

# BlackLine

## Investor Day

March 9, 2021



# Agenda

- |           |  |                                       |
|-----------|--|---------------------------------------|
| <b>1</b>  | <b>Introduction</b>                    | Alexandra Geller, VP of IR            |
| <b>2</b>  | <b>BlackLine Overview</b>              | Marc Huffman, CEO                     |
| <b>3</b>  | <b>Product Strategy</b>                | Pete Hirsch, CTO                      |
| <b>4</b>  | <b>BlackLine Accounting Cloud Demo</b> |                                       |
| <b>5</b>  | <i>10-Min Break</i>                    |                                       |
| <b>6</b>  | <b>Go to Market Strategy</b>           | Mark Woodhams, CRO                    |
| <b>7</b>  | <b>Partner Ecosystem</b>               | Mel Zeledon, SVP Channels & Alliances |
| <b>8</b>  | <b>Accounts Receivable Automation</b>  | Kevin Kimber, MD of Global AR         |
| <b>9</b>  | <i>5-Min Break</i>                     |                                       |
| <b>10</b> | <b>Financial Summary</b>               | Mark Partin, CFO                      |
| <b>11</b> | <b>Q&amp;A Panel</b>                   | All Presenters                        |

# Safe Harbor

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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.

March 2021

# BlackLine Overview

**Marc Huffman**  
Chief Executive Officer





**3,400+**

Customers  
in 130+ countries

**FORTUNE 50**

**60%**

**FORTUNE 500**

**46%**



**290,000+**

**Users**



**1,325+**

**Employees**



**Gartner Leader**  
4 Years Running

**Customers' Choice 2020**  
Gartner Peer Insights

**2.67x Average ROI**  
Nucleus Research



BlackLine leads the market

**2016**



Leader in  
Finance CPM

**2017**



Leader in  
Cloud Finance CPM

**2018**



Leader in  
Cloud Financial Close

**2019**



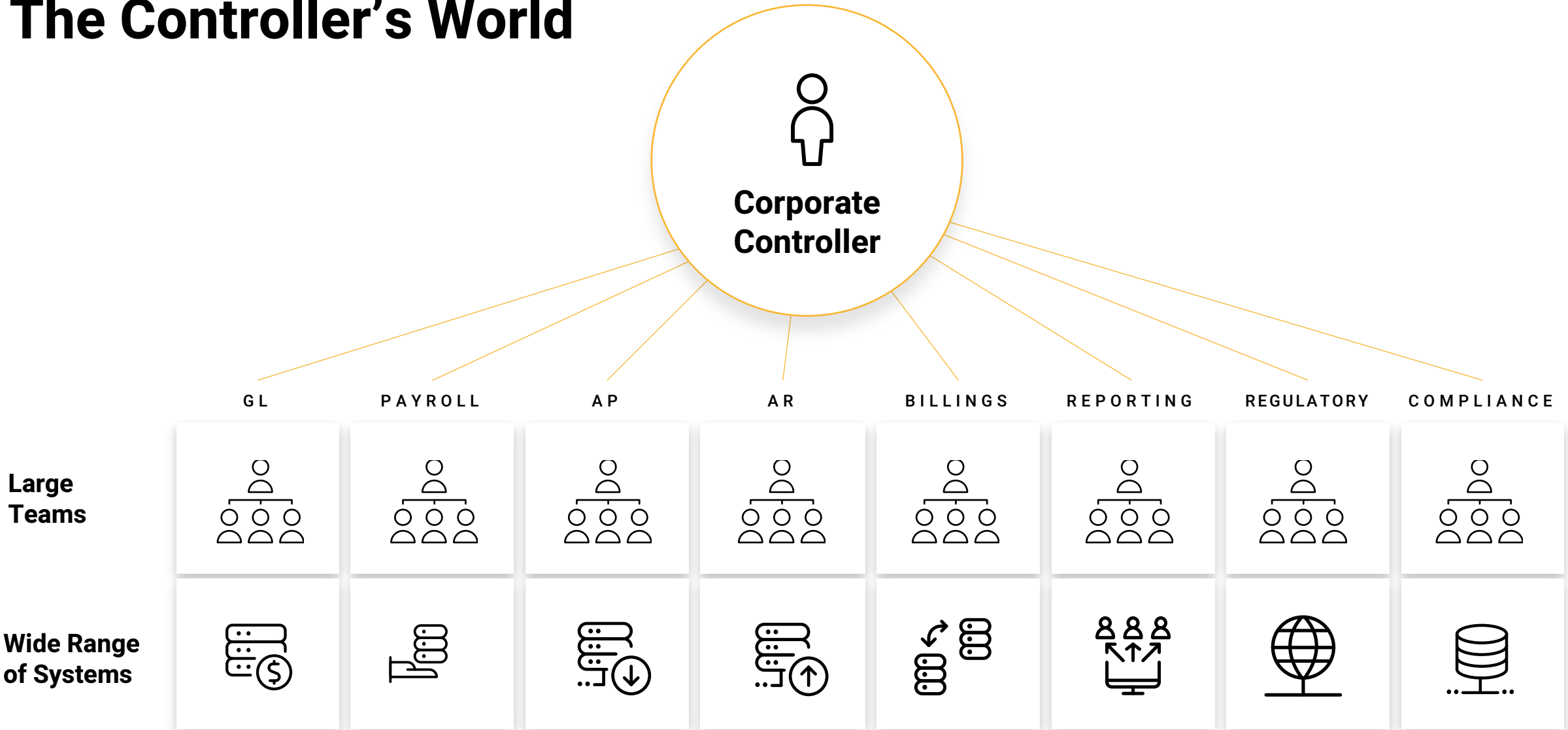
Leader in  
Cloud Financial Close

**2020**

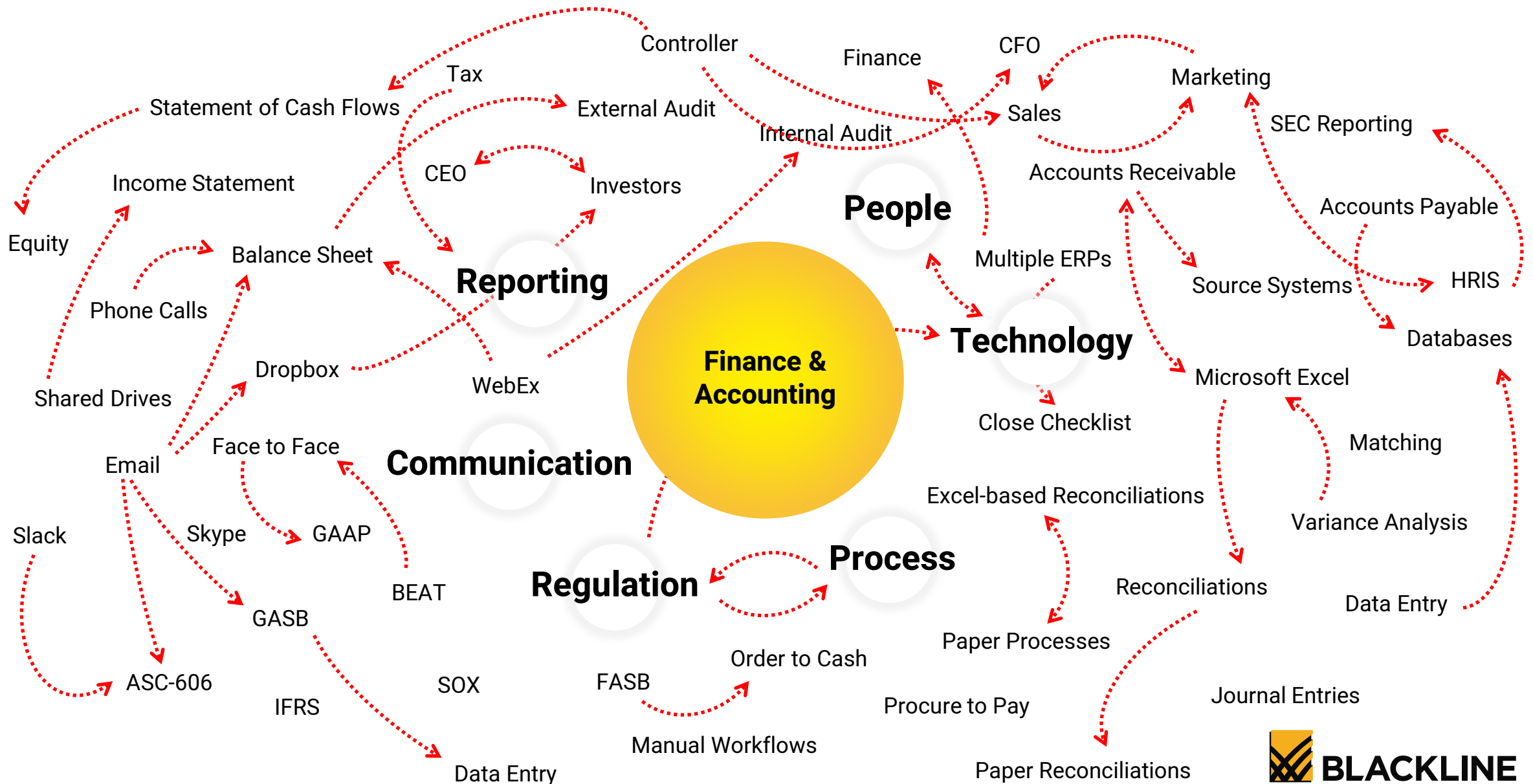


Customer  
Choice Award

# The Controller's World



# The Financial Close is Chaos. On a Deadline.





Traditional manual accounting processes  
**are not sustainable.**

# The Benefits of Modern Accounting



## **Unified.**

Integrate systems and data  
Standardize your processes  
Unlock global visibility



## **Automated.**

Reduce busy work by automating the ordinary  
Free accountants to analyze the extra-ordinary  
Focus on what matters most to the business



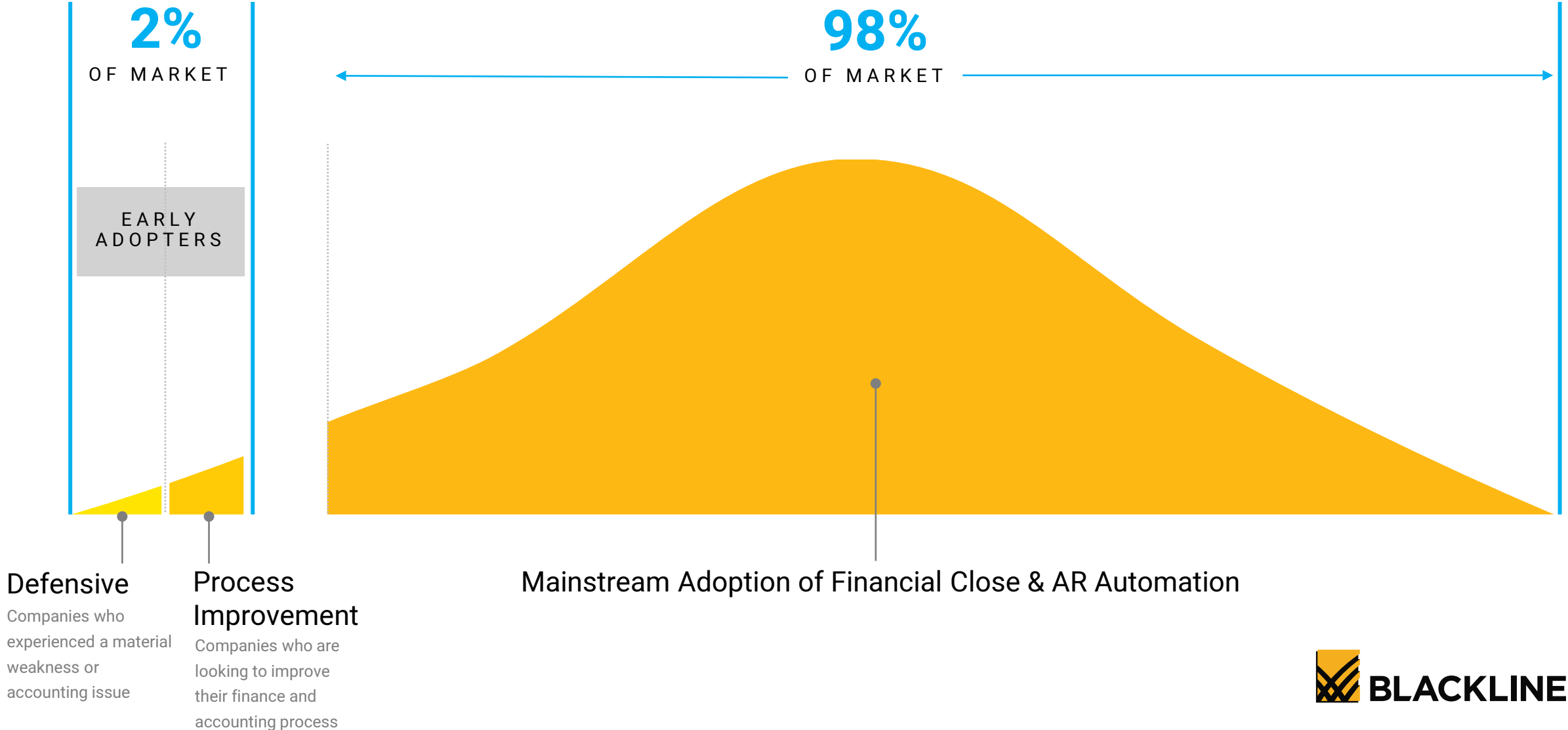
## **Continuous.**

Execute accounting as it happens  
Deliver real-time information and analysis  
Align with the needs of your business

# 2.77x ROI

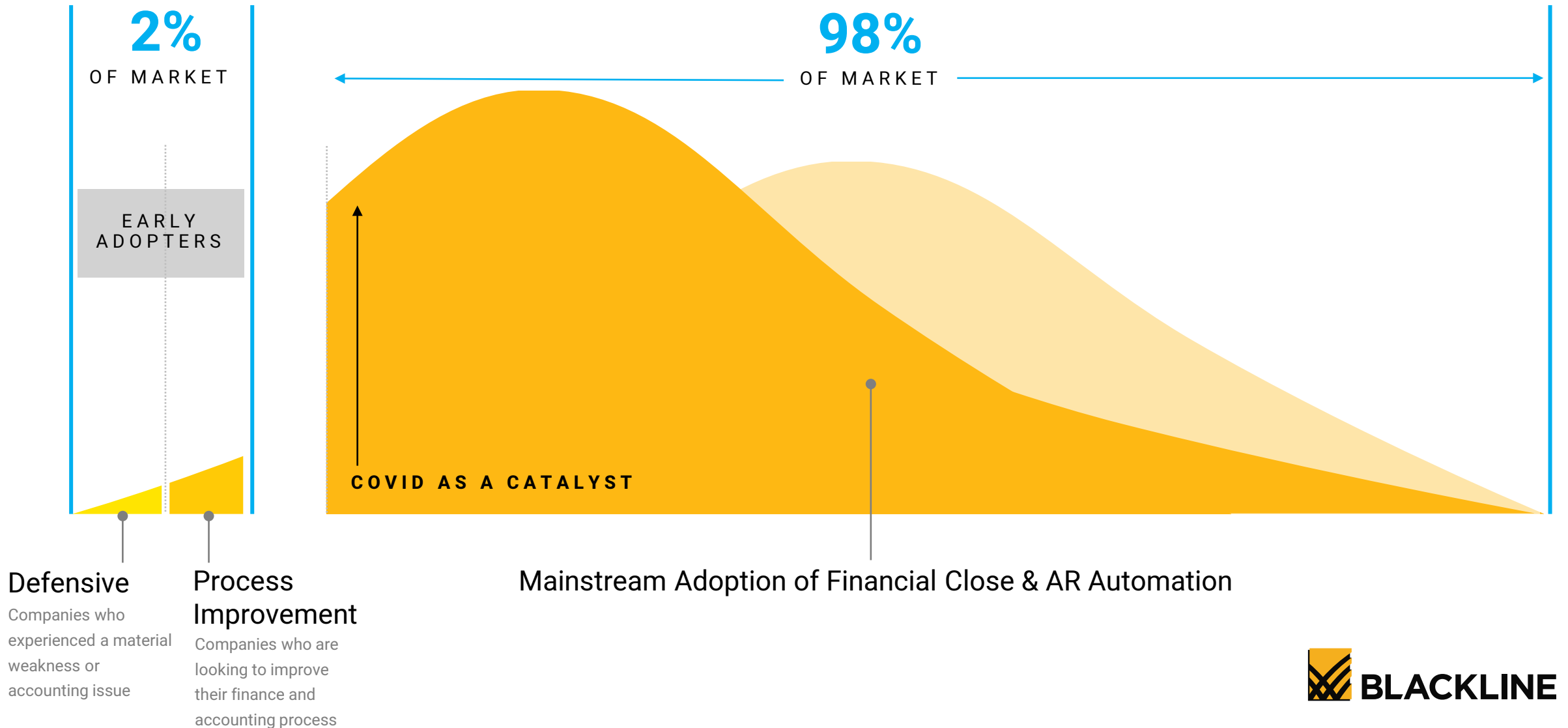
BlackLine's solutions generated \$2.77  
for every dollar a customer invested in its technology

# The Back Office has Long Been an Area of Underinvestment



# The Back Office has Long Been an Area of Underinvestment

The pandemic has accelerated the global economy's shift to modern software and put a spotlight on the back office



# Key Initiatives



**Go To Market Execution**



**Customer Success**



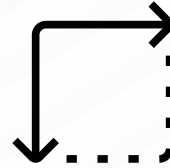
**R&D Investment**

# Building the Most Indispensable Platform for the Controllership



## Enhancements

Investing development resources to rapidly advance platform functionality



## Product Adjacencies

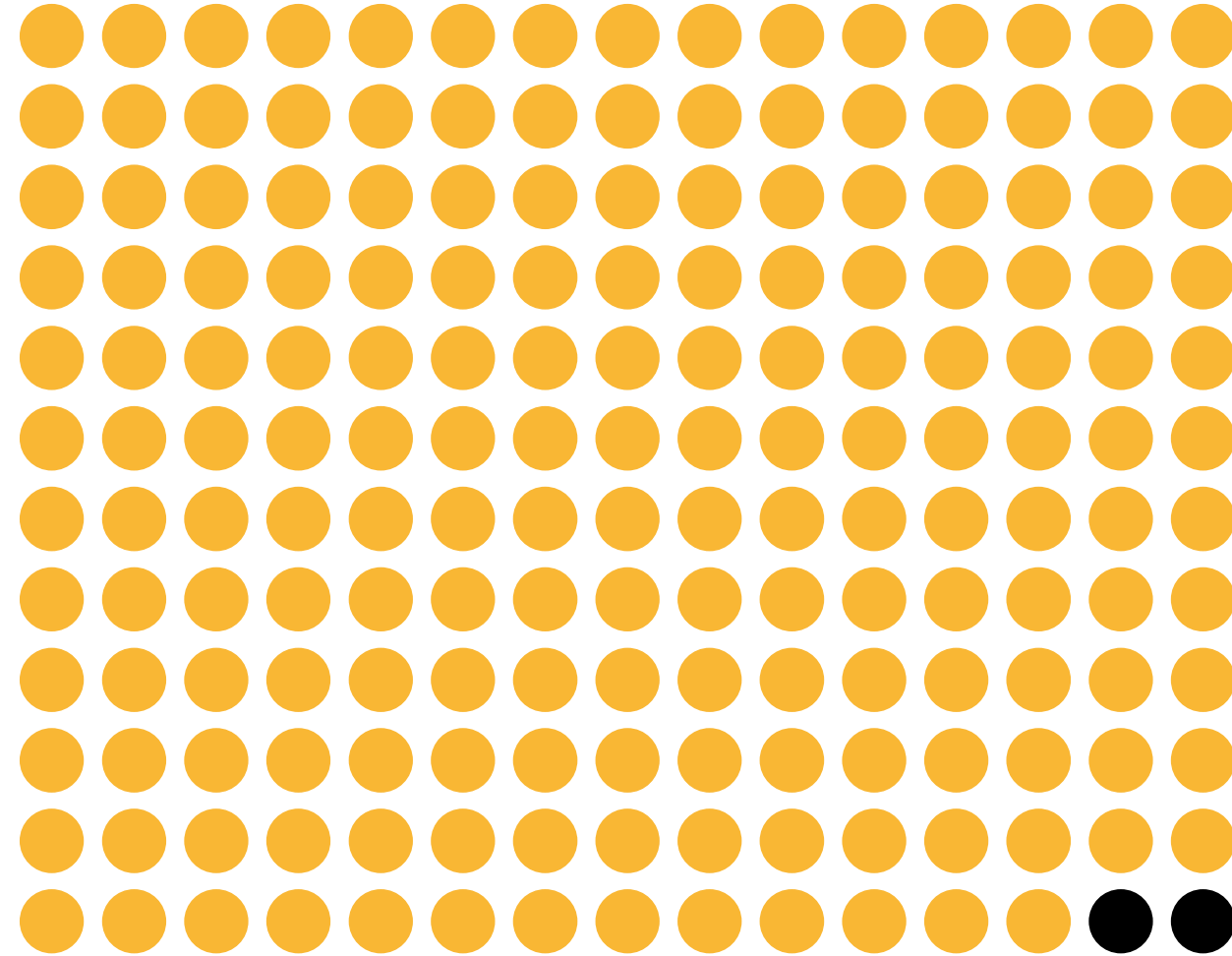
Enabling end-to-end optimization and automation of new accounting use cases



## Platform Modernization

New platform services and scalability to support growing customer needs

# Large & Underpenetrated Addressable Market



# \$28B+

**\$18.5B financial close market**<sup>1</sup>  
**\$10B accounts receivable market**<sup>2</sup>

comprised of 165,000 target customers

**\$352M** BlackLine LTM revenue  
comprised of ~3,400 customers<sup>3</sup>

<sup>1</sup> Source: Frost and Sullivan/2018 TAM for Core Products. Assumes 165,000 target customers.

