided by total users for the quarter ended September 30, 2022.



# Medium-Term Targets & Long-Term Target Model

| Metric                          | 2019 | 2020 | 2021 | 3Q22 | MT <sup>1</sup> Target | LT Model         | Primary Drivers  |
|---------------------------------|------|------|------|------|------------------------|------------------|--|
| Total Revenue Growth            | 27%  | 22%  | 21%  | 23%  | <b>20% - 25%</b>       |                  | <b>Customer expansion, upsell/cross-sell, new logo growth</b>        |
| Gross Margin <sup>2</sup>       | 83%  | 83%  | 80%  | 80%  | <b>80% - 82%</b>       | <b>83%+</b>      | <b>Completion of cloud-transition, scaled expansion</b>              |
| S&M (% of revenue) <sup>2</sup> | 48%  | 42%  | 41%  | 41%  | <b>38% - 40%</b>       | <b>~38%</b>      | <b>Efficiency, shrinking CAC with evolving upsell/cross-sell mix</b> |
| R&D (% of revenue) <sup>2</sup> | 13%  | 14%  | 16%  | 16%  | <b>15% - 16%</b>       | <b>~15%</b>      | <b>Continue to fund product &amp; innovation roadmap</b>             |
| G&A (% of revenue) <sup>2</sup> | 16%  | 15%  | 15%  | 15%  | <b>11% - 12%</b>       | <b>7% - 9%</b>   | <b>G&amp;A investment inflection point, economies of scale</b>       |
| Operating Margin <sup>2</sup>   | 6%   | 12%  | 9%   | 8%   | <b>15% - 20%</b>       | <b>21% - 23%</b> | <b>Operating efficiencies &amp; scale</b>                            |
| Free Cash Flow <sup>2</sup>     | 7%   | 10%  | 13%  | 12%  | <b>16% - 21%</b>       |                  | <b>Operating efficiencies &amp; scale</b>                            |

2019-21 are under ASC 606.

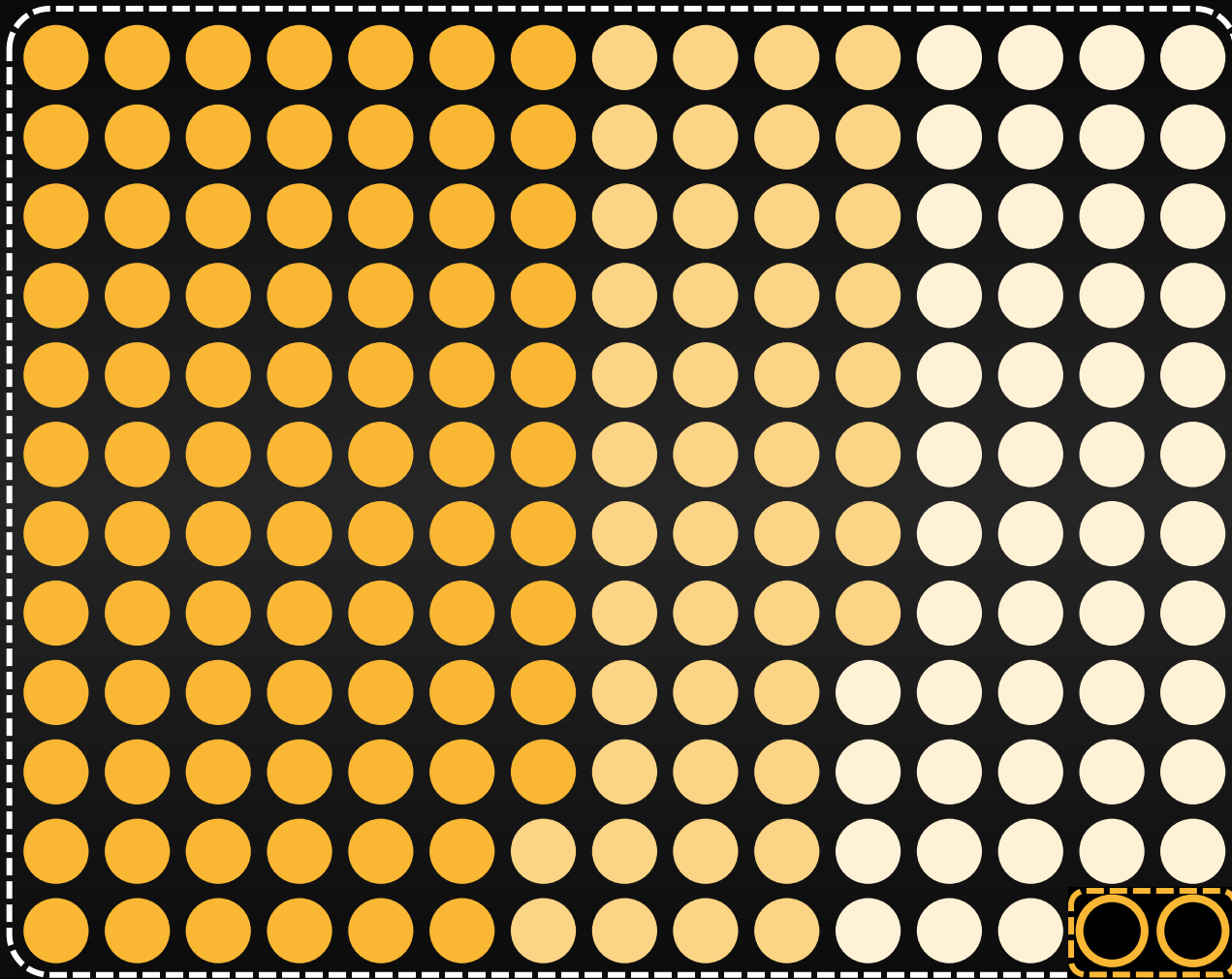
81

<sup>1</sup> Medium-Term ("MT") defined as forward-looking 3 to 5-year horizon.

<sup>2</sup> Represents a Non-GAAP metric. See appendix for GAAP financial measures and reconciliations.



