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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): May 2, 2019

BlackLine, Inc

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

001-37924
(Commission File Number)

46-3354276
(I.R.S. Employer Identification Number)

**21300 Victory Boulevard, 12th Floor
Woodland Hills, CA 91367**
(Address of principal executive offices, including zip code)

(818) 223-9008
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition.

On May 2, 2019, BlackLine, Inc. (the “Company”) issued a press release and will hold a conference call announcing its financial results for the first quarter ended March 31, 2019. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The Company refers to non-GAAP financial information in both the press release and the conference call. A reconciliation of these non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release.

This information is intended to be furnished under Item 2.02 of Form 8-K, “Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits:

Exhibit Number Description

[99.1](#) [Press release issued on May 2, 2019.](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BlackLine, Inc

Date: May 2, 2019

By: /s/ Mark Partin
Name: Mark Partin
Title: Chief Financial Officer

BlackLine Announces First Quarter Financial Results

LOS ANGELES, May 02, 2019 (GLOBE NEWSWIRE) – BlackLine, Inc. (Nasdaq: BL), today announced financial results for the first quarter ended March 31, 2019.

Therese Tucker, Founder and CEO, commented, “The first quarter was a good start to the year as we focused on execution and demonstrated early progress towards driving growth and scaling the business. We believe BlackLine is uniquely positioned to operate as a strategic partner to organizations that are embarking on digital transformation within their accounting and finance organizations. We remain focused on executing our initiatives for the year and continuing to deliver value to our customers.”

First Quarter 2019 Financial Highlights

- Total GAAP revenues of \$64.1 million for the first quarter of 2019, an increase of 25% compared to the first quarter of 2018.
- GAAP net loss attributable to BlackLine of \$8.6 million, or \$0.16 per share, on 54.8 million weighted average shares outstanding.
- Non-GAAP net income attributable to BlackLine of \$1.1 million, or \$0.02 per share, on 58.1 million diluted weighted average shares outstanding. This compares with non-GAAP net income attributable to BlackLine of \$0.3 million in the first quarter of 2018.
- Operating cash flow of \$3.0 million, compared with \$1.8 million in the first quarter of 2018.
- Free cash flow of \$0.7 million, compared with (\$1.5) million in the first quarter of 2018.

Key Metrics and Recent Business Highlights

- Added 76 net new customers in the first quarter for a total of 2,707 customers at March 31, 2019.
- Expanded the company’s user base to 226,979 at March 31, 2019.
- Achieved a dollar-based net revenue retention rate of 108% at March 31, 2019.
- Added Pete Hirsch as new chief technology officer.
- Hired Yoshiko Furuhamas as country manager for the company’s Japanese subsidiary.
- Promoted Patrick Villanova to chief accounting officer.
- Appointed former Marketo global president, Mika Yamamoto, to our Board of Directors.

Financial Outlook

Second Quarter 2019

- Total GAAP revenue is expected to be in the range of \$67.4 million to \$68.4 million.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of breakeven to \$1.5 million, or breakeven to \$0.03 per share on 59.7 million diluted weighted average shares outstanding.

Full Year 2019

- Total GAAP revenue is expected to be in the range of \$276 million to \$281 million.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of \$9 million to \$11 million, or \$0.15 to \$0.18 per share on 59.6 million diluted weighted average shares outstanding.

Guidance for non-GAAP net income attributable to BlackLine and net income attributable to BlackLine per share does not include the impact of the benefit from income taxes that we were able to recognize as a result of the deferred tax liabilities associated with the intangible assets established upon the acquisition in the fourth quarter of 2016 of Runbook B.V. (the “Runbook Acquisition”), amortization of acquired intangible assets resulting from the acquisition of the company by its principal stockholders in 2013 (the “2013 Acquisition”) and the Runbook Acquisition, stock-based compensation, the change in fair value of contingent consideration, costs incurred in connection with our secondary offering, and costs incurred with our shelf offering. Reconciliations of non-GAAP net income attributable to BlackLine and net income attributable to BlackLine per share guidance to the most directly comparable U.S. GAAP measures, or net income (loss) attributable to BlackLine and net income (loss) attributable to BlackLine per share, are not available on a forward-looking basis without unreasonable efforts due to the unpredictability and complexity of the charges excluded from non-GAAP net income attributable to BlackLine and net income attributable to BlackLine per share. The company expects the variability of the above changes could have a significant, and potentially unpredictable, impact on its future GAAP net income (loss) attributable to BlackLine and net income (loss) attributable to BlackLine per share.