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

<sup>3</sup> As of December 31, 2020





# Strong & Passionate Management Team



**Marc Huffman**  
Chief Executive Officer &  
Board Member



**Mark Partin**  
Chief Financial Officer



**Mark Woodhams**  
Chief Revenue Officer



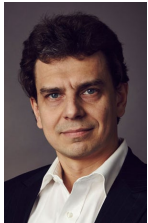
**Pete Hirsch**  
Chief Technology Officer



**Tammy Coley**  
Chief Transformation  
Officer



**Lisa Schrieber**  
Chief Customer Officer



**Max Solonski**  
Chief Security Officer



**Karole Morgan-Prager**  
Chief Legal and  
Administrative Officer



**Susan Otto**  
Chief People Officer



**Andres Botero**  
Chief Marketing Officer



**Patrick Villanova**  
Chief Accounting Officer

March 2021

# Product Strategy

**Pete Hirsch**

Chief Technology Officer



# A Technology Foundation for the World's Largest Enterprises

**SaaS**

Cloud Architecture

**One**

Version for all Customers

**99.99%+**

Uptime Availability

**Secure**

Highest ISO, SOC Certifications

**10B**

Transactions Loaded

**232M**

Journal Lines Processed

# Product Vision – The Most Indispensable Platform for the Controllership



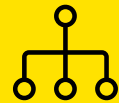
# Investing to Drive the Future of Accounting



**Team**



**Google  
Cloud**



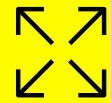
**Open  
Platform**



**Functional  
Innovation**



**User  
Experience**

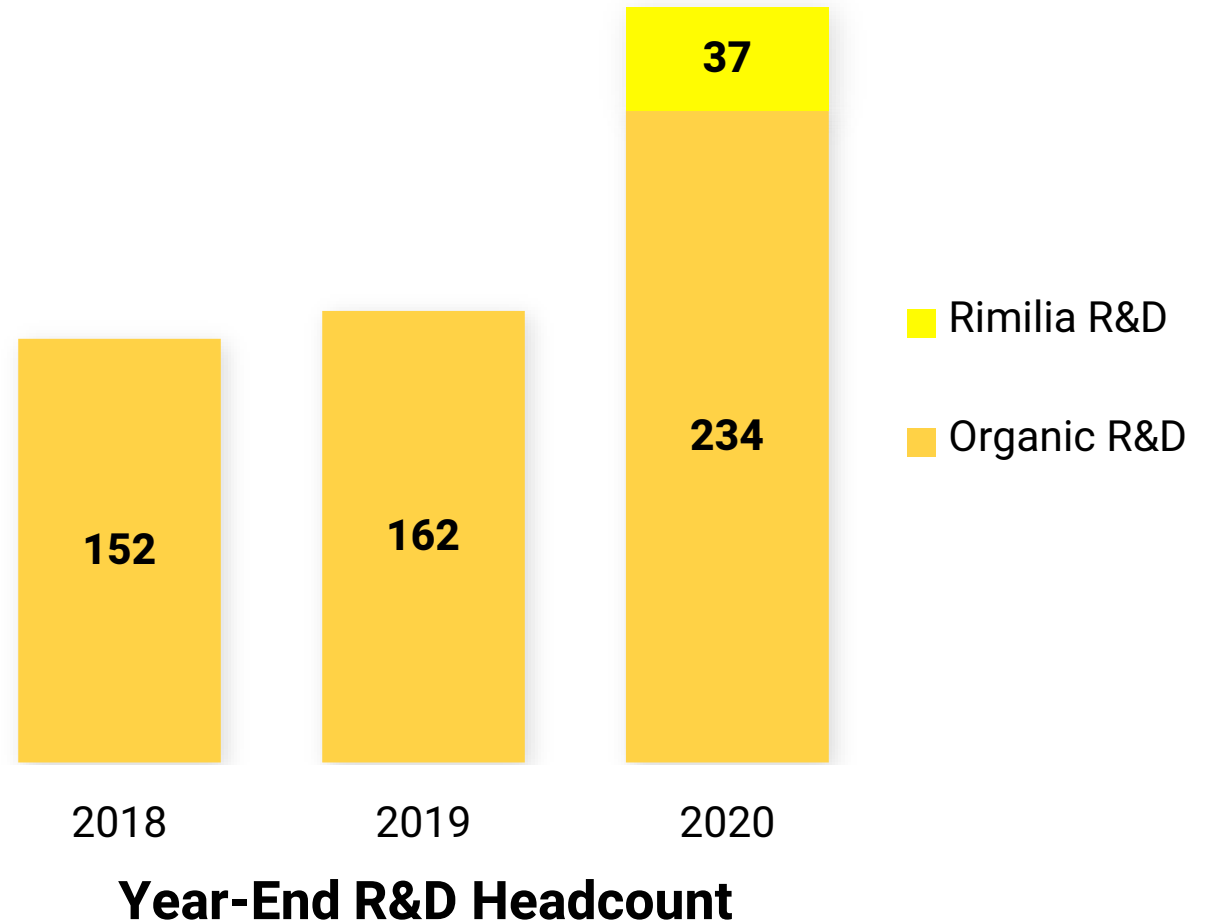


**Solution  
Expansion**

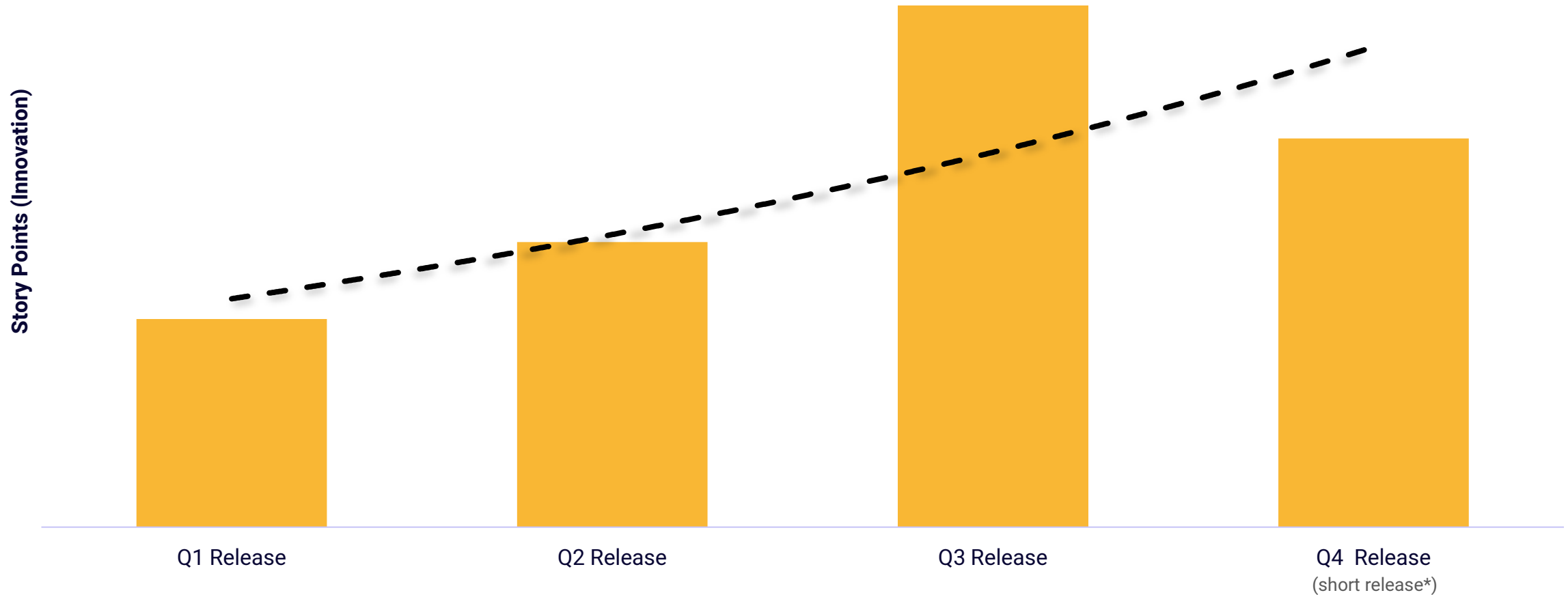
# Accelerating Product Investment

**44%**

Organic R&D  
Capacity Growth



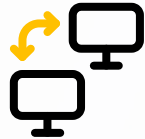
# Accelerated Innovation by 125% (2x+ YOY)



\* The Q4 Release has a 2-month release cycle rather than a 3-month release cycle due to year-end close, so it only has 2/3rds the innovation capacity of Q2 and Q3



# Major Deliveries in 2020



## Open Platform

Developer Portal  
APIs



## Account Analysis MVP

Transaction Classification  
Journal Analysis



## New UX Preview

New UI design  
Accessibility



## 3x Scalability for Journals

Performance  
Throughput



## Enhanced International Support

New support for Japanese  
Enhanced quality and breadth of localization



## First GCP Customers

SOC Certification  
First Pilot Customers



# Top Strategic Themes for 2021



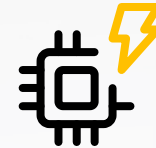
## Customer Value and ARR Growth

- AR products and integration
- Delivering and building on Account Analysis
- Innovation in ICH and Journals
- UX as a competitive differentiator
- Finance Automation



## Platform Modernization and Scale

- Building out the next layer of the platform
- Massively scalable data transformation services
- Migrating customers to GCP

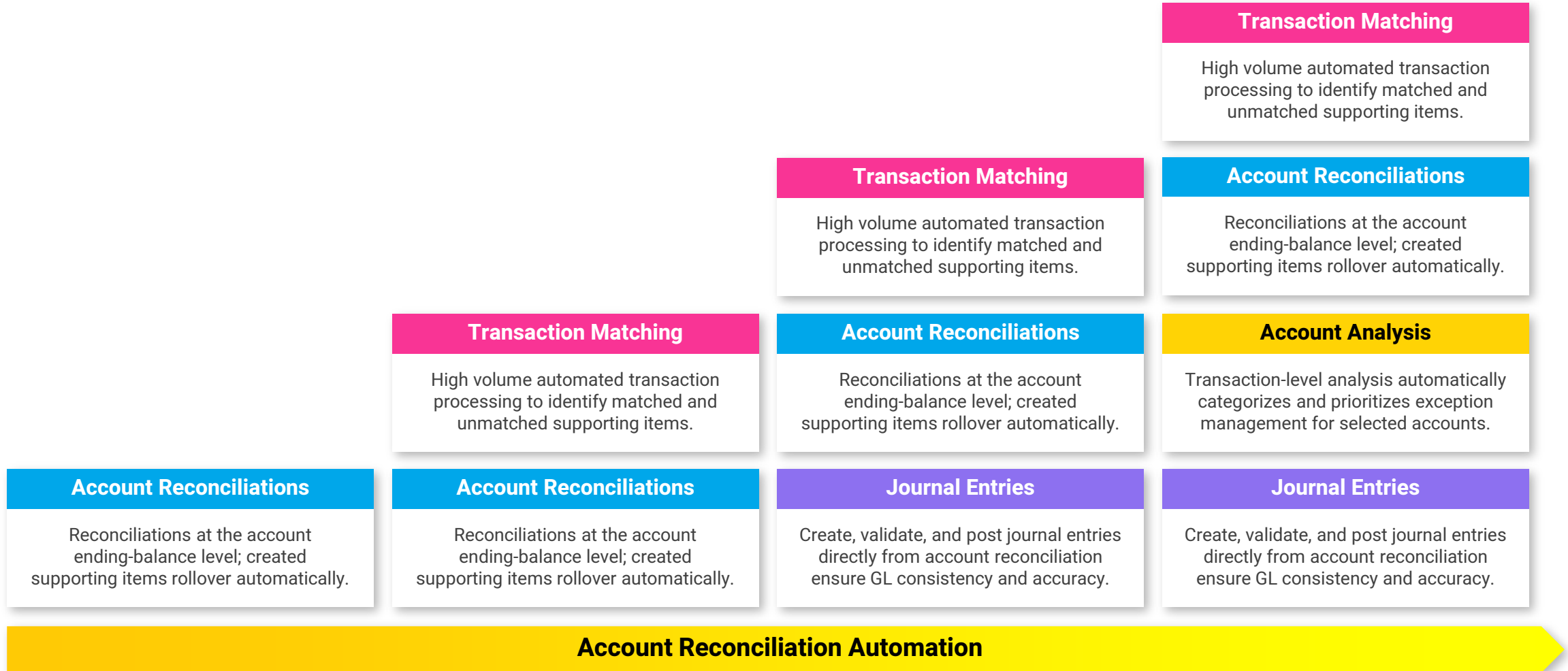


## Operational Excellence

- Quality
- Operational controls
- Security
- Incident response

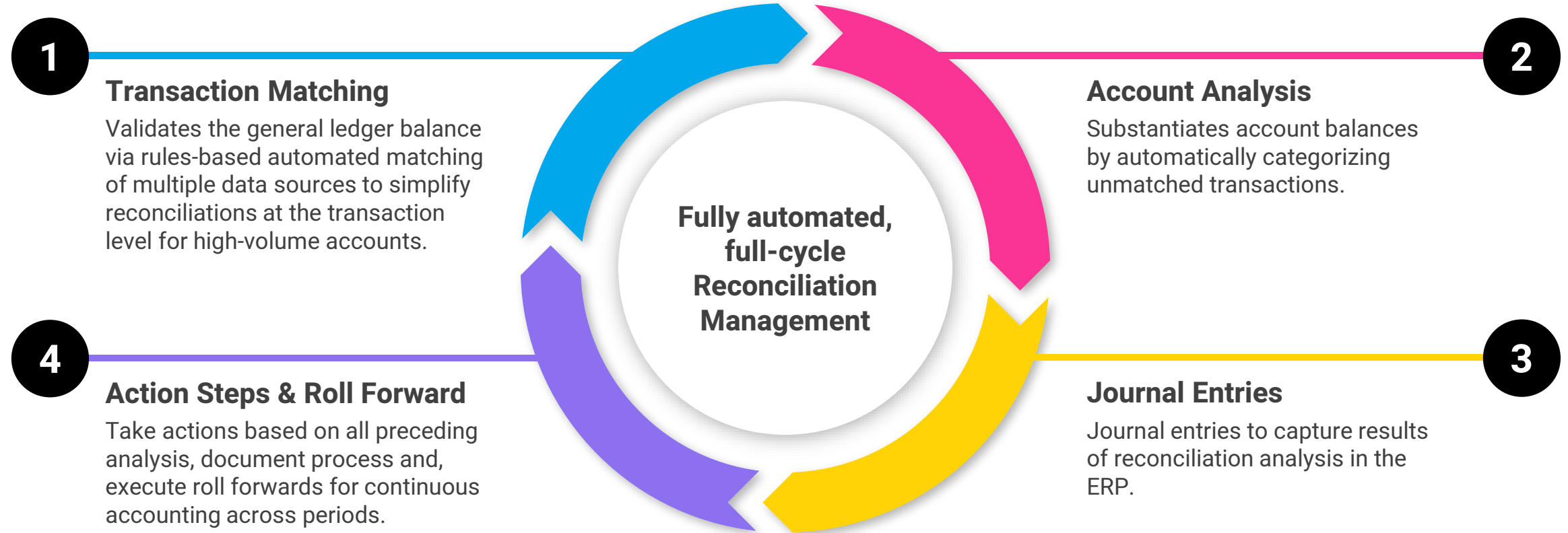
# Extending the Reconciliation Automation Suite

How the full Reconciliation Automation suite works together for high-volume, high-risk accounts



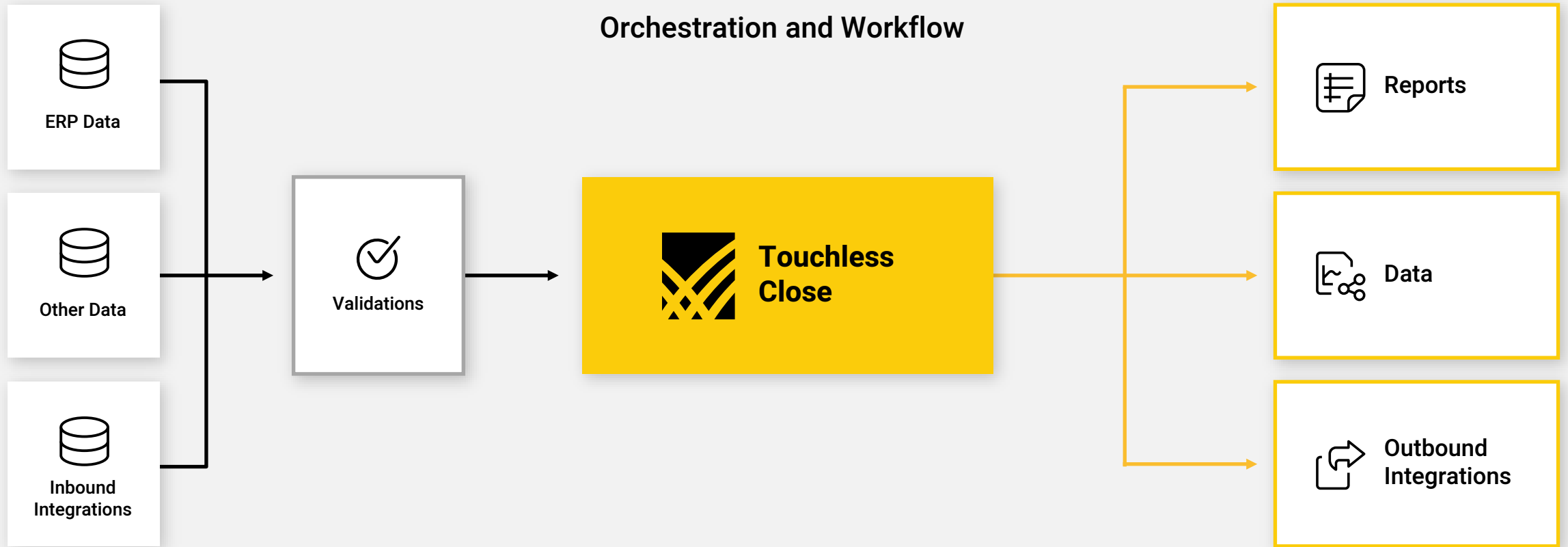
# Evolution of our Reconciliation Automation Suite

With Account Analysis, BlackLine continues to build on its pioneering innovation in reconciliation automation



# Finance Automation

Finance Automation connects and automates all financial close processes with native, intelligent RPA - leveraging BlackLine solutions, customer ERPs and other 3rd party applications, with the goal of making it a **Touchless Close**.



# AR Automation

- Enhance functionality and scalability for Cash Application
- Integrate with Financial Close suite for greater cash management
- Bring AR Intelligence to market



Sneak Preview of AR Intelligence



# Modernizing the Platform

It all begins with GCP and customer migration

But GCP is just the first step!