# 1 Market Leader with Large & Underpenetrated TAM



**\$39B+**

**\$18.5B** Financial Close Market <sup>1</sup>

**\$10B** Accounts Receivable Market <sup>2</sup>

**\$11B** Intercompany Financial Management <sup>3</sup>

Comprised of >200,000 Target Customers

**\$498M** BlackLine LTM Revenue  
Comprised of 4,000+ Customers <sup>4</sup>

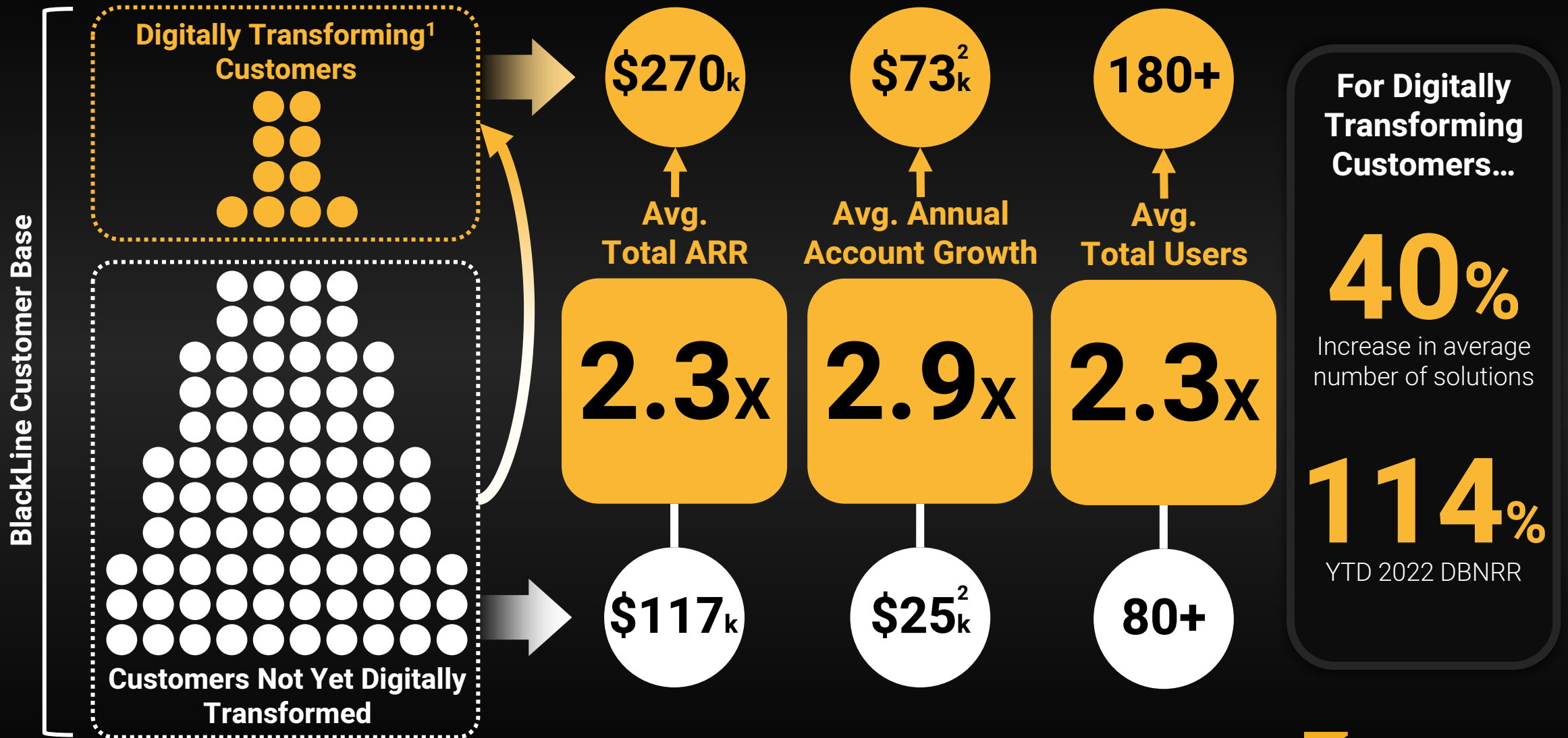
<sup>1</sup> Source: Frost and Sullivan. TAM for Core Products.

<sup>2</sup> Source: Independent third-party analysis. Assumes ~40,000 target customers in the US, UK & EMEA with a maximum ARR spend of \$250K.

<sup>3</sup> Source: Independent third-party analysis.

<sup>4</sup>As of September 30, 2022.

## 2 Digital Transformation as a Catalyst for Growth



<sup>1</sup> Customer is defined as "digitally transforming" if an increase in the number of distinct import definitions was observed for the period 1Q22-3Q22.

<sup>2</sup> Calculation of average ACV expansion excludes customers with no observed ACV expansion for the first nine months of 2022.

## 2 Demonstrated Ability to Drive Land and Expand Platform

Annualized Revenue by Customer Cohort<sup>1</sup>

**1.8x**

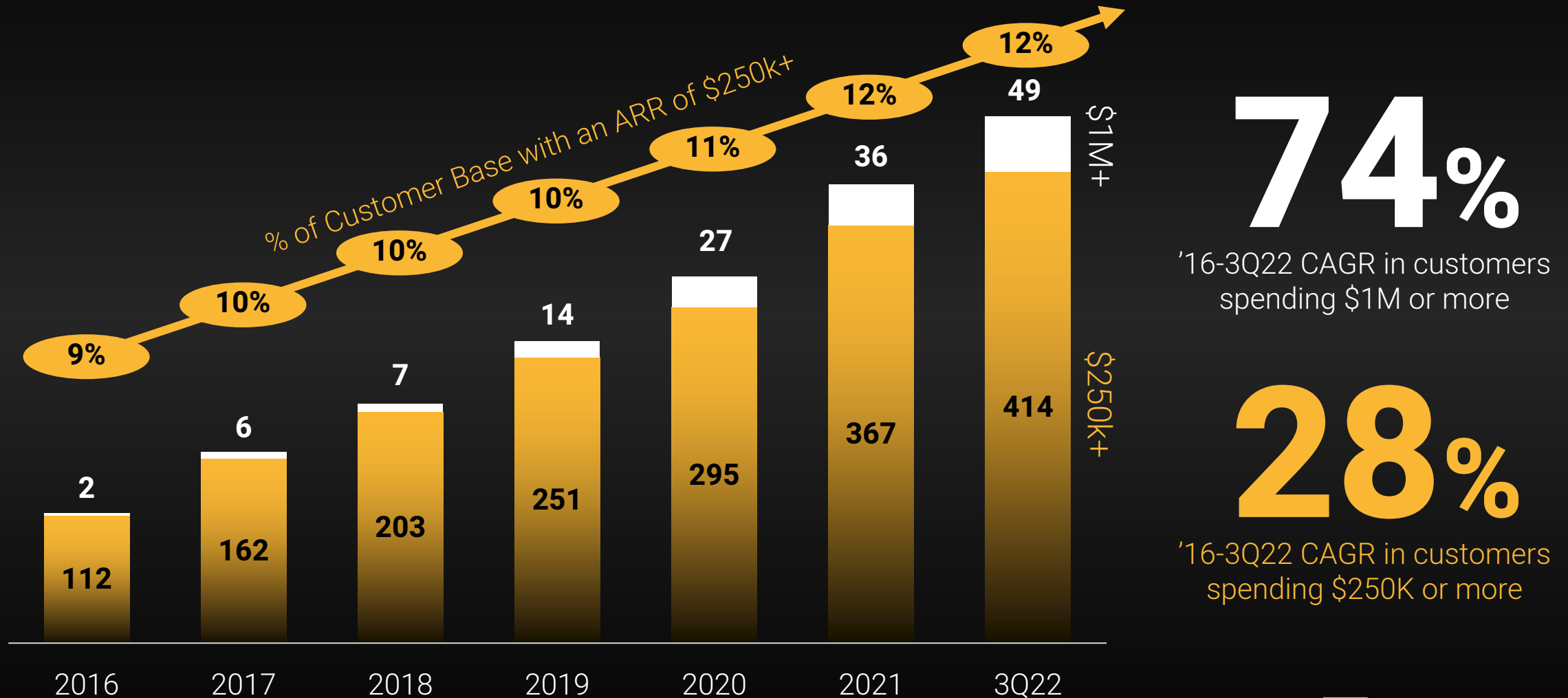
Expansion in average new deal size in 2021 vs 2012