Quarterly Conference Call

BlackLine, Inc. will hold a conference call to discuss its first quarter results at 2:00 p.m. Pacific time on Thursday, May 2, 2019. A live audio webcast will be accessible on BlackLine’s investor relations website at <https://investors.blackline.com>. The call can also be accessed domestically at (844) 229-7595 and internationally at (314) 888-4260, passcode 8174963. A telephonic replay will be available through Thursday, May 9, 2019 at (855) 859-2056 or (404) 537-3406, passcode 8174963. A replay of the webcast will be available at <https://investors.blackline.com> for 12 months. BlackLine has used, and intends to continue to use, its Investor Relations website as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

About BlackLine

BlackLine, Inc. is a provider of cloud-based solutions for Finance & Accounting (F&A) that automate, centralize and streamline financial close operations and other key F&A processes for large and midsize organizations. Over 2,700 customers with users around the world trust BlackLine to help ensure balance sheet integrity and confidence in their financial statements. For more information about BlackLine, Inc., visit <https://www.blackline.com>.

Forward-looking Statements

This release and the conference call referenced above contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “would,” “continue,” “ongoing” or the negative of these terms or other comparable terminology. Forward-looking statements in this release and quarterly conference call include, but are not limited to, statements regarding BlackLine’s future financial and operational performance, including, without limitation, GAAP and non-GAAP guidance, our expectations for our business in 2019 and our ability to execute on our long-term plans and key initiatives, expectations regarding user count, free cash flow, revenue mix, gross margin, operating expenses and capital expenditures, the impact of seasonality on the company’s financial results, expectations regarding our SAP relationship, quarterly fluctuations, market opportunity, competitive position, the demand for and benefits from the use of BlackLine’s current and future solutions, growth strategies including international expansion, customer growth, extension of distribution channels, sales strategy and product innovation, expansion of relationships with partners, customer service initiatives and expectations regarding deal size and increased focus on strategic products.

Any forward-looking statements contained in this press release or the quarterly conference call are based upon BlackLine’s historical performance and its current plans, estimates and expectations and are not a representation that such plans, estimates, or expectations will be achieved. Forward-looking statements are based on information available at the time those statements are made and/or management’s good faith beliefs and assumptions as of that time with respect to future events, and are subject to risks and uncertainties. If any of these risks or uncertainties materialize or if any assumptions prove incorrect, actual performance or results may differ materially from those expressed in or suggested by the forward looking statements. These risks and uncertainties include, but are not limited to risks related to the company’s ability to attract new customers and expand sales to existing customers; the extent to which customers renew their subscription agreements or increase the number of users; the company’s ability to manage growth and scale effectively, including additional headcount and entry into new geographies; the company’s ability to provide successful enhancements, new features and modifications to its software solutions; the company’s ability to develop new products and software solutions and the success of any new product and service introductions; the success of the company’s strategic relationships with technology vendors and business process outsourcers, channel partners and alliance partners; any breaches of the company’s security measures; a disruption in the company’s hosting network infrastructure; costs and reputational harm that could result from defects in the company’s solution; the loss of any key employees; continued strong demand for the company’s software in the United States, Europe, Asia Pacific and Latin America; the company’s ability to compete as the financial close management provider for organizations of all sizes; the timing and success of solutions offered by competitors; changes in the proportion of the company’s customer base that is comprised of enterprise or mid-sized organizations; the company’s ability to expand its enterprise and mid-market sales teams and effectively manage its sales forces and their performance and productivity; fluctuations in our financial results due to long and increasingly variable sales cycles, failure to protect the company’s intellectual property; the company’s ability to integrate acquired businesses and technologies successfully or achieve the expected benefits of such transactions; unpredictable macro-economic conditions; seasonality; changes in current tax or accounting rules; cyber attacks and the risk that the company’s security measures may not be sufficient to secure its customer or confidential data adequately; acts of terrorism or other vandalism, war or natural disasters; and other risks and uncertainties described in the other filings we make with the Securities and Exchange Commission from time to time, including the risks described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2018 filed with the Securities and Exchange Commission on February 28, 2019. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019. Forward-looking statements should not be read as a guarantee of future performance or results, and you should not place undue reliance on such statements. Except as required by law, we do not undertake any obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Use of Non-GAAP Financial Measures

To supplement its consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles, or GAAP, BlackLine has provided in this release and the quarterly conference call held on May 2, 2019 certain financial measures that have not been prepared in accordance with GAAP defined as “non-GAAP financial measures,” which include (i) non-GAAP gross profit and non-GAAP gross margin, (ii) non-GAAP operating expenses, (iii) non-GAAP income (loss) from operations, (iv) non-GAAP net income (loss) and non-GAAP net income (loss) per share, and (v) free cash flow.