Built out of new platform services:

- Big Data transformation service
- Text search for matching, analysis, UI typeahead
- Data platform, analytics, predictive, ML
- Identity management for APIs and integrated authentication
- Microservices and containerization
- Integration platform and connectors

From 10B transactions to **100B!**



New Data Transformation Service (DTS)

March 2021

# Go To Market Strategy

**Mark Woodhams**

Chief Revenue Officer



# Strength Across Geographies, Sectors & Sizes



CONSUMER AND RETAIL



TECHNOLOGY



INDUSTRIAL AND ENERGY



HEALTHCARE



SERVICES



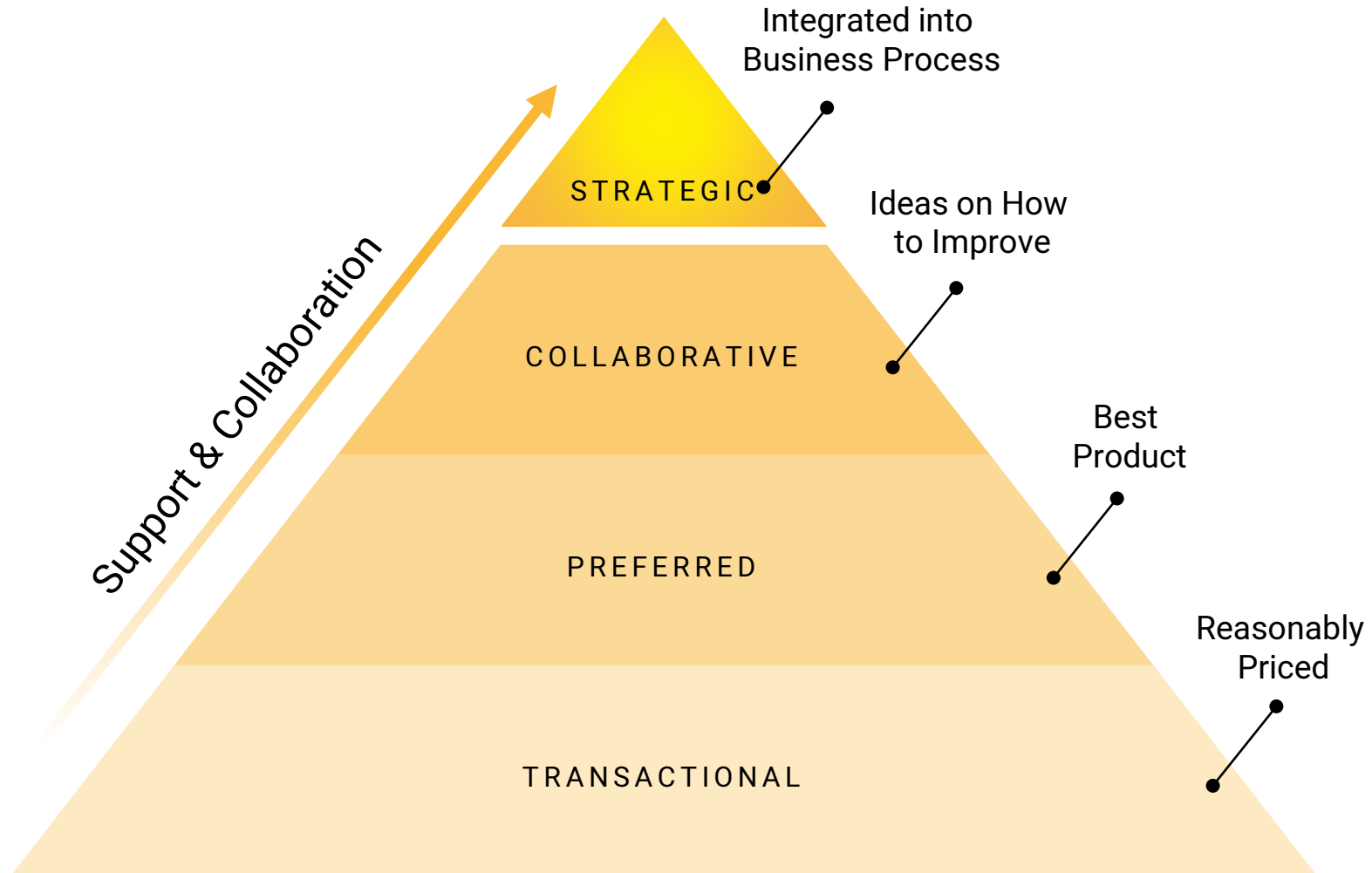
FINANCIAL SERVICES





# Indispensable Platform for the Controller

Our goal is to be a strategic partner that leads our customers on their accounting transformation journeys



# Our Go To Market & Customer Strategy

## ENTERPRISE

> \$750M ANNUAL REVENUE

## MID-MARKET

\$50M - 750M ANNUAL REVENUE

## ACCOUNT EXPANSION

~1 YEAR AFTER INITIAL SALE

Global Sales  
Deployment

BlackLine Direct Sales

BlackLine Account Management

SAP Reseller through SolEx

Partner Ecosystem (Channel, SIs, BPOs, ERP, Consulting)

Global  
Customer  
Team

Value  
Architects

Professional  
Services

Customer Success  
Management

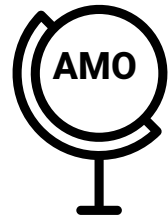
Digital  
Transformation  
Specialists (AIT)

Support

Community

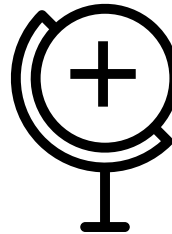
# 2021 GTM Themes

1



Global Account  
Management

2



New Business  
Focus

3

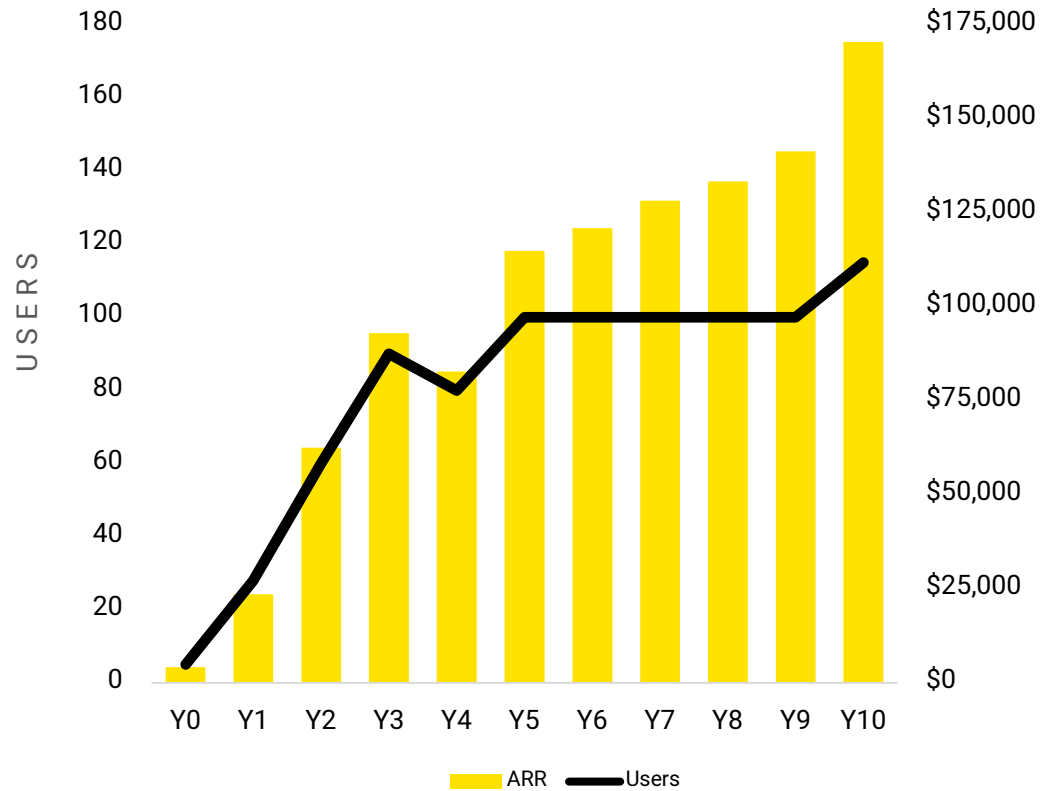


Accounts  
Receivable Automation

# Customer Expansion in Action

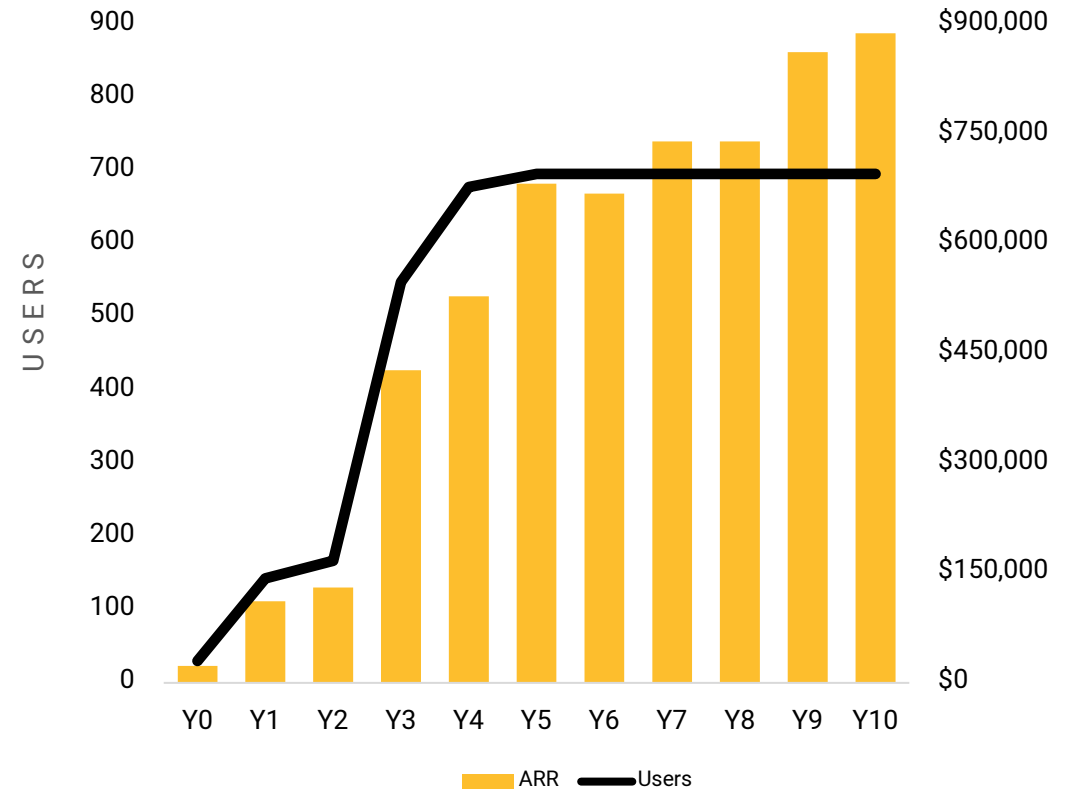
## Mid-Market Customer

Financial Services Company *Current ARR of ~\$170K*

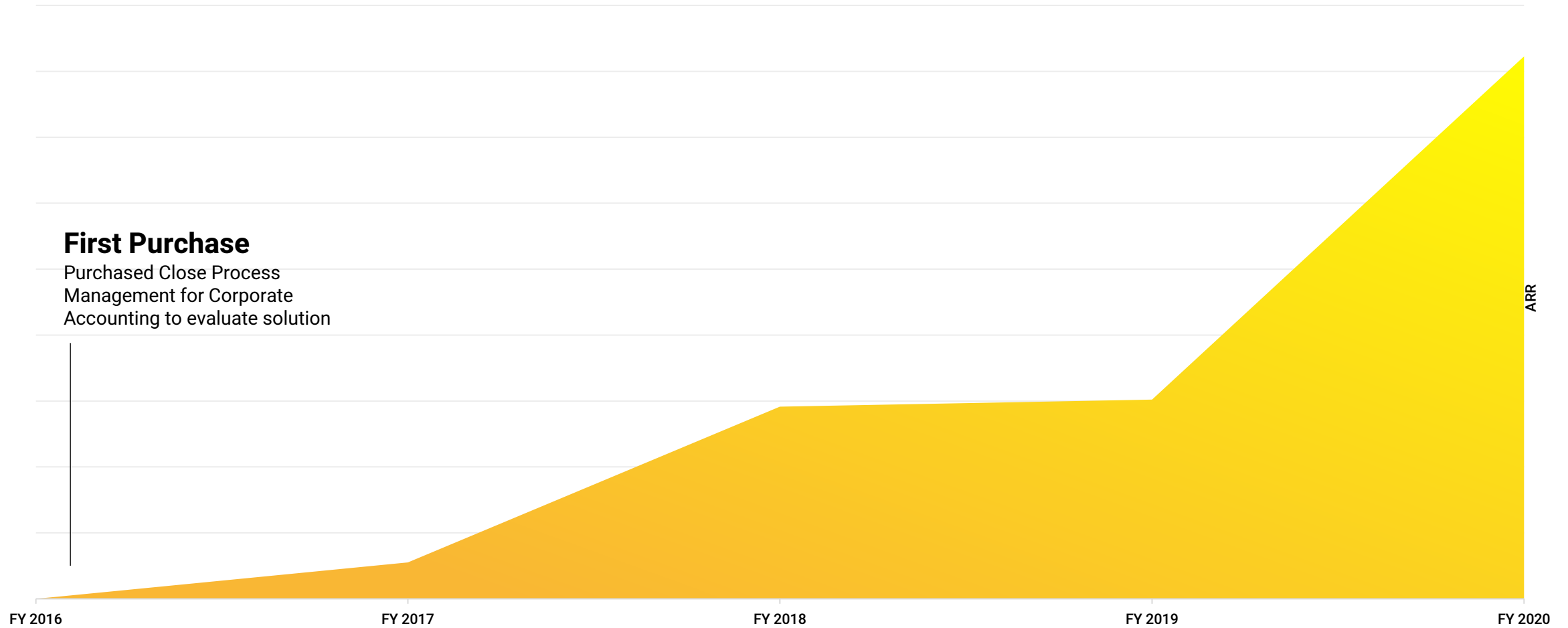


## Enterprise Customer

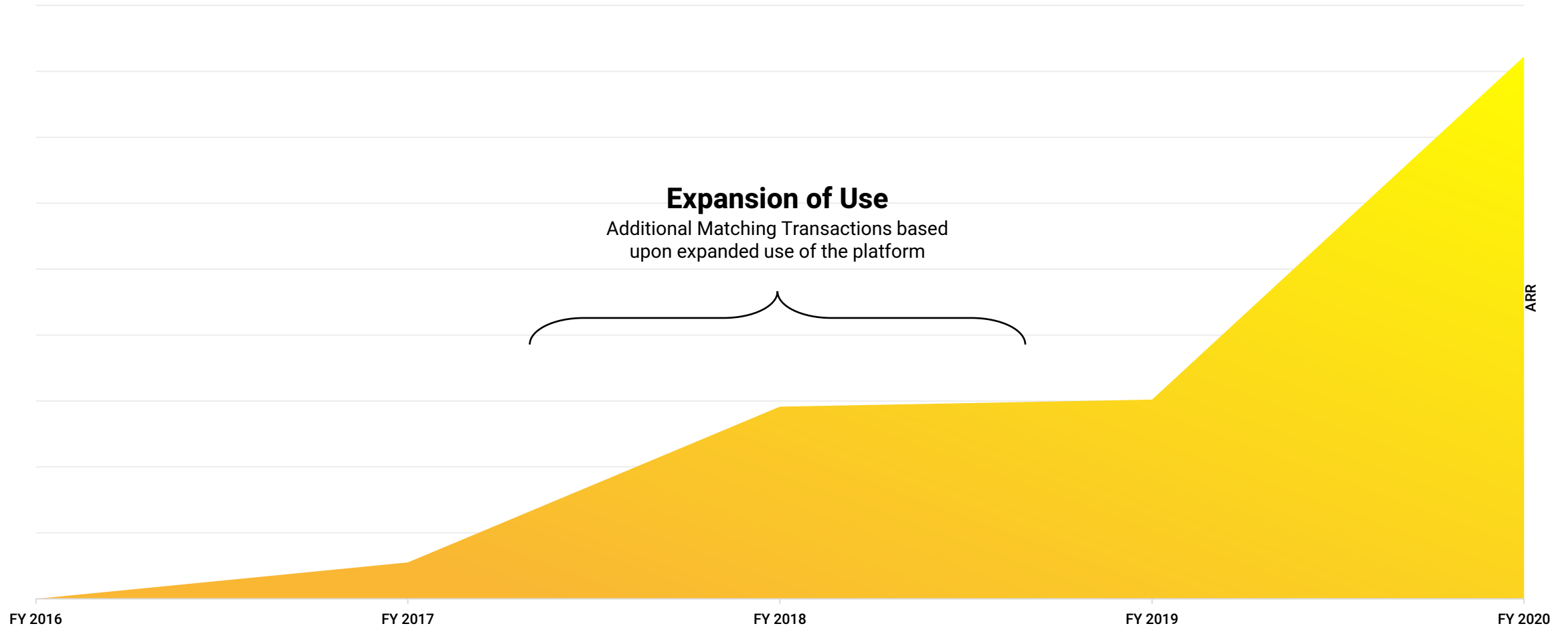
Global Industrials Company *Current ARR of ~\$900K*