| Cohort | Growth Multiple |
|--------|-----------------|
| 2022   |                 |
| 2021   | 1.3x            |
| 2020   | 1.5x            |
| 2019   | 1.5x            |
| 2018   | 1.5x            |
| 2017   | 1.7x            |
| 2016   | 1.8x            |
| 2015   | 2.0x            |
| 2014   | 2.4x            |
| 2013   | 4.0x            |
| 2012   | 4.6x            |

## 2 Continuously Growing Our Customer Wallet Share

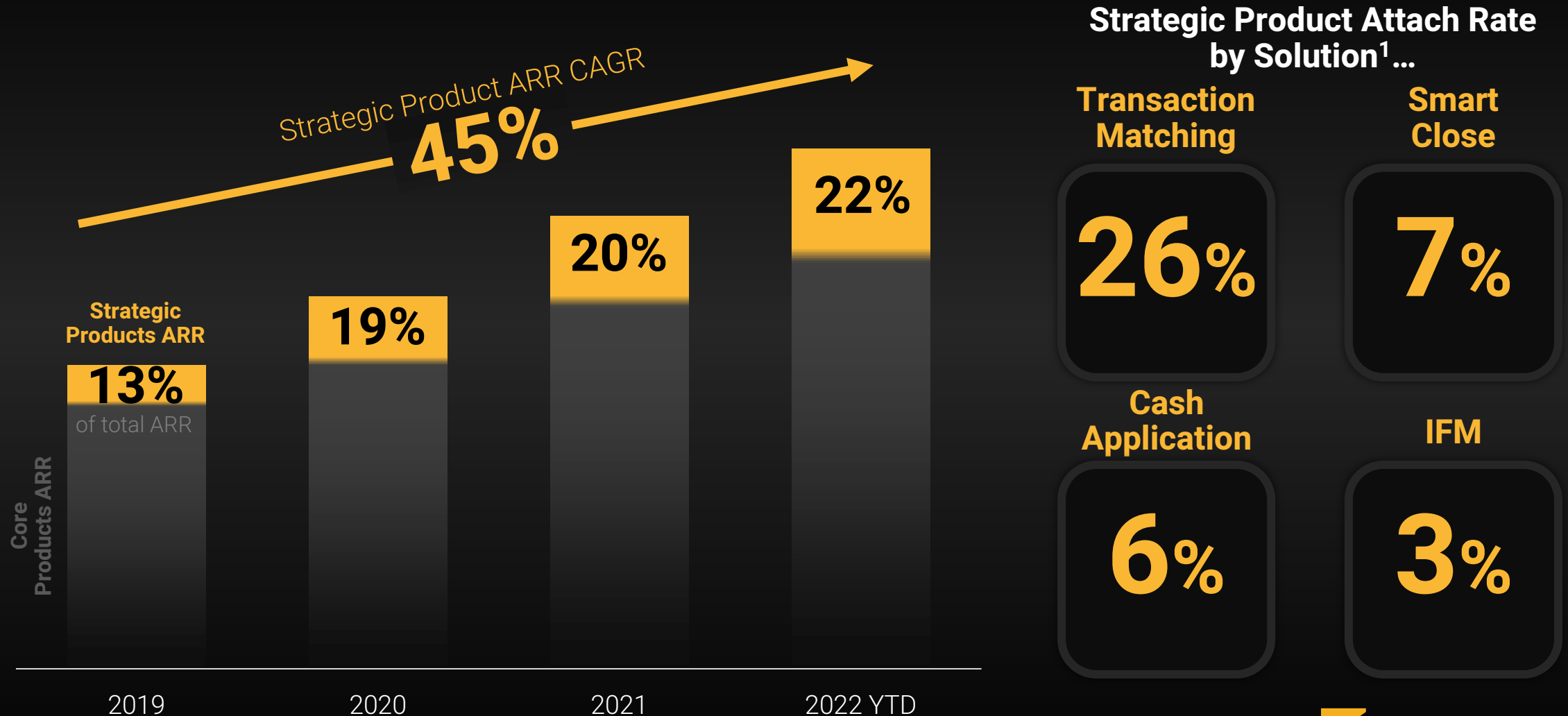
More than 460 customers with an ARR<sup>1</sup> of \$250k+, supercharged by customers beginning their digital transformation journey



85 <sup>1</sup>ARR refers to annual subscription and support revenue. See appendix for BlackLine's full definition. Data as of September 30, 2022.