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

Non-GAAP Gross Profit and Non-GAAP Gross Margin. Non-GAAP gross profit is defined as GAAP revenues less GAAP cost of revenue adjusted for the amortization of acquired developed technology resulting from the 2013 Acquisition and the Runbook Acquisition and stock-based compensation. Non-GAAP gross margin is defined as non-GAAP gross profit divided by GAAP revenues. BlackLine believes that presenting non-GAAP gross margin is useful to investors as it eliminates the impact of certain non-cash expenses and allows a direct comparison of gross margin between periods.

Non-GAAP Operating Expenses. Non-GAAP operating expenses include (a) non-GAAP sales and marketing expense, (b) non-GAAP research and development expense and (c) non-GAAP general and administrative expense. Non-GAAP sales and marketing expense is defined as GAAP sales and marketing expense adjusted for the amortization of acquired intangibles resulting from the 2013 Acquisition and the Runbook Acquisition and stock-based compensation. Non-GAAP research and development expense is defined as GAAP research and development expense adjusted

for stock-based compensation. Non-GAAP general and administrative expense is defined as GAAP general and administrative expense as adjusted for the amortization of acquired intangibles resulting from the 2013 Acquisition and Runbook Acquisition, stock-based compensation, the change in fair value of contingent consideration, costs incurred in connection with our secondary offering, and costs incurred in connection with our shelf offering. BlackLine believes that presenting each of the non-GAAP operating expenses is useful to investors as it eliminates the impact of certain cash and non-cash expenses and allows a direct comparison of operating expenses between periods.

Non-GAAP Income (Loss) from Operations. Non-GAAP income (loss) from operations is defined as GAAP income (loss) from operations adjusted for the amortization of acquired intangible assets resulting from the 2013 Acquisition and the Runbook Acquisition, stock-based compensation, the change in fair value of contingent consideration, costs incurred in connection with our secondary offering, and costs incurred in connection with our shelf offering. The company believes that presenting non-GAAP income (loss) from operations is useful to investors as it eliminates the impact of items that have been impacted by the 2013 Acquisition and the Runbook Acquisition and other related costs in order to allow a direct comparison of loss from operations between all periods presented.

Non-GAAP Net Income (Loss) attributable to BlackLine. Non-GAAP net income (loss) is defined as GAAP net income (loss) adjusted for the impact of the provision for (benefit from) income taxes that we were able to recognize as a result of the deferred tax liabilities associated with the intangible assets established upon the 2013 Acquisition and the Runbook Acquisition, amortization of acquired intangible assets resulting from the 2013 Acquisition and the Runbook Acquisition, stock-based compensation, the change in the fair value of contingent consideration, the change in fair value of the common stock warrant liability, costs incurred in connection with our secondary offering, and costs incurred in connection with our shelf offering. Non-GAAP diluted net income (loss) per common share includes the adjustment for shares resulting from the elimination of stock-based compensation. The company believes that presenting non-GAAP net income (loss) is useful to investors as it eliminates the impact of items that have been impacted by the 2013 Acquisition and the Runbook Acquisition and other related costs in order to allow a direct comparison of net loss between all periods presented.

Free Cash Flow. Free cash flow is defined as cash flows used in operating activities less cash flows used in investing activities related to purchase of property and equipment and capitalized software development. BlackLine believes that presenting free cash flow is useful to investors as it provides a measure of the company's liquidity used by management to evaluate the amount of cash generated by the company's business including the impact of purchases of property and equipment and cost of capitalized software development.

Use of Operating Metrics

BlackLine has provided in this release and the quarterly conference call held on May 2, 2019 certain operating metrics, including (i) number of customers, (ii) number of users and (iii) dollar-based net revenue retention rate, which BlackLine uses to evaluate its business, measure its performance, identify trends affecting its business, formulate financial projections and make strategic decisions. These operating metrics exclude the impact of Runbook licensed customers and users as these customers did not have an active subscription agreement with BlackLine as of March 31, 2019.

Dollar-based Net Revenue Retention Rate. Dollar-based net revenue retention rate is calculated as the implied monthly subscription and support revenue at the end of a period for the base set of customers from which the company generated subscription revenue in the year prior to the calculation, divided by the implied monthly subscription and support revenue one year prior to the date of calculation for that same customer base. This calculation does not reflect implied monthly subscription and support revenue for new customers added during the one-year period but does include the effect of customers who terminated during the period. Implied monthly subscription and support revenue is defined as the total amount of minimum subscription and support revenue contractually committed to, under each of BlackLine's customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement. BlackLine believes that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and the company's ability to retain and grow its relationships with existing customers over time.