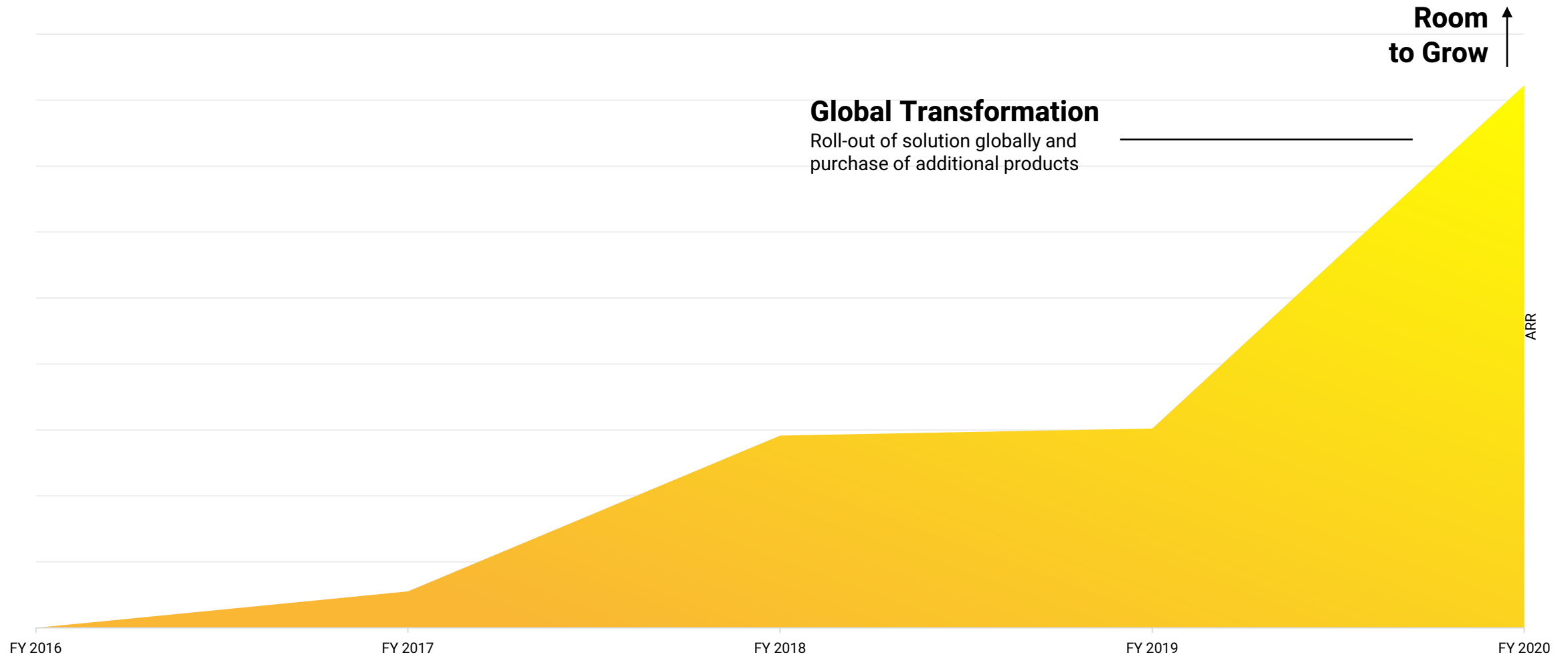
# Fortune 100 Apparel Brand >\$1M ARR



# Fortune 100 Apparel Brand >\$1M ARR

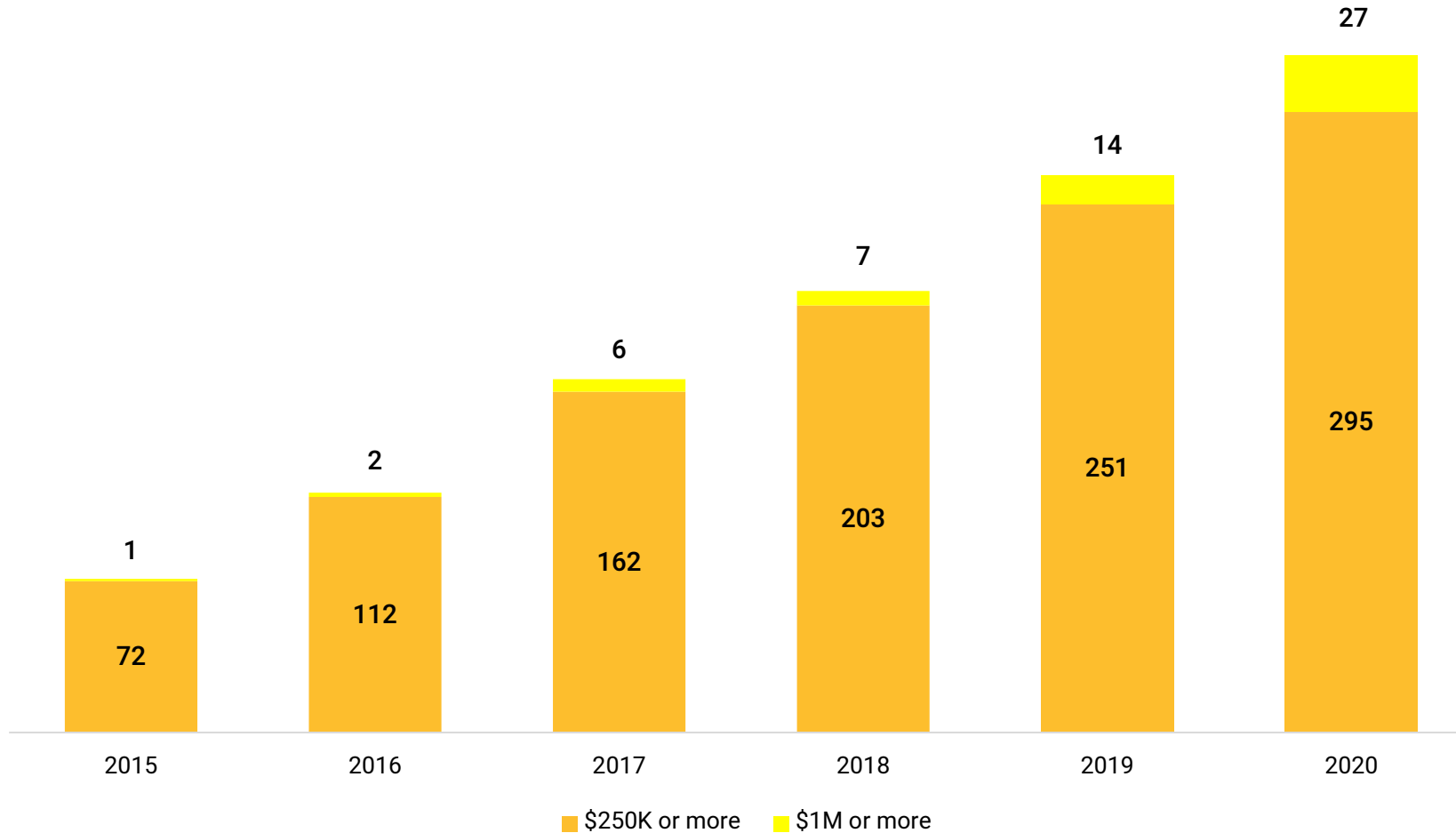


# Fortune 100 Apparel Brand >\$1M ARR



# Continued Growth in Large Customers

More than 320 customers with an ARR<sup>1</sup> of \$250K+



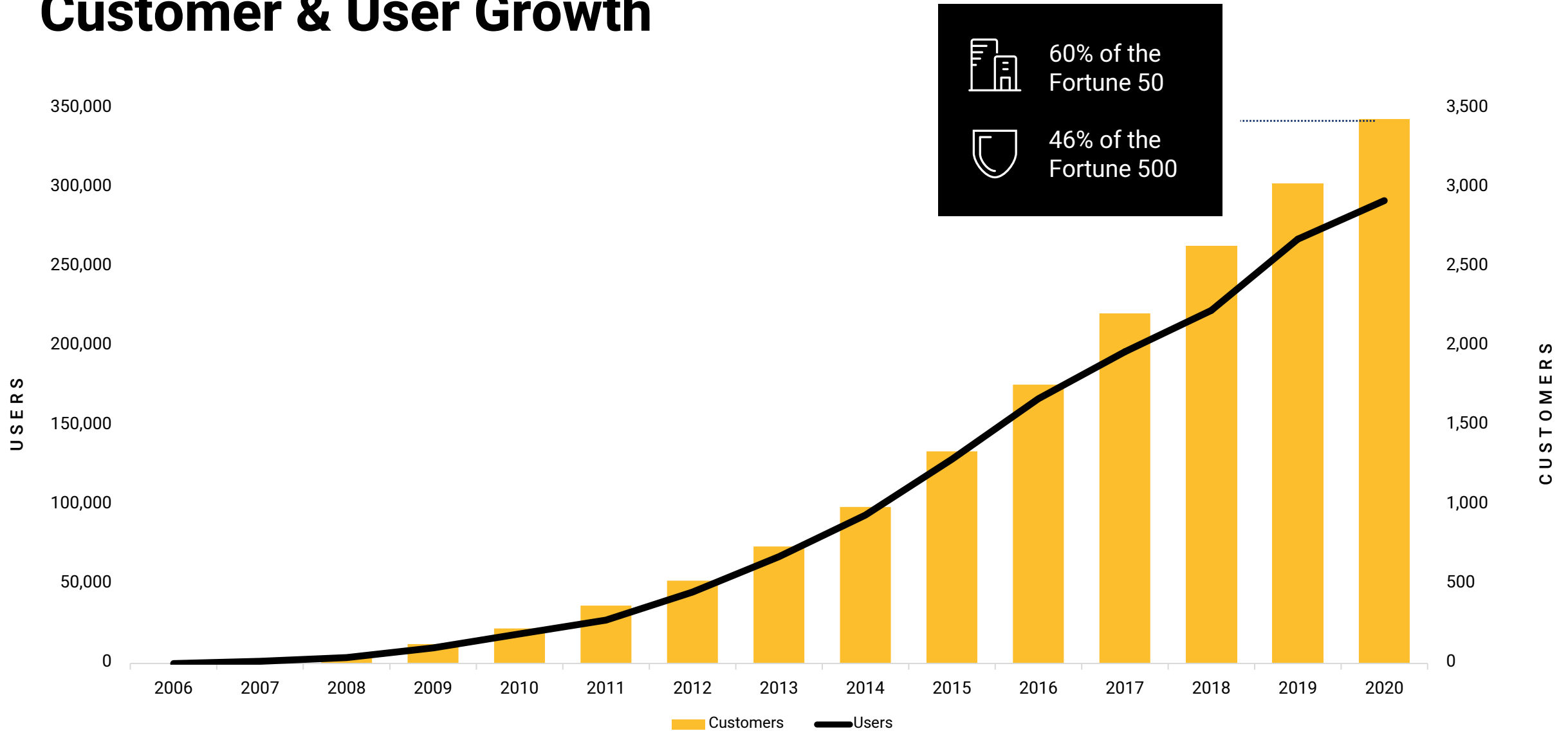
# 35%

CAGR in customers  
spending \$250K or more

<sup>1</sup>ARR refers to annual subscription and support revenue.

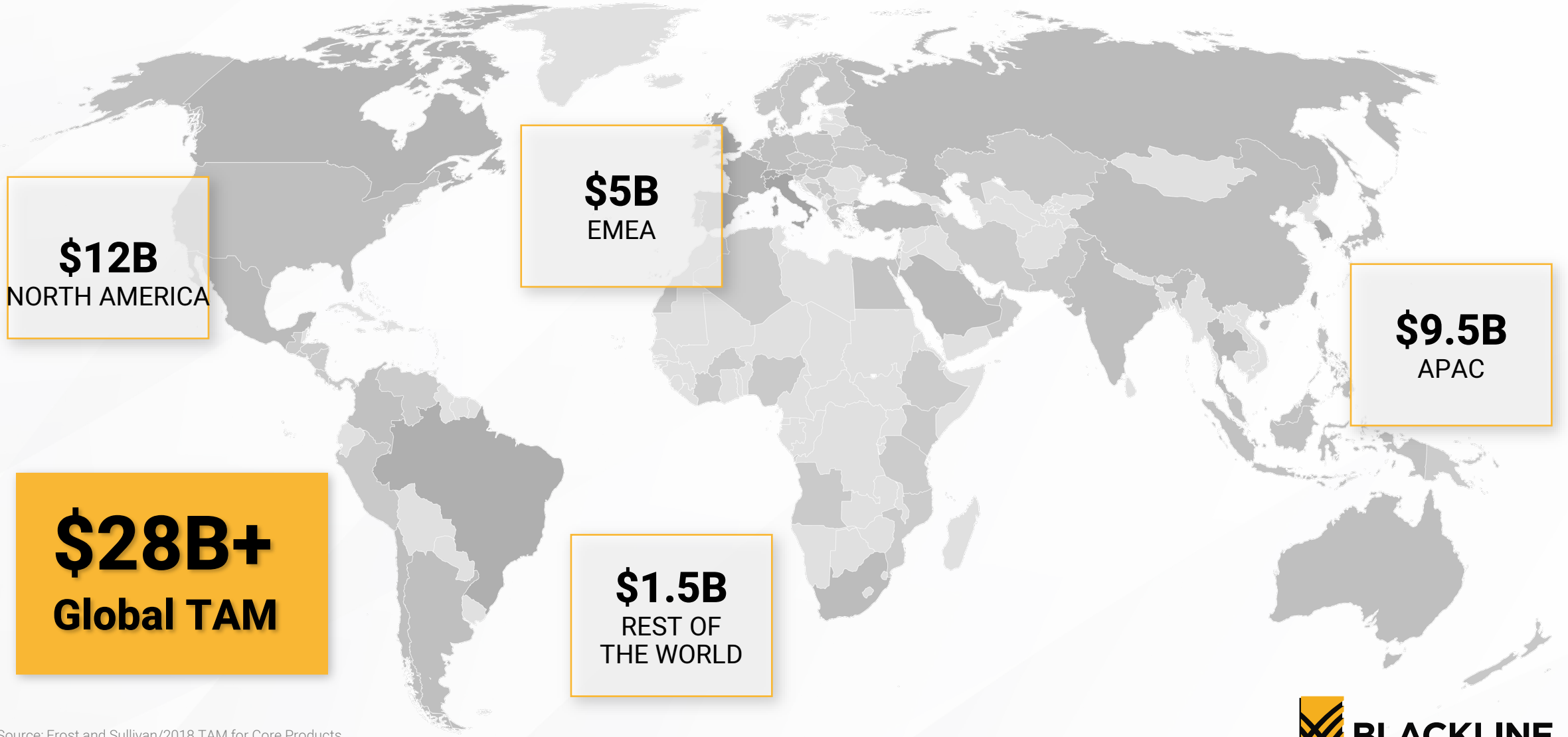


# Customer & User Growth



2017 – 2020 includes adoption of strategic products that do not impact the user count.

# BlackLine's TAM by Region



Source: Frost and Sullivan/2018 TAM for Core Products

# MAP Customer Journey Approach

MAP continues to drive volume and value for our customers in the Mid-Market

2

Implementation &  
Roll-out

3

Expansion &  
Optimization

4

Finance  
Transformation

1

Initial Sale

**200+**

MAP New Logos

Nearly 50% of new  
logo volume in 2020

**2x**

Shorter Sales Cycles

Driving faster sales cycles  
in the mid-market

**1.6x**

Faster Implementation

Driving faster time to  
value for customers in the  
mid-market

# The Collaborative Accounting Experience

A community of expertise dedicated to driving modern accounting



## Guided.

### Clear Path to Modern Accounting

Leading practices guide the customer journey

We help companies achieve KPIs for success

Trusted partners in transformation



## Connected.

### Global Community of Expertise

75+ Alliances Partners

290k+ users around the world

BlackLine Community & User-Focused Events



## Committed.

### Pioneer & Leader in Financial Close

3,400+ customers

1,200+ BlackLine experts

Dedicated to modern accounting



# Leveraging the BlackLine Partner Ecosystem



Represents a sample of BlackLine's partner ecosystem.

# How We Continue to Win

BlackLine helps customers unify their data and processes, automate repetitive work, and drive accountability through visibility



- Customer centricity
- End-to-end accounting automation technology
- Unified customer experience
- Strong partner ecosystem
- Happy, referenceable customers
- Highly scalable and configurable
- ERP agnostic
- Deep accounting domain knowledge
- Expanded functionality for the controller

# GTM Takeaways

1



Experienced GTM  
Team

2



Recognized Market Leader

3



Continued Investment  
in Product Innovation

4



Commitment to  
Customer Success

March 2021

# Partner Ecosystem

**Mel Zeledon**

SVP Channels & Alliances







# Mel Zeledon

SVP Channels & Alliances

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## PRIOR EXPERIENCE

workday.

IBM

Adaptive  
Insights 

**SIEBEL**

ORACLE

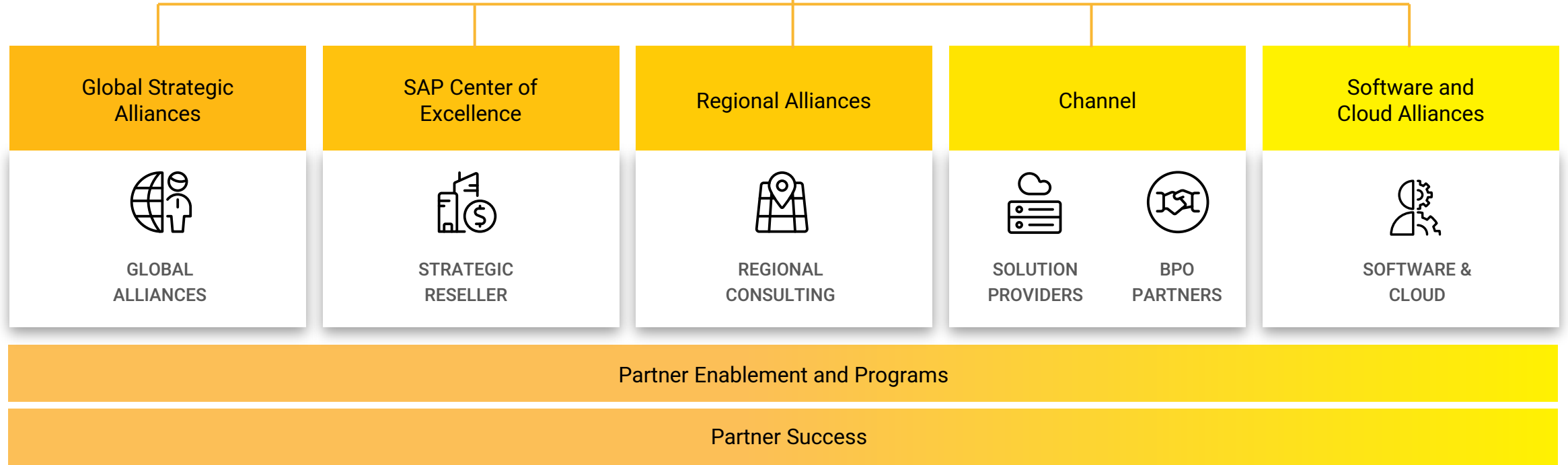
COGNOS<sup>®</sup>

# Hyperion<sup>™</sup>

 **BLACKLINE**

# Organization

## SVP Channels & Alliances



CHANNELS & ALLIANCES MISSION

**Accelerate and scale** BlackLine's business by building, enabling and leveraging a **high-quality** partner ecosystem that drives sustained **growth and customer success.**