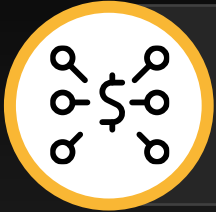
## 2 Strategic Product Attach as an Accelerant of Growth

Strategic products are responsible for an increasing share of customer expansion and new logo growth



# 3 Dollar-Based Net Retention

## Account Growth / Land & Expand



Strong and consistent double-digit account growth serves as a powerful engine for growth in DBNRR and ARR

## Deliver Unparalleled Value to the Customer



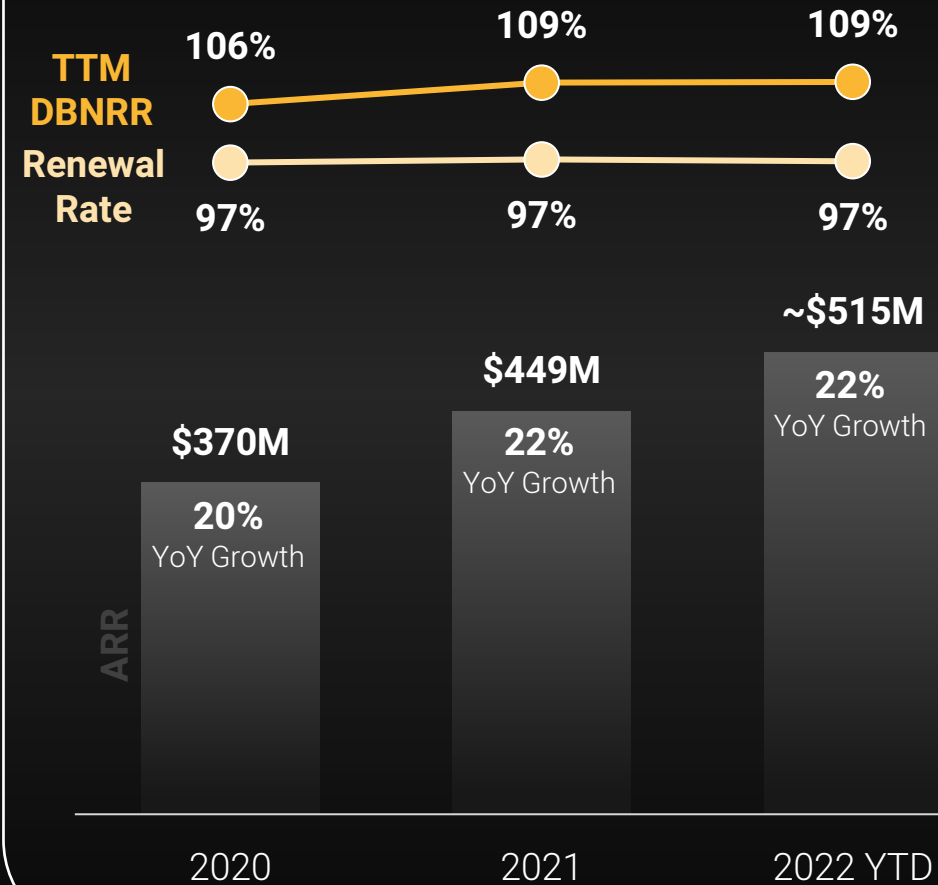
Solutions enable customers to unlock unprecedented efficiencies and cost savings

## Upsell & Cross-Sell Potential



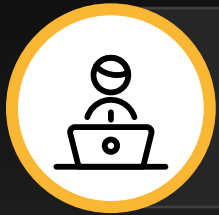
Strategic products provide compelling upsell and cross-sell opportunities while deepening strategic indispensability

## Strong Net Retention Supports ARR Growth



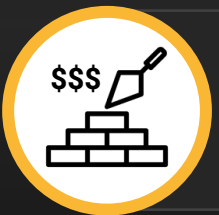
# 3 Driving Expansion in Gross Margin

## Market Leader With a High-Value Product



Our products deliver unprecedented and indispensable value to the customer

## Large Recurring Subscription Revenue Base



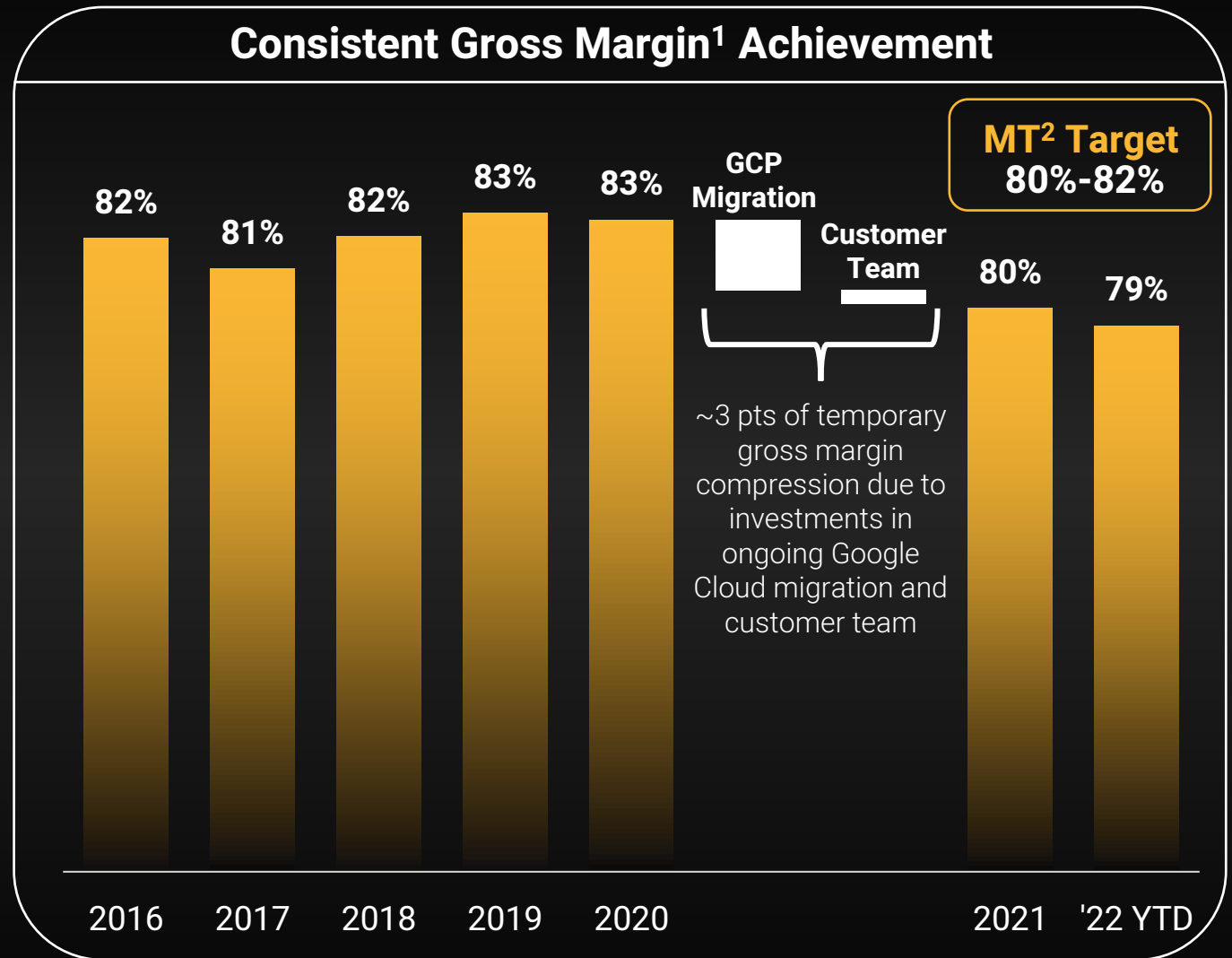
94% subscription revenue mix paired with industry leading retention