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

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

Media Contact:

Kimberly Uberti
BlackLine
kimberly.uberti@blackline.com

Investor Relations Contact:

Alexandra Geller
BlackLine
alex.geller@blackline.com

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

	March 31, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 49,676	\$ 46,181
Marketable securities	85,079	86,396
Accounts receivable, net of allowance	72,343	74,902
Prepaid expenses and other current assets	12,241	14,042
Total current assets	219,339	221,521
Capitalized software development costs, net	8,969	9,023
Property and equipment, net	13,785	13,536
Intangible assets, net	24,708	27,785
Goodwill	185,138	185,138
Operating lease right-of-use assets	13,655	-
Other assets	39,359	36,865
Total assets	<u>\$ 504,953</u>	<u>\$ 493,868</u>
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 4,173	\$ 3,442
Accrued expenses and other current liabilities	18,409	24,705
Deferred revenue	133,024	129,074
Short-term portion of operating lease liabilities	5,017	-
Short-term portion of contingent consideration	2,008	2,008
Total current liabilities	162,631	159,229
Contingent consideration	4,299	4,308
Deferred tax liabilities	1,116	1,116
Deferred revenue, noncurrent	196	277
Operating lease liabilities	12,000	-
Other long-term liabilities	-	2,982
Total liabilities	180,242	167,912
Redeemable non-controlling interest	4,175	4,387
Stockholders' equity:		
Common stock	550	547
Additional paid-in capital	459,118	451,571
Accumulated other comprehensive income	45	45
Accumulated deficit	(139,177)	(130,594)
Total stockholders' equity	320,536	321,569
Total liabilities, redeemable non-controlling interest, and stockholders' equity	<u>\$ 504,953</u>	<u>\$ 493,868</u>

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

	Quarter Ended	
	March 31,	
	2019	2018
Revenues		
Subscription and support	\$ 61,274	\$ 48,625

Professional services	2,855	2,659
Total revenues	<u>64,129</u>	<u>51,284</u>
Cost of revenues		
Subscription and support	10,832	9,381
Professional services	2,786	2,225
Total cost of revenues	<u>13,618</u>	<u>11,606</u>
Gross profit	<u>50,511</u>	<u>39,678</u>
Operating expenses		
Sales and marketing	35,848	29,227
Research and development	10,307	6,929
General and administrative	13,679	11,082
Total operating expenses	<u>59,834</u>	<u>47,238</u>
Loss from operations	<u>(9,323)</u>	<u>(7,560)</u>
Other income (expense)		
Interest income	695	389
Interest expense	-	(4)
Other income, net	695	385
Loss before income taxes	<u>(8,628)</u>	<u>(7,175)</u>
Provision for (benefit from) income taxes	205	(20)
Net loss	<u>\$ (8,833)</u>	<u>\$ (7,155)</u>
Net loss attributable to redeemable non-controlling interest	(250)	-
Net loss attributable to BlackLine, Inc.	<u>\$ (8,583)</u>	<u>\$ (7,155)</u>
Basic net loss attributable to BlackLine, Inc. per share:		
Basic net loss attributable to BlackLine, Inc. per share	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>
Shares used to calculate basic net loss per share	<u>54,835</u>	<u>53,151</u>
Diluted net loss attributable to BlackLine, Inc. per share:		
Diluted net loss attributable to BlackLine, Inc. per share	<u>\$ (0.16)</u>	<u>\$ (0.13)</u>
Shares used to calculate diluted net loss per share	<u>54,835</u>	<u>53,151</u>

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

	Quarter Ended	
	March 31,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to BlackLine, Inc.	\$ (8,583)	\$ (7,155)
Net loss attributable to redeemable non-controlling interest	(250)	-
Net loss	<u>(8,833)</u>	<u>(7,155)</u>
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	5,689	5,394
Noncash lease expense	1,245	-
Change in fair value of contingent consideration	(9)	112
Stock-based compensation	6,452	3,974
(Accretion)/amortization of purchase discounts/premiums on marketable securities, net	(409)	(67)
Net foreign currency (gains) losses	128	(59)
Deferred income taxes	-	(242)
Provision for (benefit from) doubtful accounts receivable	25	(51)