# Comprehensive Partner Enablement Program

Partner enablement initiative will facilitate many partner plays



**Self-Sufficient  
Partners**



**Sustained Partner  
Quality**



**Accelerate Partner  
Investment**

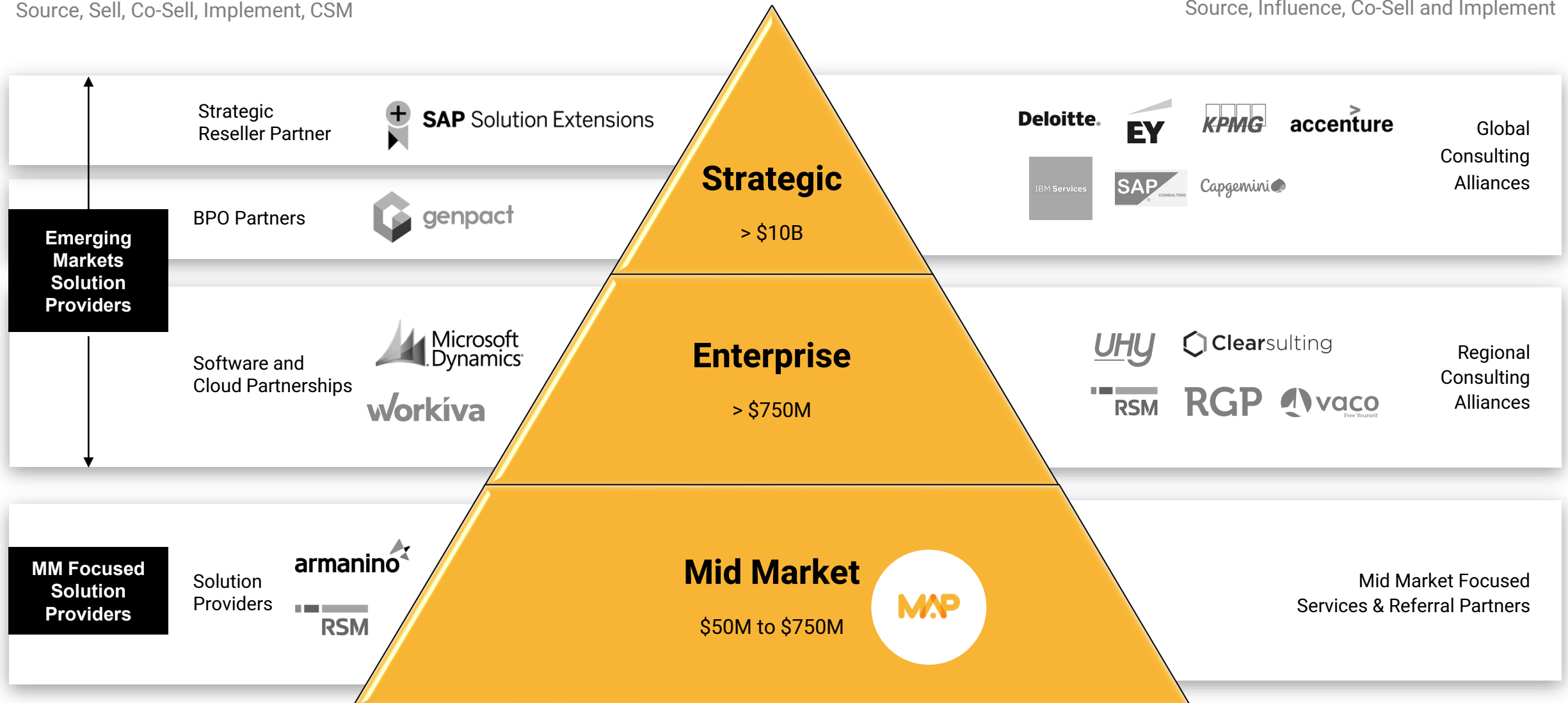
# BlackLine's Partner Ecosystem

## Channel (Resellers / Solution Providers / BPO)

Source, Sell, Co-Sell, Implement, CSM

## BlackLine Services Alliances

Source, Influence, Co-Sell and Implement



# BlackLine + SAP

BlackLine is well positioned to be front and center with SAP



SAP's Cloud Focus

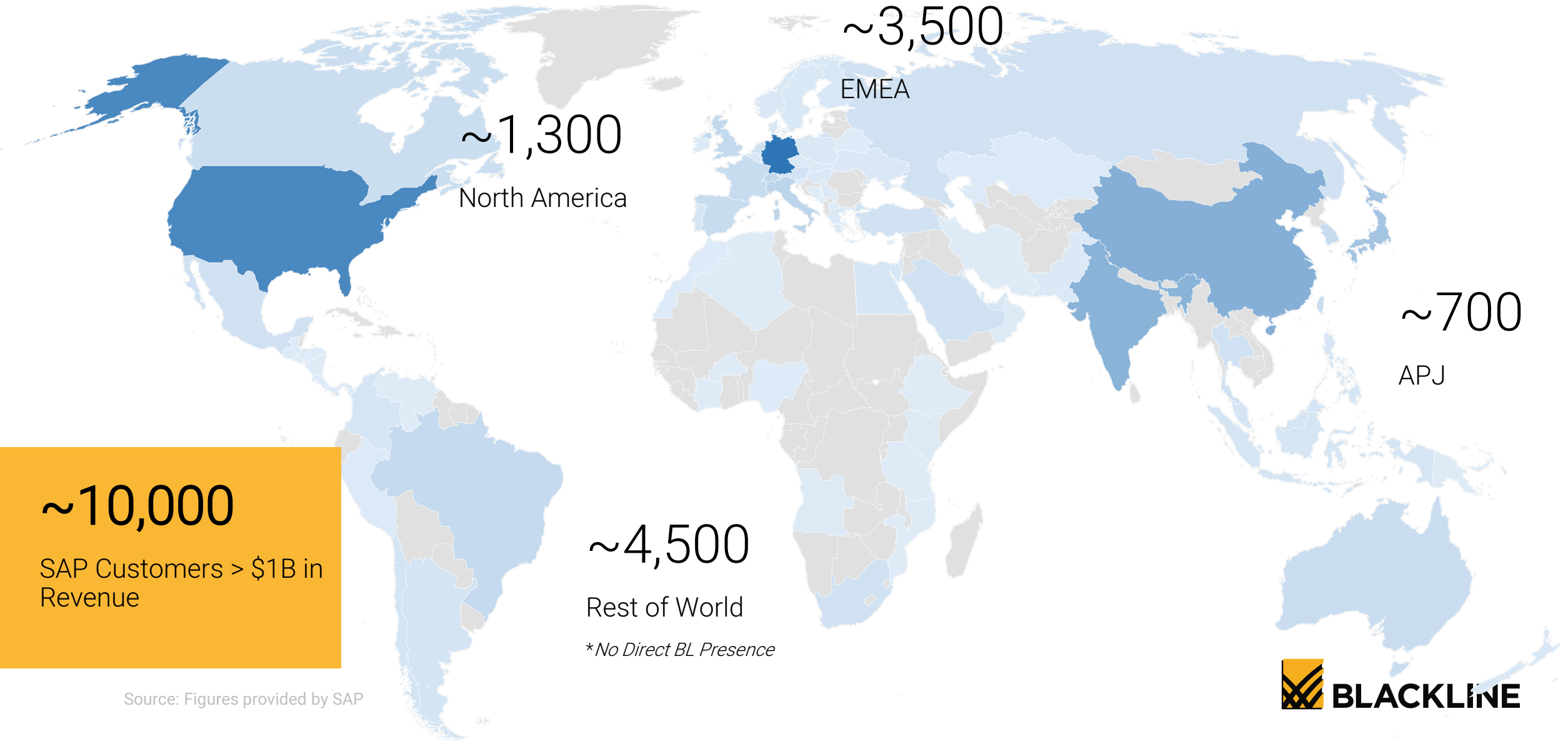


RISE Initiative



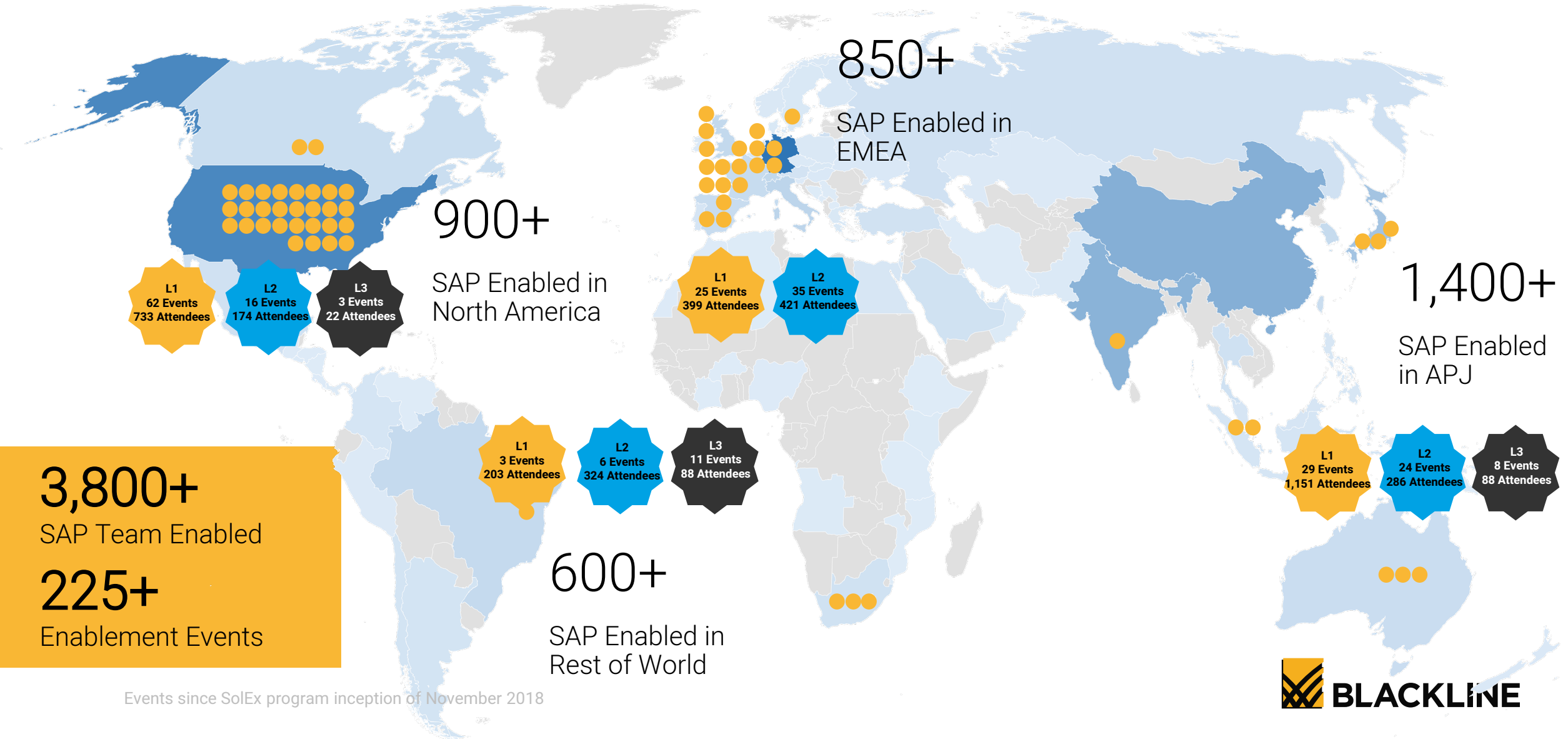
S/4HANA Migration

# BlackLine's SAP TAM with SolEx



Source: Figures provided by SAP

# Global SolEx Enablement Efforts





# BlackLine's Message Became SAP's

## SAP's 8-Part Blog Series About BlackLine

Elizabeth Milne   
May 3, 2019 4 minute read

### SAP & BlackLine: Improving the End-To-End Financial Close Process, Together

4 Likes 3,344 Views 0 Comments

Elizabeth Milne   
May 3, 2019 3 minute read

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### Understanding the many applications of "Reconciliation" – How SAP Account Substantiation and Automation by BlackLine Complements SAP S/4HANA

3 Likes 2,964 Views 1 Comment

Elizabeth Milne   
May 3, 2019 2 minute read

Eliza  
Moll

### How SAP Account Substantiation and Automation by BlackLine Complements an SAP Central Finance Deployment

2 Likes 1,472 Views 0 Comments

Elizabeth Milne   
May 3, 2019 3 minute read

Elizab  
Molly

### The Universal Journal and Journal Entry Functionality in SAP Account Reconciliation and Automation by BlackLine Explained

3 Likes 1,916 Views 0 Comments

Elizabeth Milne   
May 3, 2019 5 minute read

### SAP ERP solutions have intercompany reconciliation functionality (ICR). Why would I need SAP Intercompany Financial Hub by BlackLine?

2 Likes Elizabeth Milne   
May 3, 2019 3 minute read

### Making Sense of Transaction Matching: How SAP Solution Extensions by BlackLine Solutions Enhance SAP Innovations

0 Likes Elizabeth Milne   
December 5, 2019 6 minute read

### SAP Intercompany Financial Hub by BlackLine and SAP S/4HANA Intercompany Matching & Reconciliation, How they work together

0 Likes Elizabeth Milne   
April 2, 2020 5 minute read

### Managing Financial Close Tasks: An Ideal Combination of SAP Solutions

5 Likes 1,145 Views 0 Comments

~100  
SolEx Customers

## BlackLine SolEx Customers Represent the Largest Companies in the World

- 1 of the Fortune 3
- 3 of the Fortune 15
- 5 of the Fortune 100
- 12 of the Fortune 1000
- Among growing number of large customers across multiple industries

# SolEx

## Partnership Highlights

- Starting third year of SolEx partnership
- High Growth, engagement and success rate

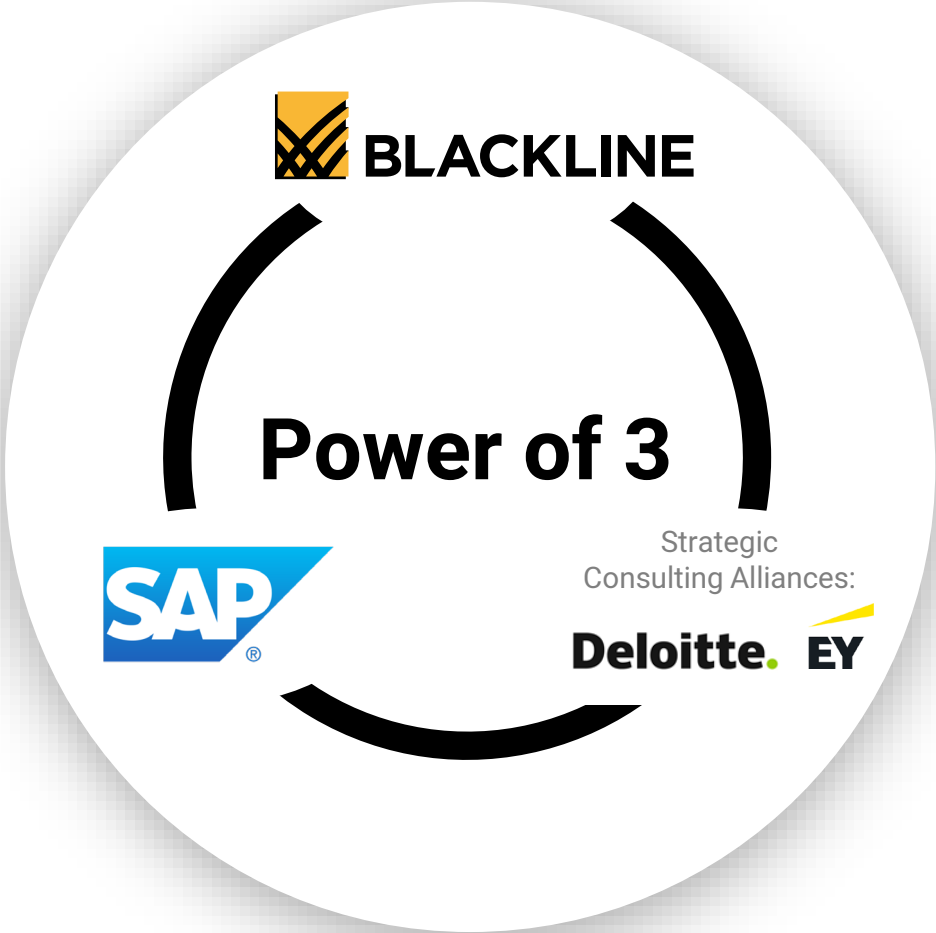
# 2021

## Initiatives

- Industry Positioning
- RISE with SAP alignment
- BlackLine field SolEx certification and engagement

# Power of 3

Leverage strategic alliances to maximize deal execution and customer success



# Global Consulting Alliances

Our global consulting partners are key to our success in the enterprise



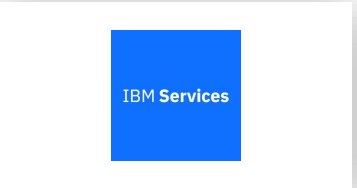
Market Validation



C-Suite Access & Influence



Complex Deployments



# Metrics for Success

How we determine success with our global consulting partners

1

**Influence &  
Recommendation  
for Top Logo  
Pursuits**

2

**Profitable Growth in  
Their BlackLine  
Practices**

3

**Customer Success  
in All Customer  
Deployments**

“2020 was a challenging year for many companies and CFOs in particular. Many of those challenges continue despite increased confidence in day-to-day operations. As we move into 2021 with brighter days on the horizon, leading companies are accelerating their investments in cloud-based solutions like BlackLine with “out of the box” automation capabilities. They want to be positioned to better leverage the increased pace of digital change and distance themselves from their competition.”

- GLOBAL CONSULTING ALLIANCE PARTNER



“Technology limitations have been central to many of the barriers that F&A teams have faced during the pandemic. Just as companies have recognized that technology is necessary to support virtual meetings and conferences, they should also recognize the value in implementing technology that allows F&A teams to seamlessly access systems remotely, reduce manual processes, and ultimately improve the visibility and accuracy of financial data.”

- GLOBAL CONSULTING ALLIANCE PARTNER





March 2021

# Global Accounts Receivable

**Kevin Kimber**

Managing Director – Global Accounts Receivable





# Kevin Kimber

Managing Director – Global Accounts Receivable

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## PRIOR EXPERIENCE

servicenow™



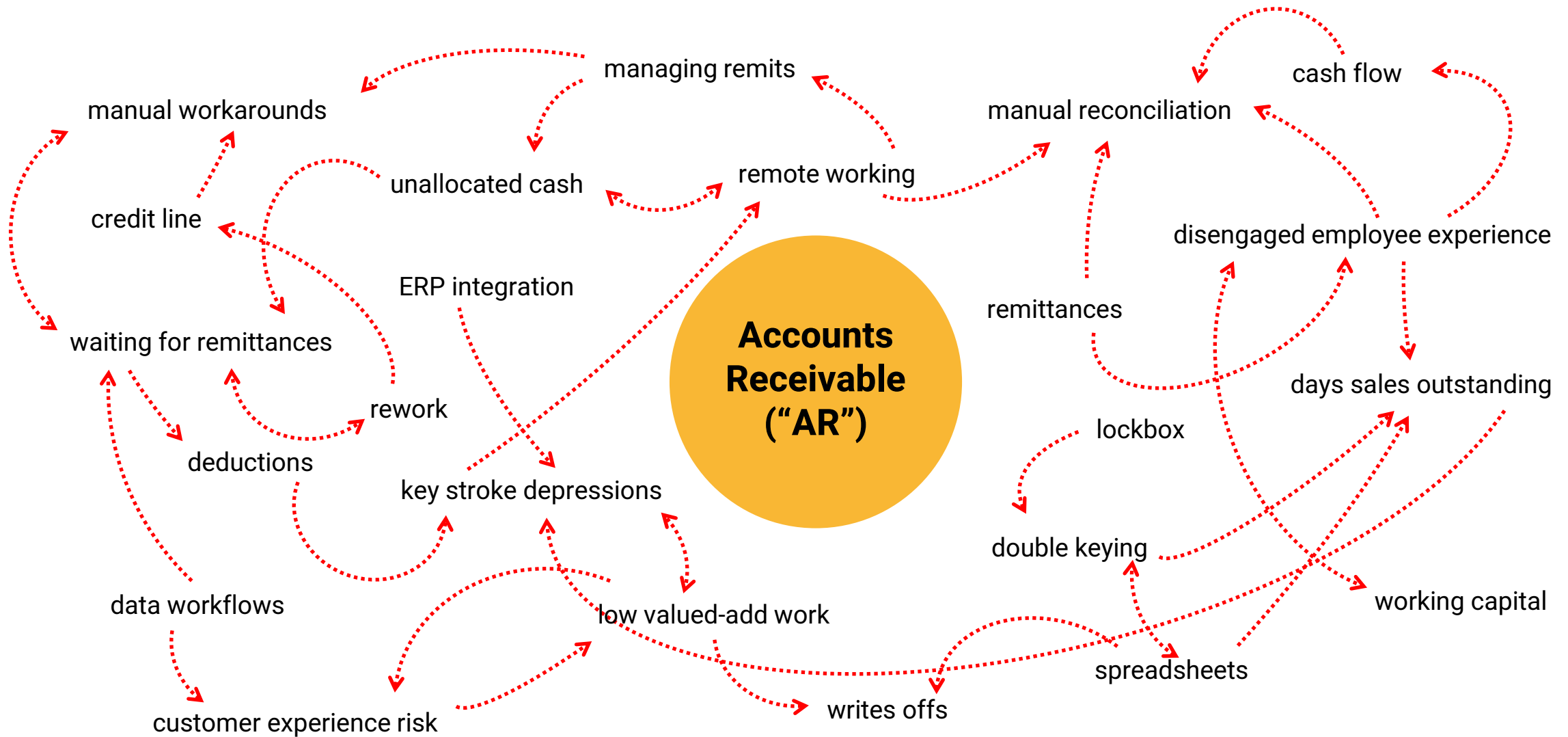
8<sup>oo</sup> EIGHT ROADS™

zuora

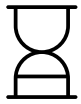
Rimilia   
Software finance people love



# Cash is Held Hostage By Manual AR Processes



# Manual AR Processes Are Not Sustainable



## Time

---

Manual payment processes consume up to **50%** of cash application effort.

**It takes too long.**



## Risk

---

**\$1.5 trillion dollars** of working capital is held hostage on global balance sheets.

**It's risky.**



## Cost

---

Bottom performers spend **1,500%** more per invoice compared to top performers.

**It's expensive.**



## Morale

---

**34%** of productivity is lost for actively disengaged employees.

**It hurts morale.**

Financial Close  
Management



Accounting  
Automation



Accounts Receivable  
Automation

**Drive accountability through visibility.** Reporting & Dashboards

**Build accuracy, control, and consistency into every process.** Financial Controls from Order to Cash to the Financial Close & Compliance

**Automate the repetitive to enable higher-value work.** Intelligent Automation

**Order to Cash Automation to unlock working capital with real time cash forecasting.** Operational resilience and agility.

**Unify systems and data for a complete financial story.** Secure integrations, ERP connectors & APIs

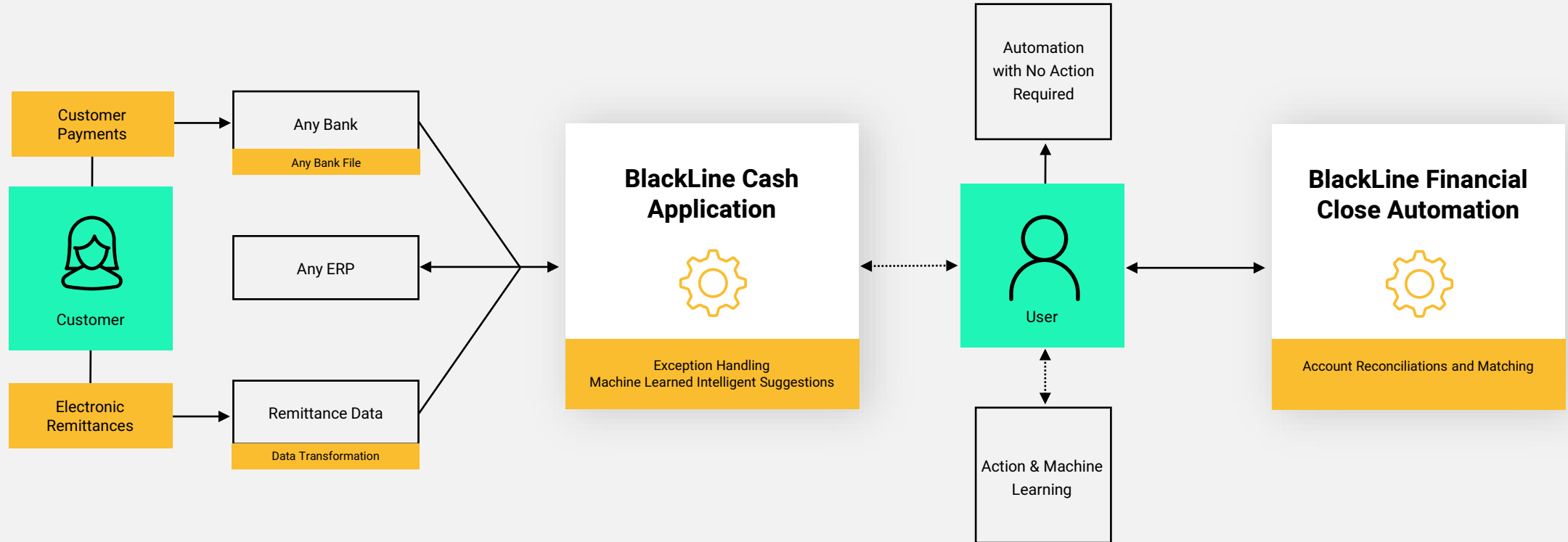


The BlackLine Accounting Cloud



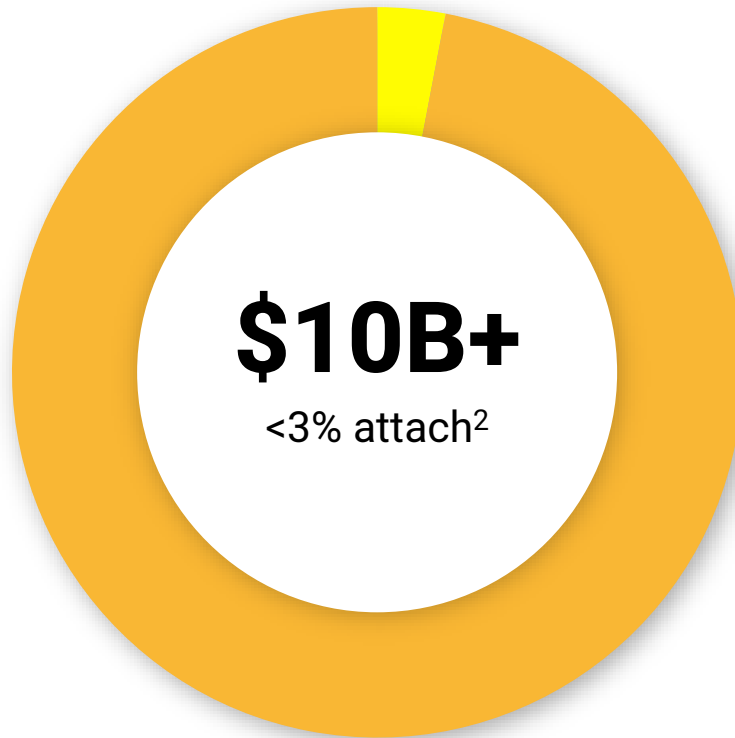
# Intelligent Automation with BlackLine Cash Application

Removes manual effort and provides a streamlined, efficient, and automated process



# Large & Underpenetrated Addressable AR Market

## The Accounts Receivable TAM



- AR is one of the largest assets on a business's balance sheet, but most corporations continue to process transactions manually
- Organizations operate significantly in arrears in customer cash processing and with an ever-increasing backlog
- Management of AR is critical for any business, yet it has received minimal investment to date

<sup>1</sup> Source: Accounts Receivable TAM of \$10B based on independent third-party analysis and assumes ~40,000 target customers in the US, UK, and EMEA with maximum ARR spend of \$250K.