## Modern Tech Stack & Cloud Migration



Modern tech stack and substantially advanced Google Cloud migration

## Consistent Gross Margin<sup>1</sup> Achievement



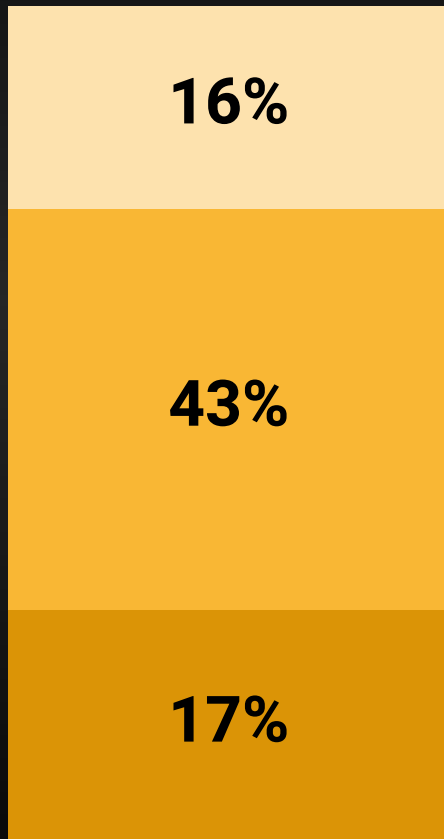


### 3 Continued Expansion in Profitability at Scale

With scale, BlackLine is positioned to drive margin expansion via efficient G&A, S&M and R&D spend

## 2022 YTD

76% of Revenue



#### G&A Has Reached an Inflection Point



Growth investment momentum to moderate as infrastructure in place to support further scaled expansion

#### S&M Contribution Peaking in 2022



S&M efficiency improvement through account growth, strategic product upsell, improving unit economics, and FTE maturity

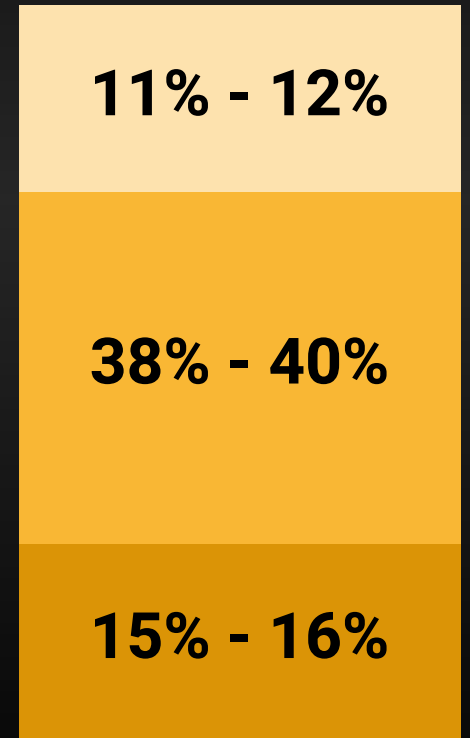
#### R&D Investment with Scale



Continued R&D leverage to drive innovation agenda and expand BlackLine leadership

## MT<sup>1</sup> Target

64% - 68% of Revenue



# Fundamentals of a Compelling Long-Term Opportunity



**Market Leader with Large & Underpenetrated TAM**

**\$39B+**

Market opportunity

**1**



**Compelling Land & Expand Model**

>4,000 customers with high renewal and retention rates combined with large expansion opportunity

**2**



**Durable Business Model with Investment in Profitable Growth**

High-growth, high-margin subscription business with demonstrated operating leverage

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# Final Break

To Resume in 5 Minutes

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# Q&A Business Panel

All Presenters

# Appendix

# NON-GAAP RECONCILIATIONS AND DEFINITIONS NON-GAAP REVENUE, NON-GAAP REVENUE, NON-GAAP GROSS MARGIN, AND THE ACQUISITION (\$ IN 000'S)