Changes in operating assets and liabilities		
Accounts receivable	2,333	5,058
Prepaid expenses and other current assets	1,789	(1,891)
Other assets	(2,499)	(1,285)
Accounts payable	826	(929)
Accrued expenses and other current liabilities	(6,240)	(7,935)
Deferred revenue	3,869	6,558
Operating lease liabilities	(1,340)	-
Other long-term liabilities	-	340
Net cash provided by operating activities	<u>3,026</u>	<u>1,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(29,975)	(30,175)
Proceeds from maturities of marketable securities	31,795	28,480
Capitalized software development costs	(1,232)	(1,653)
Purchases of property and equipment	(1,103)	(1,634)
Net cash used in investing activities	<u>(515)</u>	<u>(4,982)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease obligations	-	(443)
Proceeds from exercises of stock options	2,764	3,453
Acquisition of common stock for tax withholding obligations	(1,729)	(16)
Net cash provided by financing activities	<u>1,035</u>	<u>2,994</u>
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	(56)	-
Net increase (decrease) in cash, cash equivalents, and restricted cash	3,490	(166)
Cash, cash equivalents, and restricted cash, beginning of period	46,455	31,504
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 49,945</u>	<u>\$ 31,338</u>
Cash and cash equivalents at end of period	\$ 49,676	\$ 30,864
Restricted cash included within prepaid expenses and other current assets at end of period	-	200
Restricted cash included within other assets at end of period	269	274
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	<u>\$ 49,945</u>	<u>\$ 31,338</u>

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

	Quarter Ended	
	March 31,	
	<u>2019</u>	<u>2018</u>
Non-GAAP Gross Profit		
Gross profit	\$ 50,511	\$ 39,678
Amortization of developed technology	1,711	1,715
Stock-based compensation	888	838
Total Non-GAAP Gross Profit	<u>\$ 53,110</u>	<u>\$ 42,231</u>
Gross margin	78.8%	77.4%
Non-GAAP gross margin	82.8%	82.3%

Non-GAAP Operating Income:

Loss from operations	\$ (9,323)	\$ (7,560)
Amortization of intangible assets	3,077	3,323
Stock-based compensation	6,452	3,974
Change in fair value of contingent consideration	(9)	112
Shelf offering costs	212	177
Total non-GAAP operating income	\$ 409	\$ 26

Non-GAAP Net Income Attributable to BlackLine, Inc.

Net loss attributable to BlackLine, Inc.	\$ (8,583)	\$ (7,155)
Benefit from income taxes	-	(125)
Amortization of intangible assets	3,077	3,323
Stock-based compensation	6,452	3,974
Change in fair value of contingent consideration	(9)	112
Shelf offering costs	212	177
Total non-GAAP net income attributable to BlackLine, Inc.	\$ 1,149	\$ 306

Basic non-GAAP net income attributable to BlackLine, Inc. per share:

Basic non-GAAP net income attributable to BlackLine, Inc. per share	<u>\$ 0.02</u>	<u>\$ 0.01</u>
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Shares used to calculate basic non-GAAP net income per share	<u>54,835</u>	<u>53,151</u>
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Diluted non-GAAP net income attributable to BlackLine, Inc. per share:

Diluted non-GAAP net income attributable to BlackLine, Inc. per share	<u>\$ 0.02</u>	<u>\$ 0.01</u>
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Shares used to calculate diluted non-GAAP net income per share	<u>58,089</u>	<u>56,477</u>
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**Quarter Ended
March 31,**

2019	2018
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Non-GAAP Sales and Marketing Expense:

Sales and marketing expense	\$ 35,848	\$ 29,227
Amortization of intangible assets	(968)	(969)
Stock-based compensation	<u>(2,994)</u>	<u>(1,437)</u>
Total non-GAAP sales and marketing expense	\$ 31,886	\$ 26,821

Non-GAAP Research and Development Expense:

Research and development expense	\$ 10,307	\$ 6,929
Stock-based compensation	(944)	(429)
Total non-GAAP research and development expense	\$ 9,363	\$ 6,500

Non-GAAP General and Administrative Expense:

General and administrative expense	\$ 13,679	\$ 11,082
Amortization of intangible assets	(398)	(639)

Stock-based compensation	(1,626)	(1,270)
Change in fair value of contingent consideration	9	(112)
Shelf offering costs	<u>(212)</u>	<u>(177)</u>
Total non-GAAP general and administrative expense	<u>\$ 11,452</u>	<u>\$ 8,884</u>
	<u>_____</u>	<u>_____</u>
Total Non-GAAP Operating Expenses	<u><u>\$ 52,701</u></u>	<u><u>\$ 42,205</u></u>
Free Cash Flow		
Net cash provided by operating activities	\$ 3,026	\$ 1,822
Capitalized software development costs	(1,232)	(1,653)
Purchases of property and equipment	<u>(1,103)</u>	<u>(1,634)</u>
Free cash flow	<u><u>\$ 691</u></u>	<u><u>\$ (1,465)</u></u>