<sup>2</sup> Source: The Hackett Group

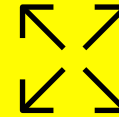
# Accounts Receivable Go To Market Initiatives



**Sell Into the BlackLine  
Customer Base & New Logo  
Acquisition**



**Invest in the AR Team to  
Support AR Automation  
Growth**



**Leverage the  
BlackLine Partner  
Ecosystem**



# BlackLine Customer Base

Focused Efforts in Key Territories and Sectors



---

## Regional Focus

Drive globally with particular focus on North America and EMEA BlackLine customers



---

## High Priority Accounts

Focus on high priority accounts in 'Sweet Spot' Industries with a high volume of invoices/payments



---

## Partner Relationships

Leverage existing partner relationships and influence with BlackLine and SAP customers

# Global AR Support & Resources

**EXISTING BLACKLINE  
CUSTOMER BASE**

UPSELL AND CROSS SELL  
OPPORTUNITIES

**ENTERPRISE**

\$750M+ ANNUAL REVENUE

**MID-MARKET**

\$50M - 750M ANNUAL REVENUE

**Global Sales  
Deployment**

**AR Specialist Overlay Sales Reps  
Supporting Global BlackLine Sales Teams**

**Global  
Customer  
Team**

**Value  
Architects**

**Professional  
Services**

**Customer Success  
Management**

**Digital  
Transformation  
Specialists (AIT)**

**Support**

**Community**

# Leveraging the BlackLine Partner Ecosystem



Represents a sample of BlackLine's partner ecosystem.

# Cash Application Has Pricing Power

Pricing is based on the number of payments being automated throughout the AR platform

**\$1M**

Cash Application ARR Range

**\$50k**

Payment Volume

Considerable room  
to grow with even  
our largest  
customers



# Customer Success by the Numbers

**99%**

up to 99% reduction  
in unapplied cash

**85%**

reduction in  
manual activity

**95%**

of cash applied  
upon receipt

**5-10**

day reduction in DSO  
(Days Sales Outstanding)

# Case Study: Customer Efficiency

## CUSTOMER OVERVIEW

### Industry

Consumer Services

### Company Size

180,000 Employees

### Region

Global

### BlackLine Solutions

Cash Application

## BUSINESS GOALS

### Increase Efficiency & Reduce Costs



## BENEFITS WITH BLACKLINE

- FTE – 16 to 2.5, no extra FTE at month end  
Increased efficiency by 70%
- 75% savings on costs associated with matching  
Unapplied cash reduced to 0.002% of the ledger balance
- 99% of payments applied against invoices on the day they were received
- Lockbox not required

## REAL RESULTS

# 97%

Full-Payment Processing  
Rate (FPPR)

“Cash Application has allowed the Credit Controllers to focus on collecting cash and managing risk. It is no coincidence that in this period we have achieved outstanding cash collections and our bad debts are lower than the industry standard.”

- Credit Manager

# Case Study: Customer Expansion

## CUSTOMER OVERVIEW

### Industry

Healthcare

### Company Size

80,000 Employees

### Region

North America

### Customer Since

June 2016

### BlackLine Solutions

Cash Application

### ARR Expansion

Planned expansion to additional divisions is expected to drive growth in ARR

(\$000s)

\$1,200

\$1,000

\$800

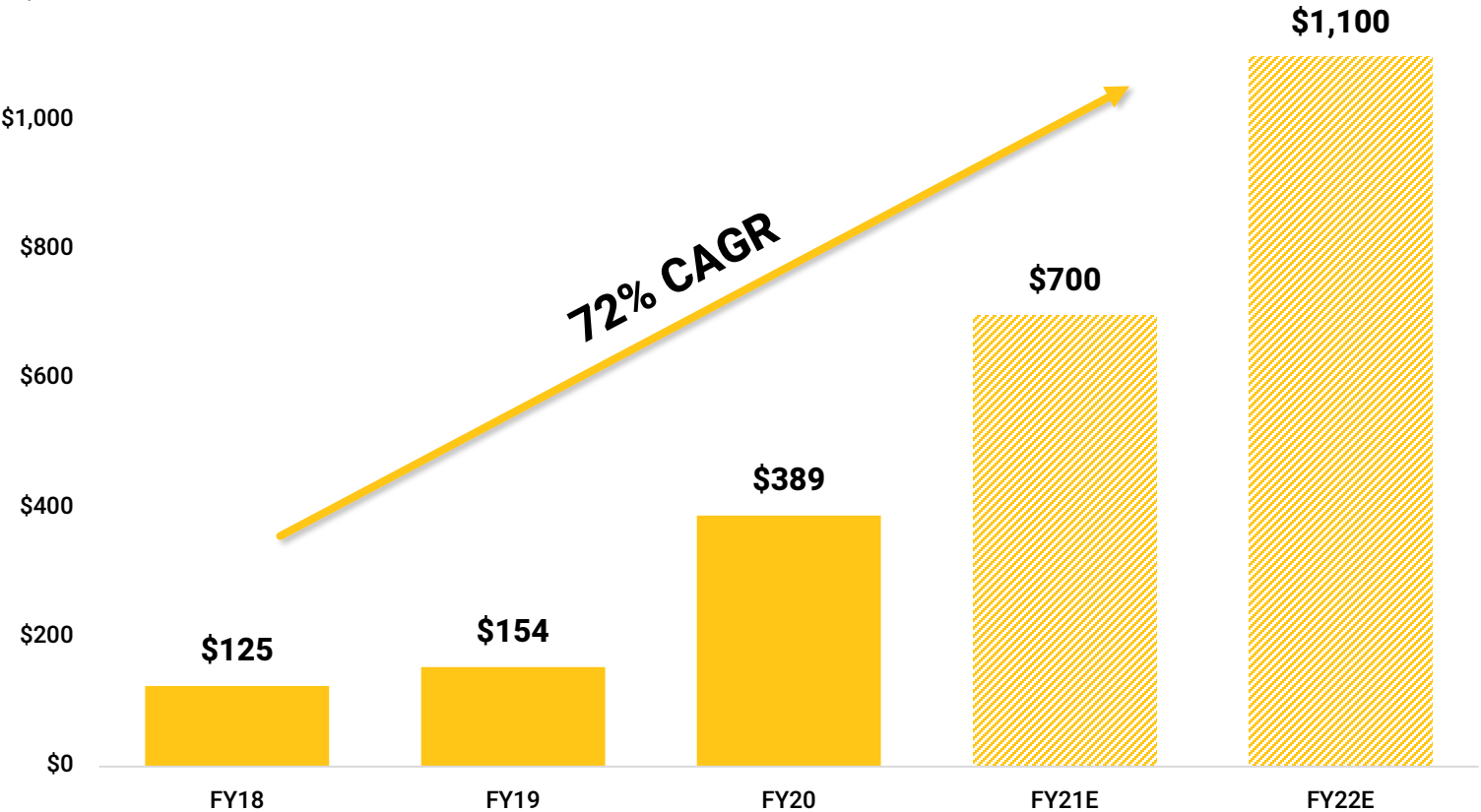
\$600

\$400

\$200

\$0

## ARR Expansion Potential



# Case Study: Closing the Books Faster

## CUSTOMER OVERVIEW

### Industry

Construction Materials

### Company Size

3,000 employees

### Region

UK & Ireland

### BlackLine Solutions

Cash Application



## 7x Faster

Applied Cash is seven times faster, now completed daily by 10AM.



## 80%

reduction of maximum levels of unapplied funds



## Happier Customer Base

experienced huge improvements in accuracy of cash application, leading to create a more confident team



## Efficiency

Built a platform for growth



## 82%

of payments auto-matched, despite the complexity of payment conditions



## 160 Man-Hours Eliminated

during month-end close.

## REAL RESULTS

“We think of BlackLine Cash Applications as a strategic partner. Working with Rimilia has been by far head and shoulders above the others, a completely different experience. With any implementation, there are always challenges, but it’s clear that Rimilia is dedicated to continual improvement and giving customers an exceptional user experience.” – Head of Credit Services



# AR Automation Solutions



Cash  
Application

*Generally Available Now*



AR  
Intelligence

*Expected Availability in  
Q2'21*

March 2021

# Financial Summary

**Mark Partin**

Chief Financial Officer



# Controller Pains

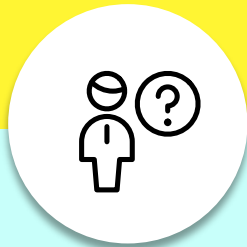


**Limited  
Visibility**



**Limited Real-Time  
Data Analysis &  
Insight**

**Lack of  
Ownership & Control**



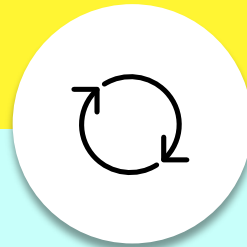
**Inefficiencies, Less  
Productivity & More  
Risk**

**Risk of  
Inaccuracy**



**Material  
Weakness**

**Volumes of  
Unapplied Cash**



**Concerns Over  
Liquidity**

**Talent  
Retention**



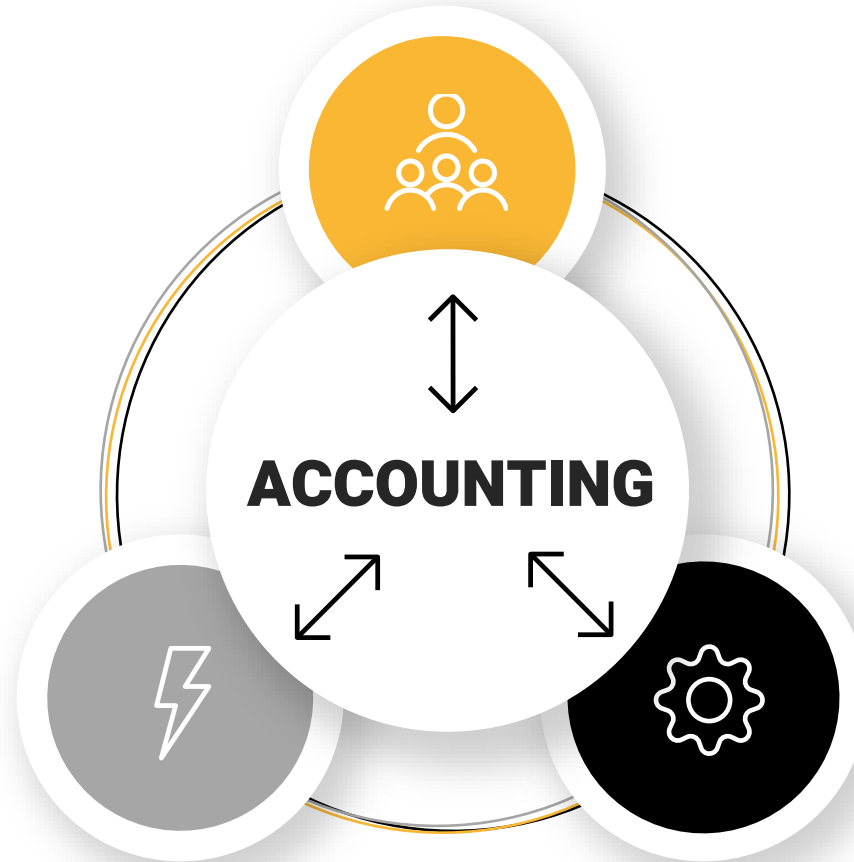
**Overworked Team &  
Low Morale**

# CFO Pains



# Accounting Has Evolved

Align to the Strategic  
Needs of the C-Suite



Close the Books  
& Manage Risk

Optimize Business  
Processes

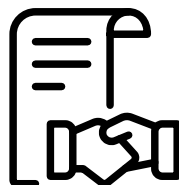
# Key Messages



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## Large & Underpenetrated TAM

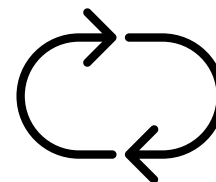
\$28Bn greenfield market opportunity with strong secular tailwinds in the early innings



---

## Compelling Land and Expand Model

3,400+ quality customers with high renewal and retention rates and large expansion opportunity



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## Durable Business Model

High growth, high margin subscription business with proven operating leverage and strong cash flows



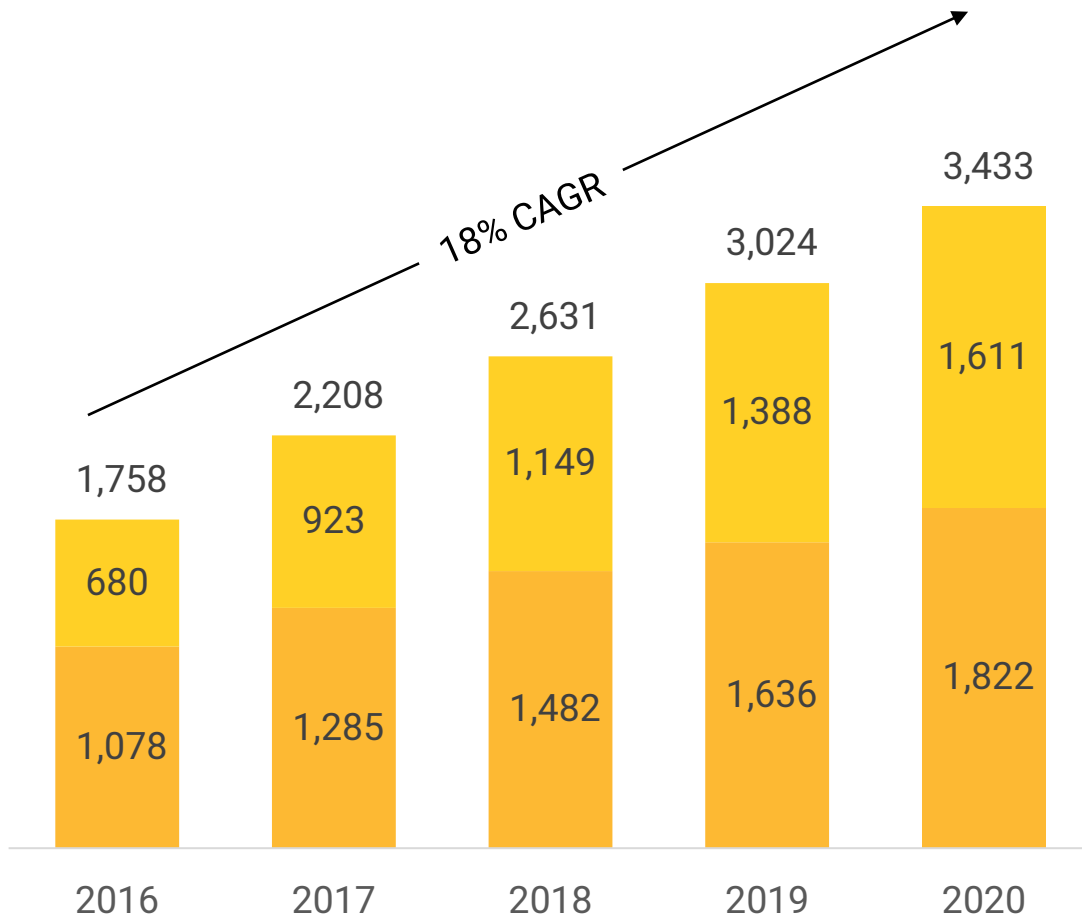
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## Investment to Drive Long-Term Profitable Growth

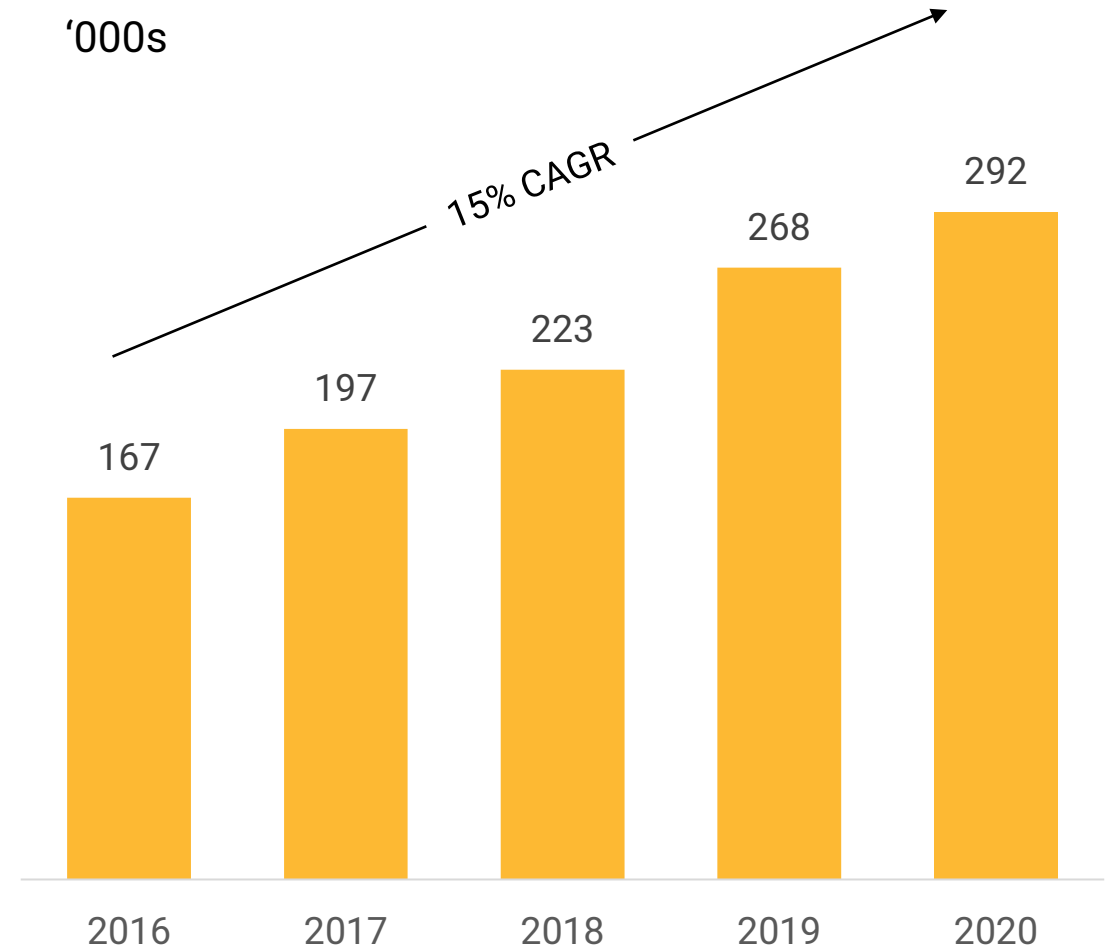
Ability to leverage high gross margin and margin leverage to fund strategic investments to drive future scalability and growth

# Consistent Customer and User Growth

## Customers



## Users '000s

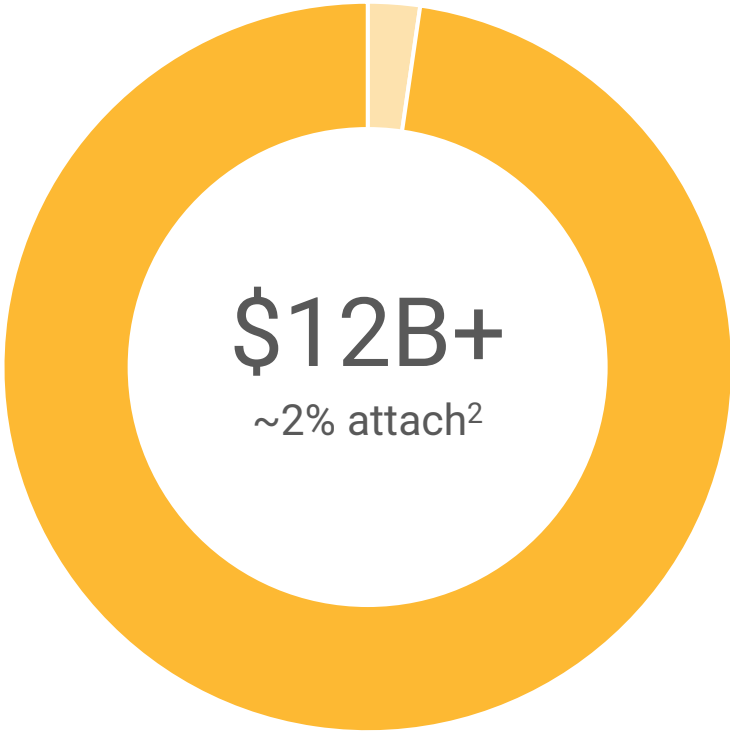


Enterprise Mid-Market



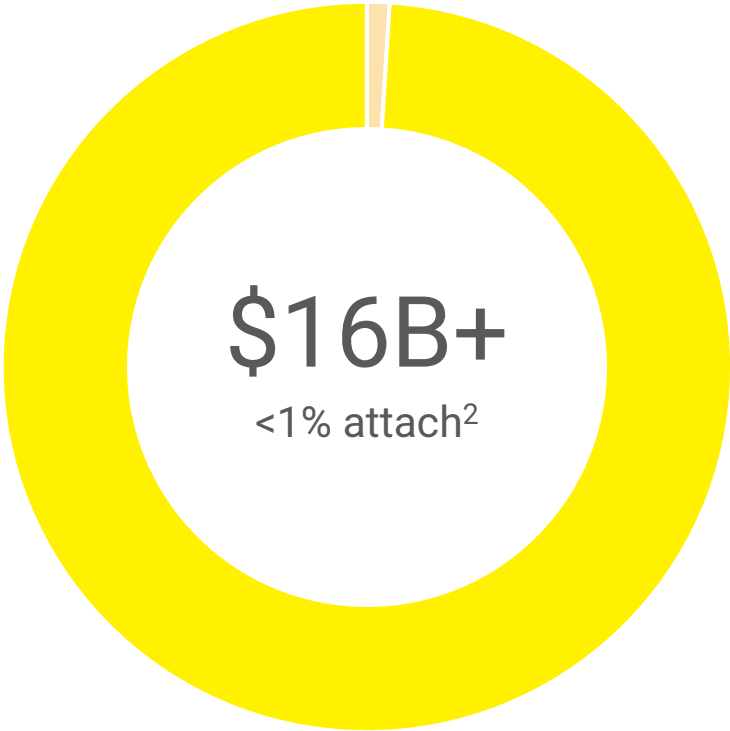
# Large & Underpenetrated Addressable Market

Enterprise



~17,000 target Enterprise customers<sup>1</sup>

Mid-Market



~150,000 target Mid-Market customers<sup>1</sup>

<sup>1</sup> Source: Frost and Sullivan/2018 TAM for Core Products. Assumes 165,000 target customers.