|   | Q1 2019         | Q2 2019         | Q3 2019         | Q4 2019         | Q1 2020         | Q2 2020         | Q3 2020         | Q4 2020         | Q1 2021         | Q2 2021          | Q3 2021          | Q4 2021          | Q1 2022          | Q2 2022          | Q3 2022          | 2017             | 2018             | 2019             | 2020             | 2021             |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Non-GAAP Revenues</b>                      |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| GAAP Revenues                                 | \$64,129        | \$69,664        | \$74,925        | \$80,258        | \$82,598        | \$83,272        | \$90,157        | \$95,710        | \$98,856        | \$102,122        | \$109,402        | \$115,326        | \$120,236        | \$128,477        | \$134,268        | \$175,603        | \$227,788        | \$288,976        | \$351,737        | \$425,706        |
| Purchase accounting adjustment to revenue     | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Total Non-GAAP Revenues</b>                | <b>\$64,129</b> | <b>\$69,664</b> | <b>\$74,925</b> | <b>\$80,258</b> | <b>\$82,598</b> | <b>\$83,272</b> | <b>\$90,157</b> | <b>\$95,710</b> | <b>\$98,856</b> | <b>\$102,122</b> | <b>\$109,402</b> | <b>\$115,326</b> | <b>\$120,236</b> | <b>\$128,477</b> | <b>\$134,268</b> | <b>\$175,603</b> | <b>\$227,788</b> | <b>\$288,976</b> | <b>\$351,737</b> | <b>\$425,706</b> |
| <b>Non-GAAP Gross Profit</b>                  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| GAAP Gross Profit                             | \$50,511        | \$54,720        | \$59,633        | \$65,137        | \$66,533        | \$66,529        | \$73,175        | \$76,528        | \$76,966        | \$78,550         | \$84,965         | \$87,354         | \$89,563         | \$95,554         | \$101,842        | \$134,218        | \$176,914        | \$230,001        | \$282,765        | \$327,835        |
| Purchase accounting adjustment to revenue     | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| Amortization of acquired developed technology | 1,711           | 1,712           | 1,199           | 175             | 175             | 176             | 176             | 665             | 665             | 670              | 675              | 675              | 2,337            | 2,957            | 3,011            | 6,847            | 6,863            | 4,797            | 1,192            | 2,685            |
| Stock-based compensation expense              | 888             | 1,159           | 1,431           | 1,336           | 1,323           | 1,706           | 1,871           | 1,996           | 1,750           | 2,227            | 2,213            | 2,220            | 1,714            | 2,249            | 2,346            | 1,149            | 3,265            | 4,814            | 6,896            | 8,410            |
| Transaction-related costs                     | -               | -               | -               | -               | -               | -               | -               | -               | -               | -                | -                | -                | -                | 272              | 374              | 352              | -                | -                | -                | -                |
| <b>Total Non-GAAP Gross Profit</b>            | <b>\$53,110</b> | <b>\$57,591</b> | <b>\$62,263</b> | <b>\$66,648</b> | <b>\$68,031</b> | <b>\$68,411</b> | <b>\$75,222</b> | <b>\$79,189</b> | <b>\$79,381</b> | <b>\$81,447</b>  | <b>\$87,853</b>  | <b>\$90,249</b>  | <b>\$93,886</b>  | <b>\$101,134</b> | <b>\$107,551</b> | <b>\$142,214</b> | <b>\$187,042</b> | <b>\$239,612</b> | <b>\$290,853</b> | <b>\$338,930</b> |
| <b>Free Cash Flow</b>                         |                 |                 |                 |                 |                 |                 |                 |                 |                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Cash flows from operating activities          | \$3,026         | \$8,620         | \$9,854         | \$8,224         | \$8,517         | \$9,617         | \$21,789        | \$14,812        | \$28,505        | \$12,388         | \$17,074         | \$22,126         | \$176            | \$5,907          | \$24,176         | \$6,424          | \$16,140         | \$29,724         | \$54,735         | \$80,093         |
| Capitalized software development costs        | (1,232)         | (1,367)         | (1,152)         | (1,309)         | (2,289)         | (2,705)         | (2,844)         | (2,740)         | (4,021)         | (3,542)          | (3,677)          | (3,296)          | (4,657)          | (5,109)          | (5,186)          | (4,624)          | (5,675)          | (5,060)          | (10,578)         | (14,536)         |
| Purchase of property and equipment            | (1,103)         | (886)           | (1,472)         | (1,171)         | (1,152)         | (1,072)         | (291)           | (3,998)         | (1,096)         | (626)            | (3,475)          | (3,532)          | (1,528)          | (5,775)          | (2,439)          | (4,002)          | (6,284)          | (4,632)          | (6,513)          | (8,729)          |
| Financed purchases of property and equipment  | -               | (145)           | (169)           | (113)           | (169)           | (56)            | (169)           | (168)           | (169)           | (252)            | (128)            | -                | -                | (84)             | -                | -                | -                | (427)            | (562)            | (549)            |
| Purchases of intangible assets                | -               | -               | -               | -               | -               | (2,333)         | -               | -               | -               | -                | -                | -                | -                | -                | -                | -                | -                | -                | (2,333)          | -                |
| <b>Free Cash Flow</b>                         | <b>\$691</b>    | <b>\$ 6,222</b> | <b>\$ 7,061</b> | <b>\$ 5,631</b> | <b>\$ 4,907</b> | <b>\$ 3,451</b> | <b>\$18,485</b> | <b>\$7,906</b>  | <b>\$23,219</b> | <b>\$7,968</b>   | <b>\$9,794</b>   | <b>\$15,298</b>  | <b>(\$6,009)</b> | <b>(\$5,061)</b> | <b>\$16,551</b>  | <b>(\$2,202)</b> | <b>\$4,181</b>   | <b>\$19,605</b>  | <b>\$34,749</b>  | <b>\$56,279</b>  |

Note: 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.



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

|   | Q1 2019      | Q2 2019        | Q3 2019        | Q4 2019        | Q1 2020        | Q2 2020         | Q3 2020         | Q4 2020         | Q1 2021        | Q2 2021        | Q3 2021         | Q4 2021        | Q1 2022      | Q2 2022        | Q3 2022         | 2017           | 2018           | 2019            | 2020            | 2021            |
|---|--------------|----------------|----------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|----------------|--------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|
| <b>Non-GAAP Income (Loss) from Operations</b>                     |              |                |                |                |                |                 |                 |                 |                |                |                 |                |              |                |                 |                |                |                 |                 |                 |
| GAAP Income (Loss) from Operations                                | (\$9,323)    | (\$5,978)      | (\$7,861)      | (\$4,737)      | (\$7,337)      | (\$3,326)       | (\$2,036)       | (\$7,192)       | (\$18,705)     | (\$9,672)      | \$5,951         | (\$16,188)     | (\$25,364)   | (\$12,693)     | (\$21,419)      | (\$30,409)     | (\$29,836)     | (\$27,899)      | (\$19,891)      | (\$38,614)      |
| Amortization of intangible assets                                 | 3,077        | 3,079          | 2,566          | 1,543          | 1,543          | 1,622           | 1,622           | 2,892           | 2,893          | 2,907          | 2,630           | 2,049          | 4,162        | 5,206          | 5,182           | 13,310         | 13,023         | 10,265          | 7,679           | 10,479          |
| Stock-based compensation expense                                  | 6,452        | 8,012          | 10,141         | 9,447          | 9,456          | 12,616          | 13,326          | 14,292          | 14,794         | 17,065         | 16,930          | 17,081         | 15,902       | 20,609         | 20,899          | 16,044         | 20,895         | 34,052          | 49,690          | 65,870          |
| Change in fair value of contingent consideration                  | (9)          | 193            | 129            | (267)          | 145            | (221)           | (72)            | 176             | 7,702          | (782)          | (10,346)        | 668            | (1,816)      | (14,042)       | 1,745           | 628            | 450            | 46              | 28              | (2,758)         |
| Legal settlement costs (gains)                                    | -            | -              | (380)          | -              | -              | -               | -               | -               | -              | -              | -               | -              | 690          | -              | 1,019           | -              | -              | (380)           | -               | -               |
| Transaction-related costs   | -            | -              | -              | -              | -              | -               | 1,790           | 2,946           | -              | -              | -               | 1,586          | 7,033        | 3,676          | 3,272           | -              | -              | -               | 4,736           | 1,586           |
| Secondary offering costs  | -            | -              | -              | -              | -              | -               | -               | -               | -              | -              | -               | -              | -            | -              | -               | 809            | -              | -               | -               | -               |
| Shelf offering costs  | 212          | -              | -              | -              | -              | -               | -               | -               | -              | -              | -               | -              | -            | -              | -               | 818            | 401            | 212             | -               | -               |
| <b>Total Non-GAAP Income (Loss) From Operations</b>               | <b>\$409</b> | <b>\$5,306</b> | <b>\$4,595</b> | <b>\$5,986</b> | <b>\$3,807</b> | <b>\$10,691</b> | <b>\$14,630</b> | <b>\$13,114</b> | <b>\$6,684</b> | <b>\$9,518</b> | <b>\$15,165</b> | <b>\$5,196</b> | <b>\$607</b> | <b>\$2,756</b> | <b>\$10,698</b> | <b>\$1,200</b> | <b>\$4,933</b> | <b>\$16,296</b> | <b>\$42,242</b> | <b>\$36,563</b> |
| <b>Non-GAAP Net Income (Loss) attributable to BlackLine</b>       |              |                |                |                |                |                 |                 |                 |                |                |                 |                |              |                |                 |                |                |                 |                 |                 |
| Net income (loss) attributable to BlackLine <sup>1</sup>          | (\$8,781)    | (\$5,362)      | (\$9,206)      | (\$9,186)      | (\$12,843)     | (\$8,332)       | (\$8,751)       | (\$16,985)      | (\$38,964)     | (\$25,446)     | (\$13,741)      | (\$37,010)     | (\$10,011)   | (\$10,665)     | (\$20,019)      | (\$33,408)     | (\$28,714)     | (\$32,535)      | (\$46,911)      | (\$115,161)     |
| Provision for (benefit from) income taxes related to acquisitions | -            | (18)           | 53             | 55             | (16)           | (72)            | 35              | (616)           | 81             | 146            | (636)           | (552)          | (13,136)     | 145            | 299             | (511)          | (540)          | 90              | (669)           | (961)           |
| Secondary offering costs  | -            | -              | -              | -              | -              | -               | -               | -               | -              | -              | -               | -              | -            | -              | -               | 809            | -              | -               | -               | -               |
| Shelf offering costs  | 212          | -              | -              | -              | -              | -               | -               | -               | -              | -              | -               | -              | -            | -              | -               | 818            | 401            | 212             | -               | -               |
| Stock-based compensation expense                                  | 6,452        | 8,012          | 10,141         | 9,447          | 9,456          | 12,616          | 13,326          | 14,292          | 14,787         | 17,031         | 16,877          | 17,028         | 15,840       | 20,517         | 20,802          | 16,044         | 20,895         | 34,052          | 49,690          | 65,723          |
| Amortization of debt discount and issuance costs                  | -            | -              | 2,923          | 5,487          | 5,532          | 5,584           | 5,758           | 5,815           | 7,651          | 15,590         | 16,031          | 16,266         | 1,357        | 1,373          | 1,389           | -              | -              | 8,410           | 22,689          | 55,538          |
| Amortization of acquired intangible assets                        | 3,077        | 3,079          | 2,566          | 1,543          | 1,543          | 1,622           | 1,622           | 2,892           | 2,893          | 2,907          | 2,630           | 2,049          | 4,162        | 5,206          | 5,182           | 13,310         | 13,023         | 10,265          | 7,679           | 10,479          |
| Change in fair value of contingent consideration                  | (9)          | 193            | 129            | (267)          | 145            | (221)           | (72)            | 176             | 7,702          | (782)          | (10,346)        | 668            | (1,816)      | (14,042)       | 1,745           | 628            | 450            | 46              | 28              | (2,758)         |
| Change in fair value of common stock warrant liability            | -            | -              | -              | -              | -              | -               | -               | -               | -              | -              | -               | -              | -            | -              | -               | 3,490          | -              | -               | -               | -               |
| Transaction-related costs   | -            | -              | -              | -              | -              | -               | 1,790           | 2,946           | -              | -              | -               | 1,586          | 7,033        | 3,676          | 3,272           | -              | -              | -               | 4,736           | 1,586           |
| Legal settlement costs (gains)                                    | -            | -              | (380)          | -              | -              | -               | -               | -               | -              | -              | -               | -              | 690          | -              | 1,019           | -              | -              | (380)           | -               | -               |
| Adjustment to redeemable non-controlling interest                 | -            | 54             | 839            | 940            | 2,201          | 719             | 1,319           | 4,619           | 5,937          | 154            | 4,275           | 4,711          | (3,417)      | (1,185)        | 1,375           | -              | -              | 1,833           | 8,858           | 15,077          |
| Loss on extinguishment of convertible senior notes                | -            | -              | -              | -              | -              | -               | -               | -               | 7,012          | -              | -               | -              | -            | -              | -               | -              | -              | -               | -               | 7,012           |
| <b>Total Non-GAAP Net Income (Loss) attributable to BlackLine</b> | <b>\$951</b> | <b>\$5,958</b> | <b>\$7,065</b> | <b>\$8,019</b> | <b>\$6,018</b> | <b>\$11,916</b> | <b>\$15,027</b> | <b>\$13,139</b> | <b>\$7,099</b> | <b>\$9,600</b> | <b>\$15,090</b> | <b>\$4,746</b> | <b>\$702</b> | <b>\$5,025</b> | <b>\$15,064</b> | <b>\$1,180</b> | <b>\$5,515</b> | <b>\$21,993</b> | <b>\$46,100</b> | <b>\$36,535</b> |