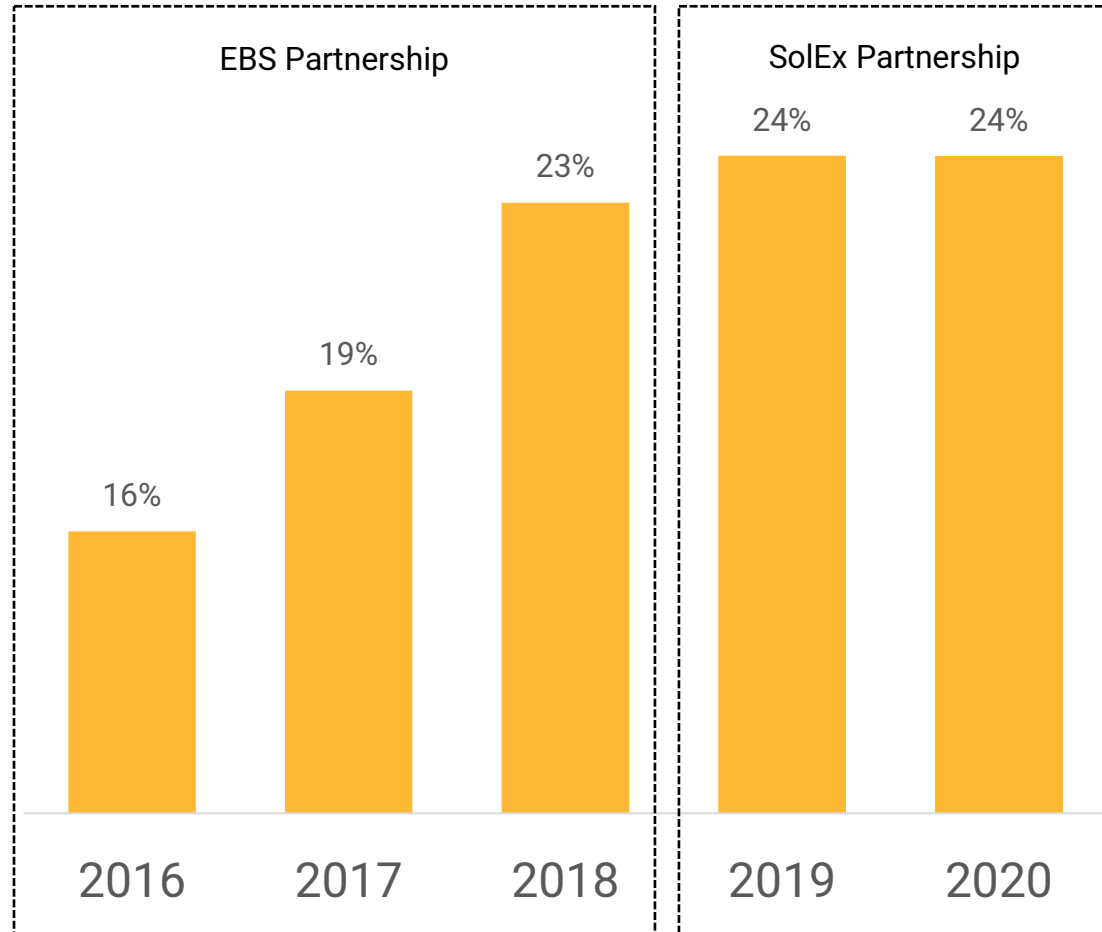
<sup>2</sup> As of December 31, 2020



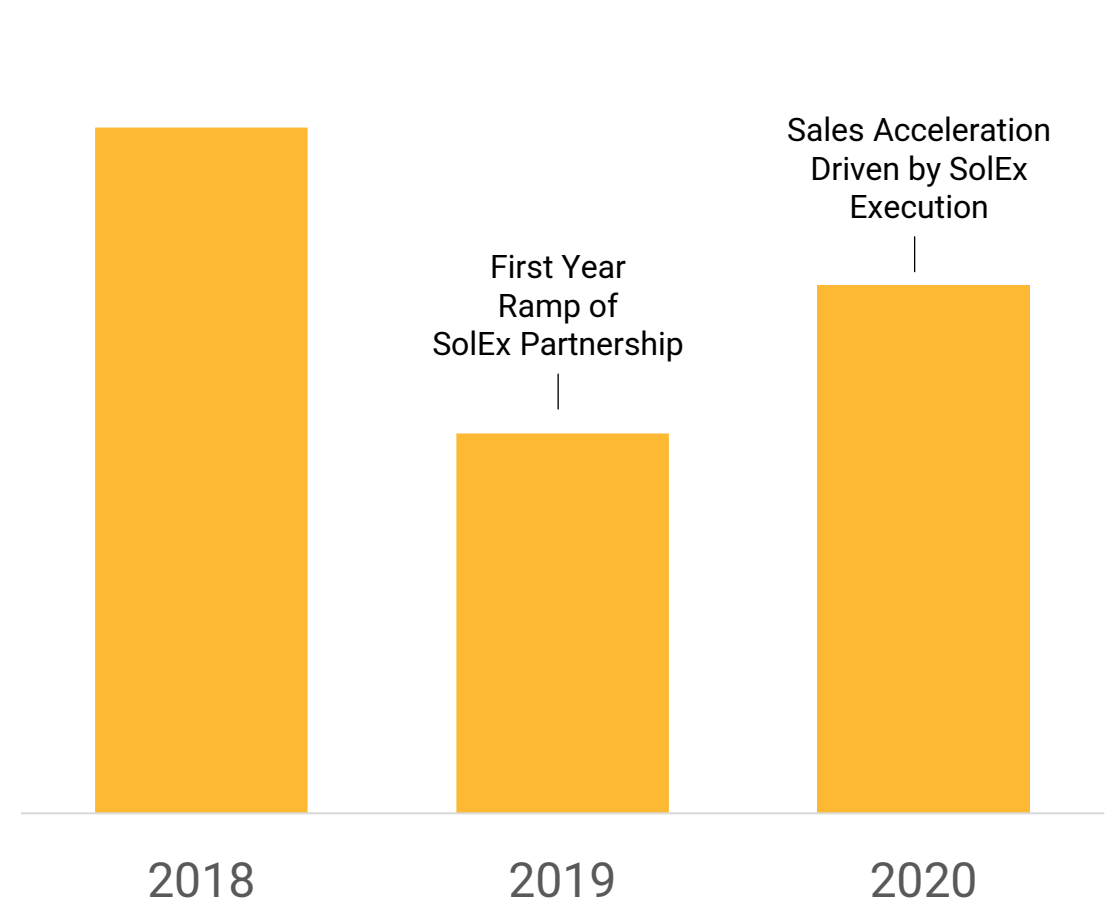
# Evolution of the SAP Partnership

## Revenue from SAP Partnerships

% of Total



## Sales from SAP Partnerships

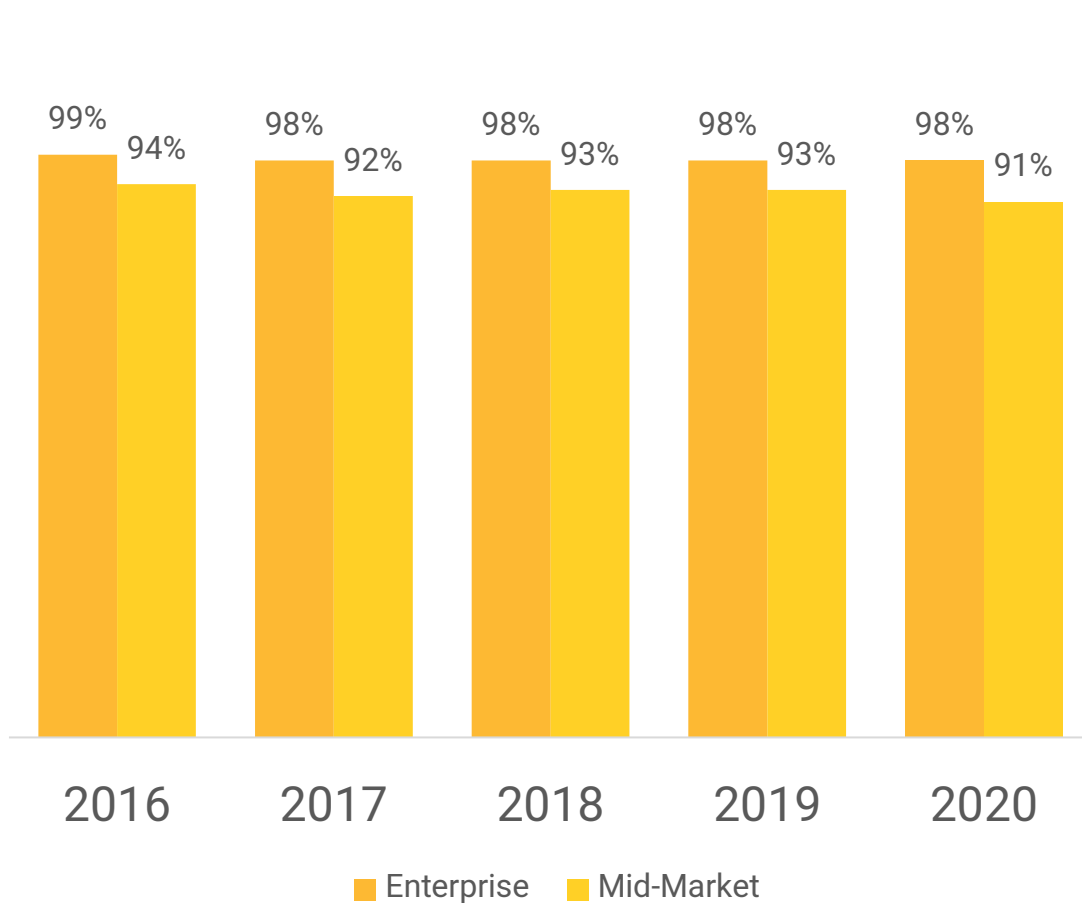


Revenue and sales from SAP Partnerships inclusive of EBS and SolEx.  
SolEx partnership began on November 1, 2018

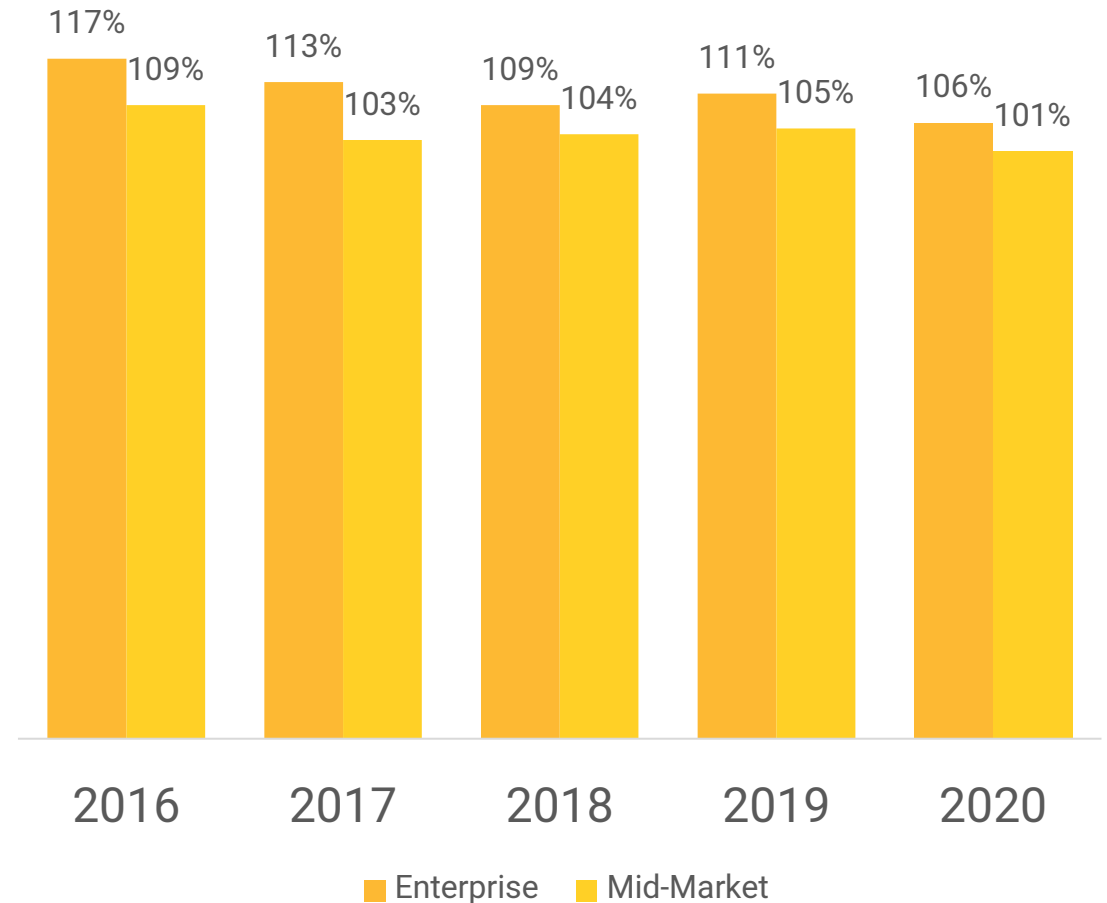


# Strong Renewal Rate Driving Overall Retention Rate

## Dollar-Based Revenue Renewal Rate



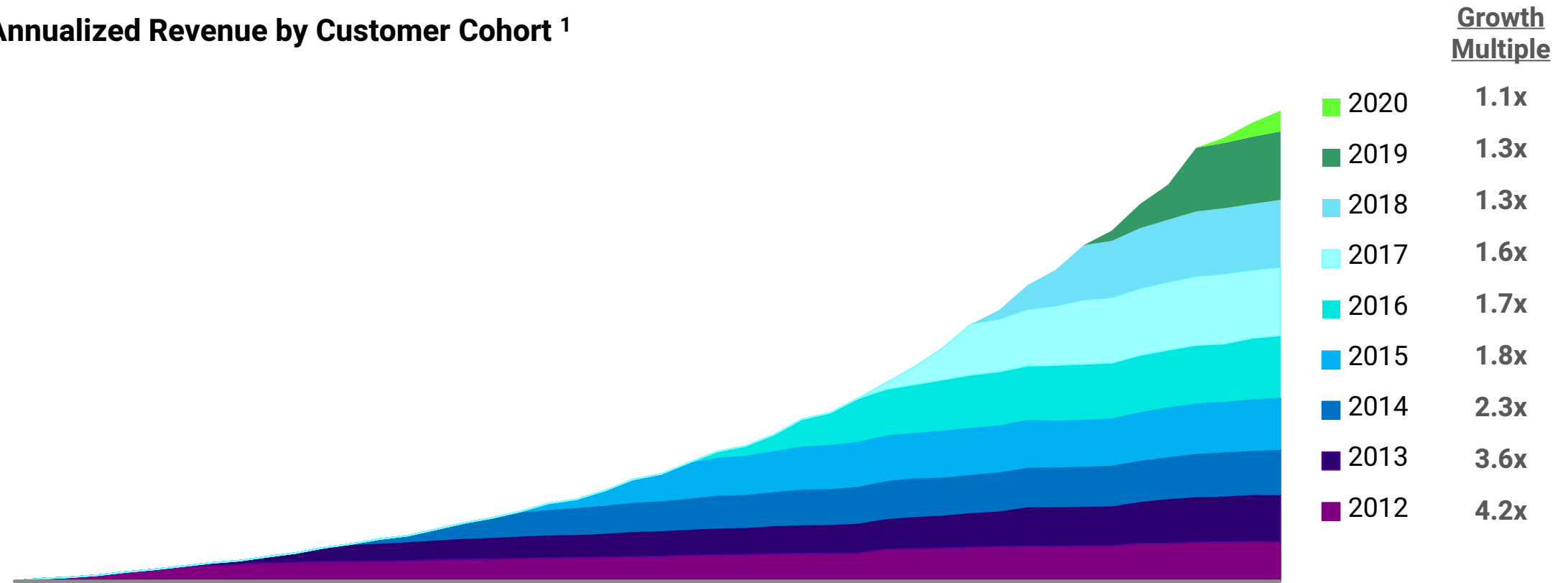
## Dollar-Based Net Revenue Retention Rate



Dollar-based revenue renewal rate for each period is calculated by dividing (a) the total actual annualized subscription and support revenue of customer contracts renewed for a given period by (b) the total annualized subscription and support revenue up for renewal of customer contracts expiring in the same period. 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.

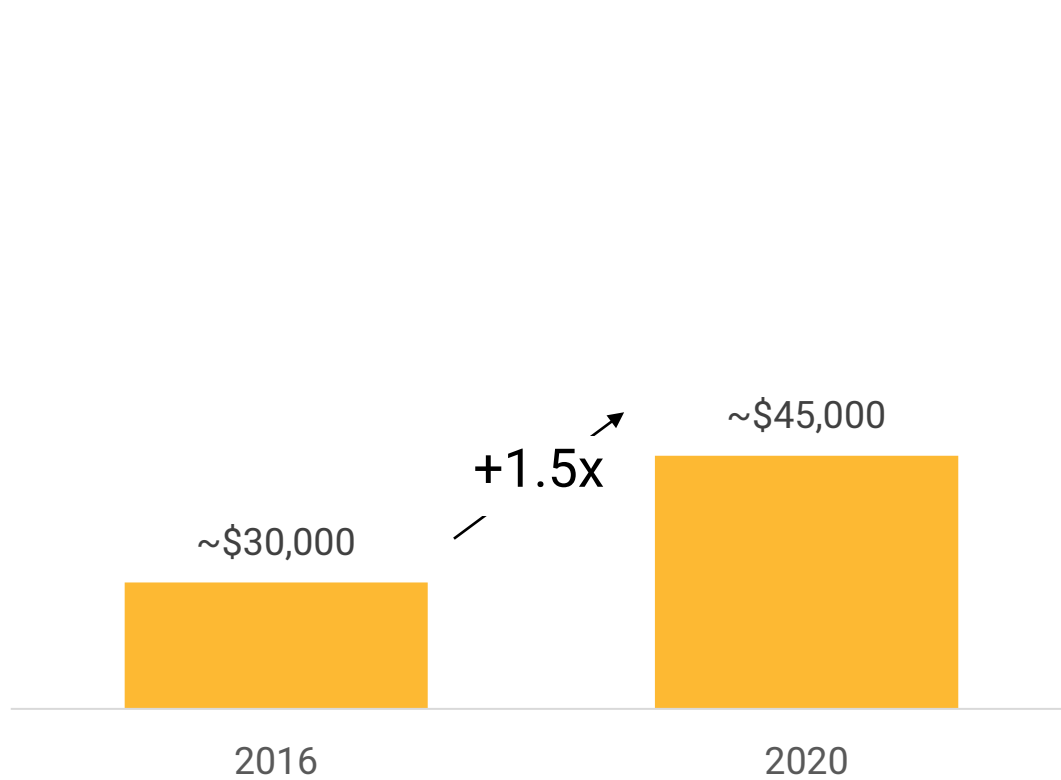
# Compelling Land and Expand Model

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

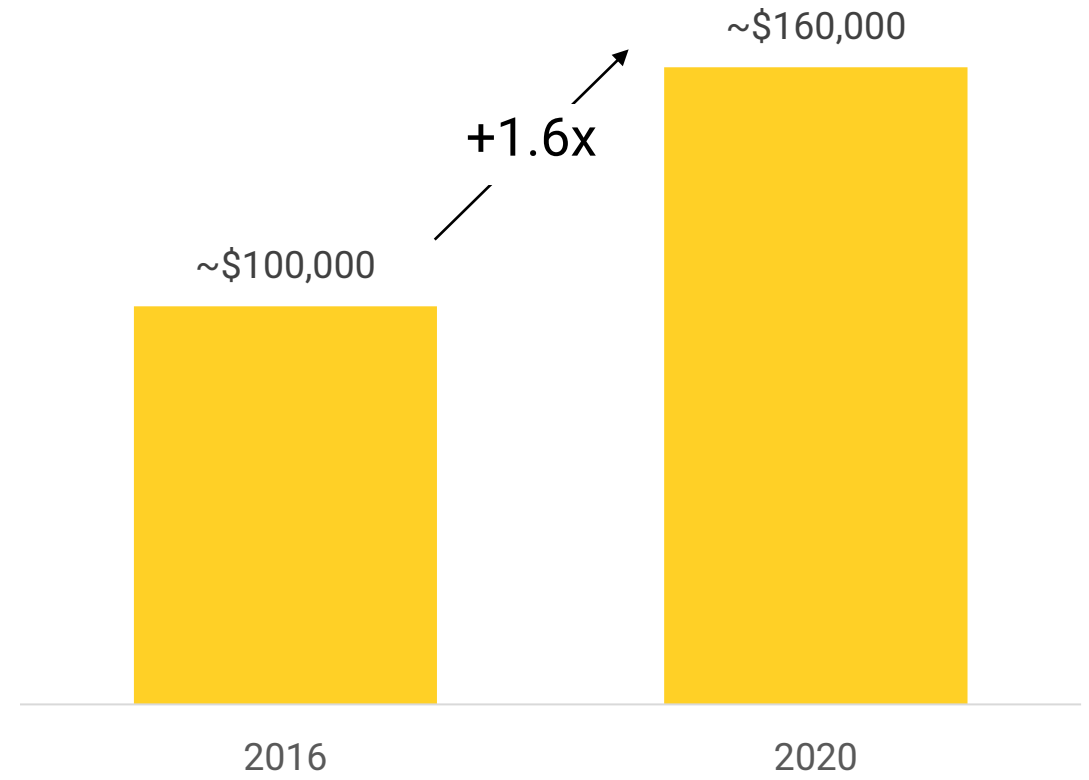


<sup>1</sup>Reflects annualized subscription and support revenue for the group of customers that became our customers in each respective cohort year. A “cohort” is a grouping of customers by the year specified. For instance, the 2012 cohort includes all customers whose contract start date is between 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 December 31, 2020 for each of our 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019 and 2020 customer cohorts represented an increase over the initial annualized subscription and support revenue for such customer cohorts, shown as the “Growth Multiple” above.