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

|  | Q1 2019  | Q2 2019  | Q3 2019  | Q4 2019  | Q1 2020  | Q2 2020  | Q3 2020  | Q4 2020  | Q1 2021  | Q2 2021  | Q3 2021  | Q4 2021  | Q1 2022  | Q2 2022  | Q3 2022  | 2017      | 2018      | 2019      | 2020      | 2021      |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|
| <b>GAAP Sales and Marketing Expense</b>            | \$35,848 | \$37,192 | \$41,848 | \$43,949 | \$44,785 | \$41,826 | \$42,588 | \$45,382 | \$48,429 | \$49,182 | \$48,799 | \$56,210 | \$60,027 | \$66,000 | \$64,540 | \$103,967 | \$128,808 | \$158,837 | \$174,581 | \$202,620 |
| Amortization of intangible assets                  | (968)    | (968)    | (968)    | (968)    | (969)    | (968)    | (968)    | (1,750)  | (1,750)  | (1,759)  | (1,477)  | (897)    | (1,347)  | (1,771)  | (1,694)  | (3,872)   | (3,887)   | (3,872)   | (4,655)   | (5,883)   |
| Stock-based compensation expense                   | (2,994)  | (3,558)  | (4,522)  | (4,315)  | (4,393)  | (5,577)  | (5,675)  | (5,901)  | (5,251)  | (5,861)  | (5,760)  | (5,884)  | (5,924)  | (7,438)  | (7,257)  | (10,811)  | (8,674)   | (15,389)  | (21,546)  | (22,756)  |
| Transaction-related costs                          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | (620)    | (825)    | (714)    | -         | -         | -         | -         | -         |
| <b>Non-GAAP Sales and Marketing Expense</b>        | \$31,886 | \$32,666 | \$36,358 | \$38,666 | \$39,423 | \$35,281 | \$35,945 | \$37,731 | \$41,428 | \$41,562 | \$41,562 | \$49,429 | \$52,136 | \$55,966 | \$54,875 | \$89,284  | \$116,247 | \$139,576 | \$148,380 | \$173,981 |
| <b>GAAP Research and Development Expense</b>       | \$10,307 | \$10,829 | \$11,558 | \$10,312 | \$11,747 | \$11,847 | \$14,829 | \$18,041 | \$18,973 | \$18,795 | \$18,843 | \$20,711 | \$25,248 | \$27,902 | \$27,721 | \$23,874  | \$30,754  | \$43,006  | \$56,464  | \$77,322  |
| Stock-based compensation expense                   | (944)    | (1,235)  | (1,452)  | (1,098)  | (1,229)  | (1,735)  | (1,954)  | (2,480)  | (2,611)  | (2,865)  | (2,788)  | (2,846)  | (2,897)  | (3,810)  | (3,847)  | (767)     | (2,570)   | (4,729)   | (7,398)   | (11,110)  |
| Transaction-related costs                          | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | (1,542)  | (2,119)  | (2,057)  | -         | -         | -         | -         | -         |
| <b>Non-GAAP Research and Development Expense</b>   | \$9,363  | \$9,594  | \$10,106 | \$9,214  | \$10,518 | \$10,112 | \$12,875 | \$15,561 | \$16,362 | \$15,930 | \$16,055 | \$17,865 | \$20,809 | \$21,973 | \$21,817 | \$23,107  | \$28,184  | \$38,277  | \$49,066  | \$66,212  |
| <b>GAAP General and Administrative Expense</b>     | \$13,679 | \$12,677 | \$14,088 | \$15,613 | \$17,338 | \$16,182 | \$17,794 | \$20,297 | \$28,269 | \$20,245 | \$11,372 | \$26,621 | \$29,652 | \$14,345 | \$31,000 | \$36,786  | \$47,188  | \$56,057  | \$71,611  | \$86,507  |
| Amortization of intangible assets                  | (398)    | (399)    | (399)    | (400)    | (399)    | (478)    | (478)    | (477)    | (478)    | (478)    | (478)    | (477)    | (478)    | (478)    | (477)    | (2,591)   | (2,273)   | (1,596)   | (1,832)   | (1,911)   |
| Stock-based compensation expense                   | (1,626)  | (2,060)  | (2,736)  | (2,698)  | (2,511)  | (3,598)  | (3,826)  | (3,915)  | (5,182)  | (6,112)  | (6,169)  | (6,131)  | (5,367)  | (7,112)  | (7,449)  | (3,317)   | (6,386)   | (9,120)   | (13,850)  | (23,594)  |
| Change in fair value of contingent consideration   | 9        | (193)    | (129)    | 267      | (145)    | 221      | 72       | (176)    | (7,702)  | 782      | 10,346   | (668)    | 1,816    | 14,042   | (1,745)  | (628)     | (450)     | (46)      | (28)      | 2,758     |
| Legal settlement costs (gains)                     | -        | -        | 380      | -        | -        | -        | -        | -        | -        | -        | -        | -        | (690)    | -        | (1,019)  | -         | -         | 380       | -         | -         |
| Transaction-related costs                          | -        | -        | -        | -        | -        | -        | (1,790)  | (2,946)  | -        | -        | -        | (1,586)  | (4,599)  | (358)    | (149)    | -         | -         | -         | (4,736)   | (1,586)   |
| Secondary offering costs                           | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | (809)     | -         | -         | -         | -         |
| Shelf offering costs                               | (212)    | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | -        | (818)     | (401)     | (212)     | -         | -         |
| <b>Non-GAAP General and Administrative Expense</b> | \$11,452 | \$10,025 | \$11,204 | \$12,782 | \$14,283 | \$12,327 | \$11,772 | \$12,783 | \$14,907 | \$14,437 | \$15,071 | \$17,759 | \$20,334 | \$20,439 | \$20,161 | \$28,623  | \$37,678  | \$45,463  | \$51,165  | \$62,174  |



# Definitions, Detail & Additional Disclosures

## Acquisition

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.

## Adoption

The state in which a customer utilizes their software as intended and takes full-use of BlackLine’s automation capabilities.

## Annual Recurring Revenue (“ARR”)

Contracted recurring revenue components of term subscriptions and support normalized to a one-year period.

## Land & Expand: Description of Cohort Analysis & Methodologies

Reflects annualized subscription and support revenue for the group of customers that became our customers in each respective cohort year. A “cohort” is a grouping of customers by the year specified. For instance, the 2012 cohort includes all customers whose contract start date is between January 1, 2012, and December 31, 2012. We calculate annualized subscription and support revenue at a particular date as the total amount of minimum subscription and support revenue contractually committed under each of our customer agreements for that month through the remaining term of the agreement, divided by the remaining number of months in the term of the agreement, multiplied by twelve. We calculate initial annualized subscription and support revenue for any given cohort year as the sum of annualized subscription and support revenue as of the first month of each customer agreement that was entered into within that given cohort year. Accordingly, in contrast to annualized subscription and support revenue, initial annualized subscription and support revenue does not reflect any changes in the payments due under or the duration of customer agreements following the first month of the customer agreement. Our annualized subscription and support revenue as of September 30, 2022, for each of our 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021 customer cohorts represented an increase over the initial annualized subscription and support revenue for such customer cohorts, shown as the “Growth Multiple” above.