# Growth in ARR Per Customer



**Average Mid-Market ARR Per Customer**



**Average Enterprise ARR Per Customer**

# Strategic Product Installed Base Opportunity

	TRANSACTION MATCHING	CASH APPLICATION	SMART CLOSE	INTERCOMPANY HUB
Customers who are target candidates	<b>3,400+</b>	<b>3,400+</b>	<b>~900</b>	<b>1,800+</b>
Portion of this opportunity currently captured	<b>23%</b>	<b>4%</b>	<b>6%</b>	<b>2%</b>
Incremental ARR opportunity	<b>\$150M+</b>	<b>\$250M+</b>	<b>\$100M+</b>	<b>\$300M+</b>

Based on number of customers who have purchased these products as of December 31, 2020.

# Durable Operating Model

**22%**

FY'20 Revenue Growth<sup>1</sup>

## High Growth Subscription Model

Strong secular tailwinds, early stages in a large market, new customers and expansion within existing customer base

**106%**

FY'20 Dollar-Based Net Revenue Retention Rate

## Compelling Expansion Model

High predictability from successful land and expand strategy

**83%**

FY'20 Non-GAAP Gross Margin

## High Gross Margins

93% SaaS recurring revenue

**12%**

FY'20 Non-GAAP Operating Margin

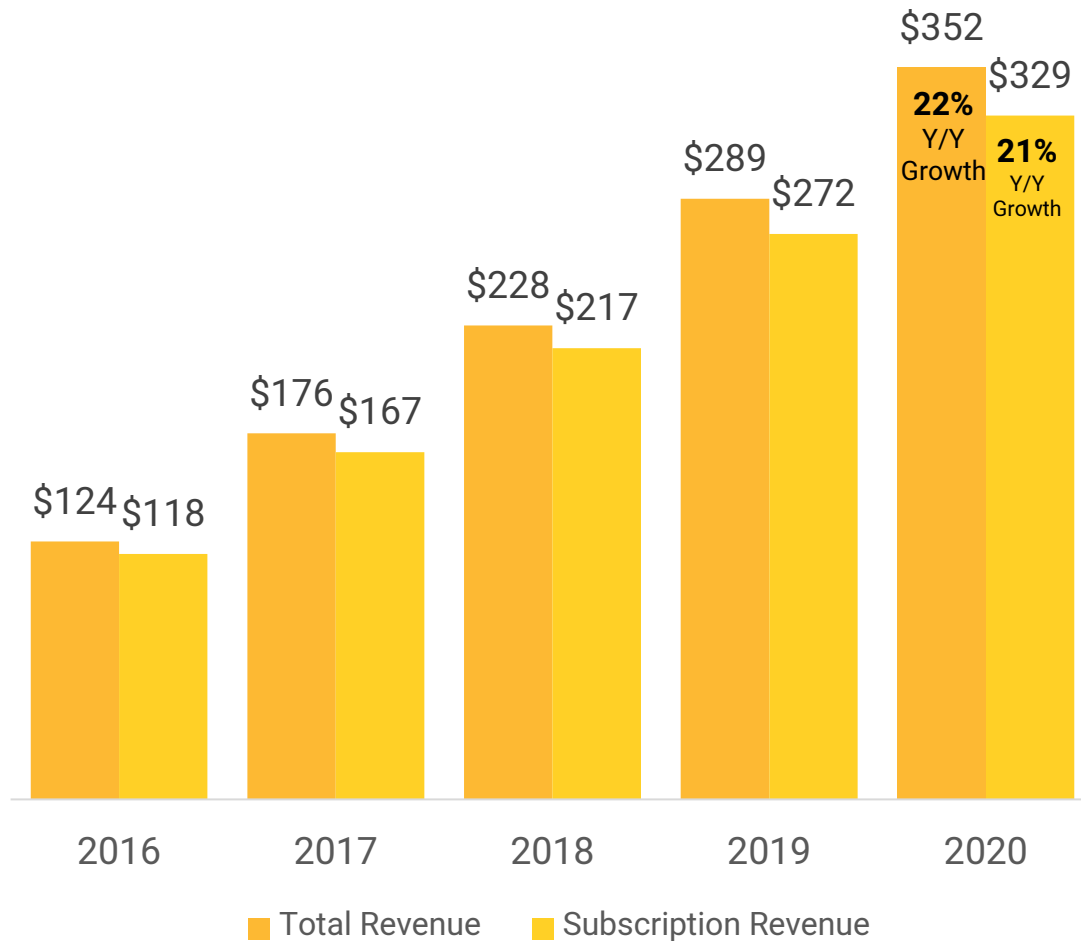
## Demonstrated Operating Leverage

Operating leverage driving profitability

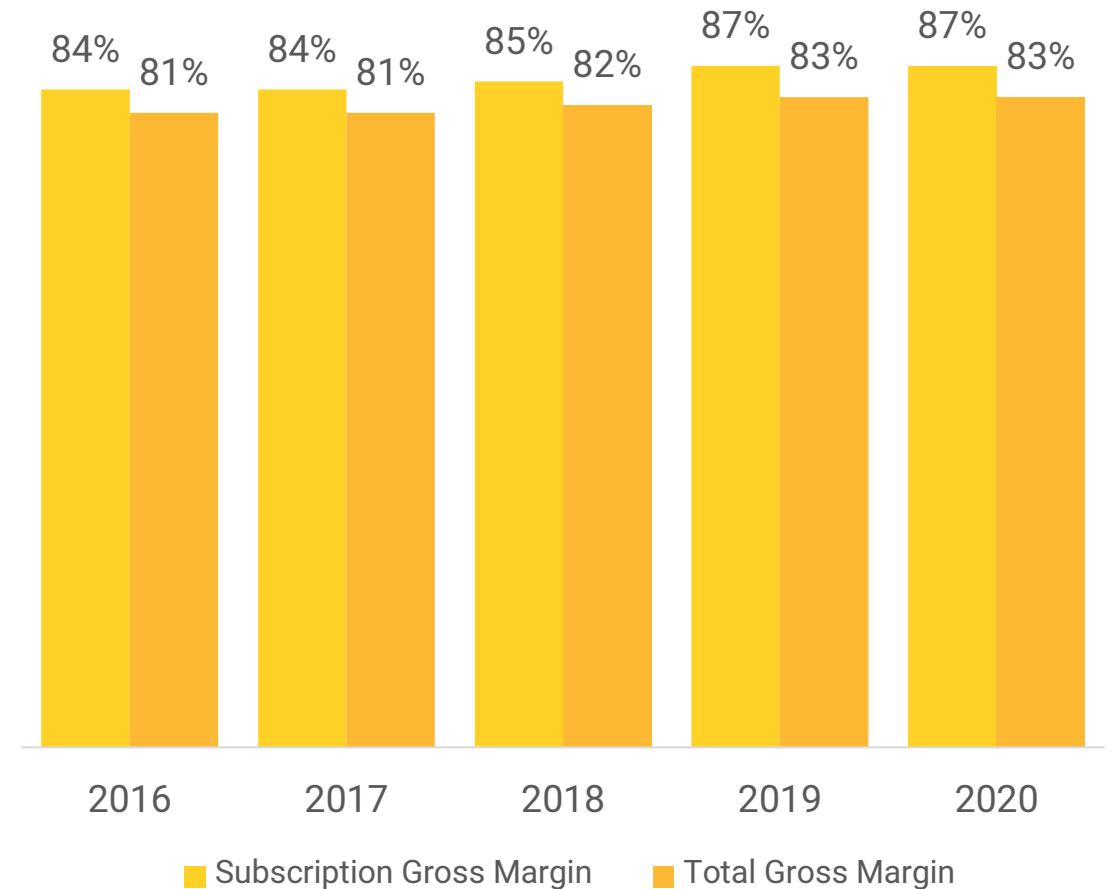
<sup>1</sup>YOY growth as of December 31, 2020. See appendix for GAAP financial measures and reconciliations.

# Highly Visible Subscription Growth Model

Revenue  
\$M

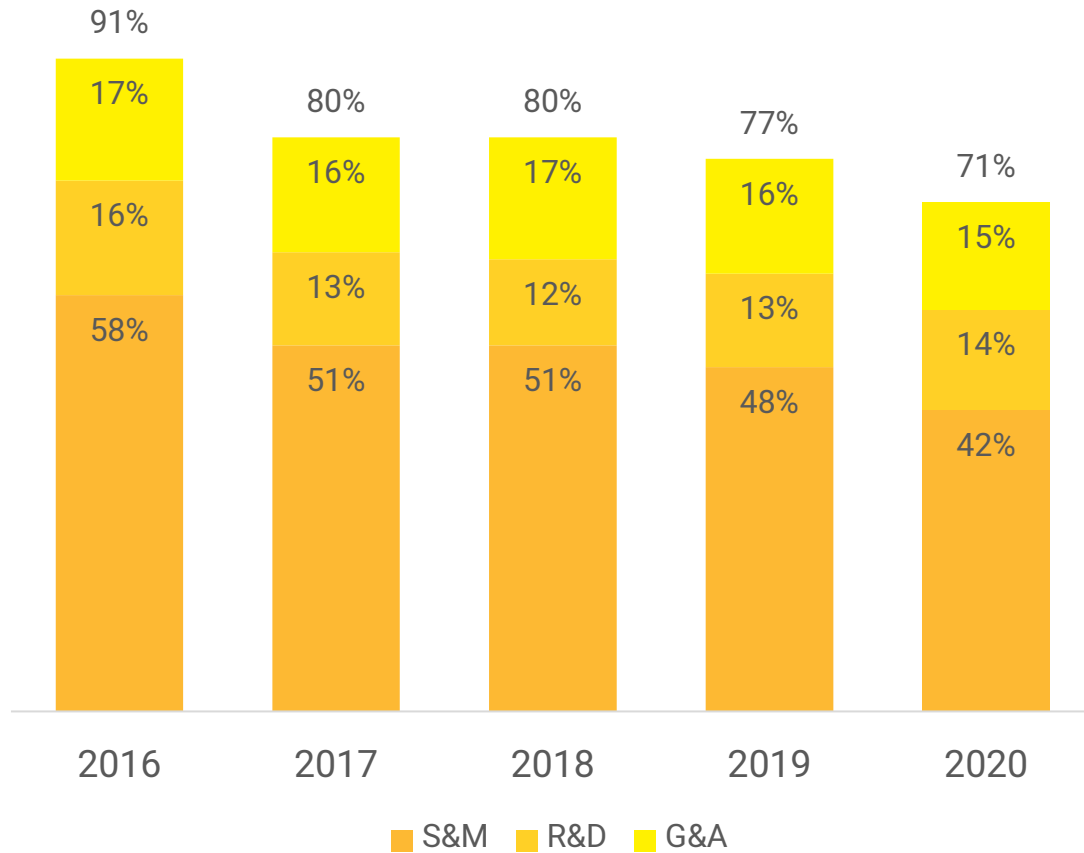


Non-GAAP Gross Margin

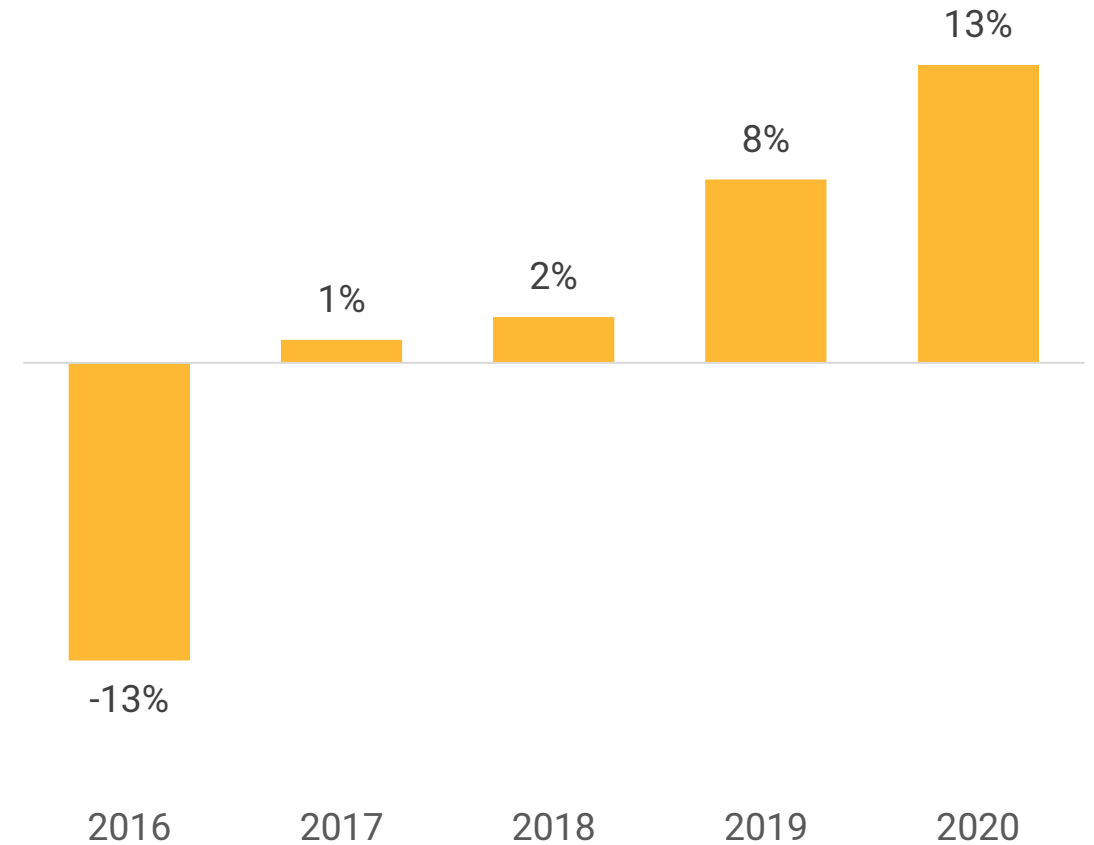


# Demonstrated Operating Leverage

## Non-GAAP Operating Expenses as % of Revenue



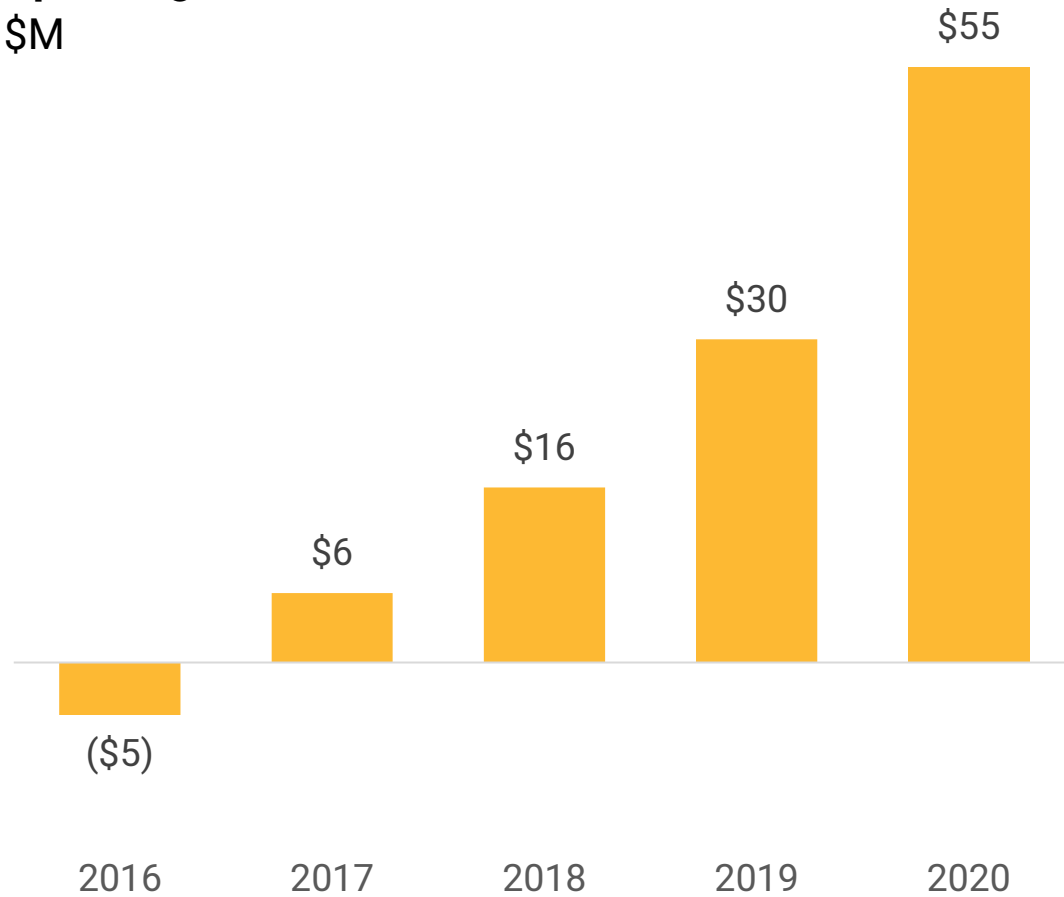
## Non-GAAP Net Income Margin<sup>1</sup>



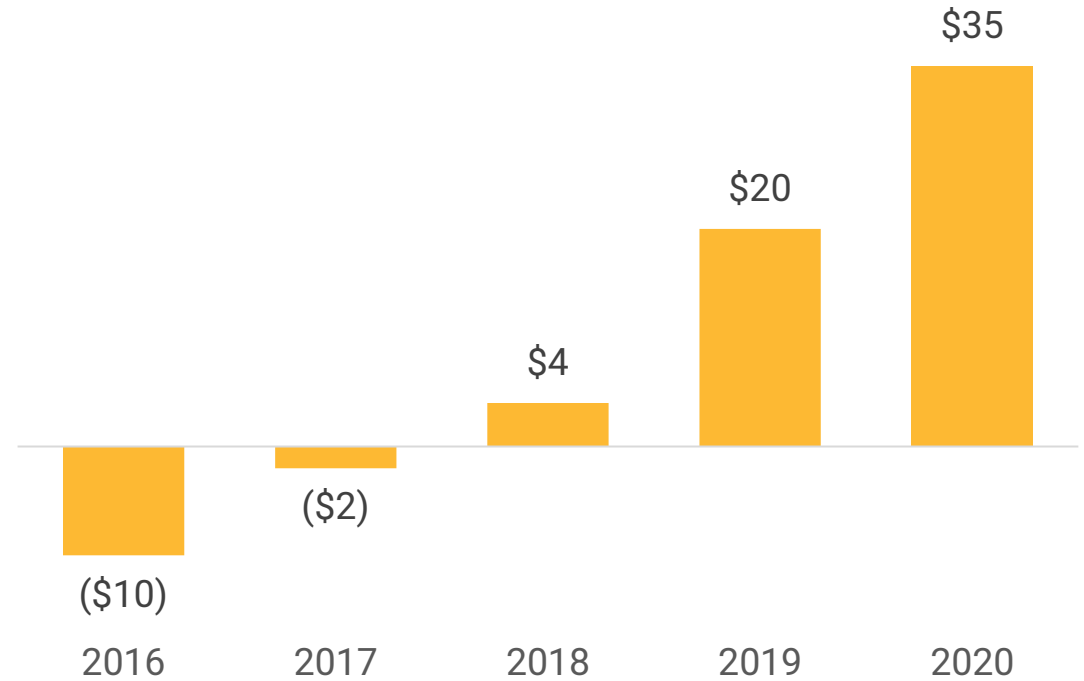
<sup>1</sup> 2017-20 are under ASC 606. All prior periods are under ASC 605 Standard. See appendix for GAAP financial measures and reconciliations.

# Strong Cash Generation

**Operating Cash Flow**  
\$M



**Free Cash Flow**  
\$M

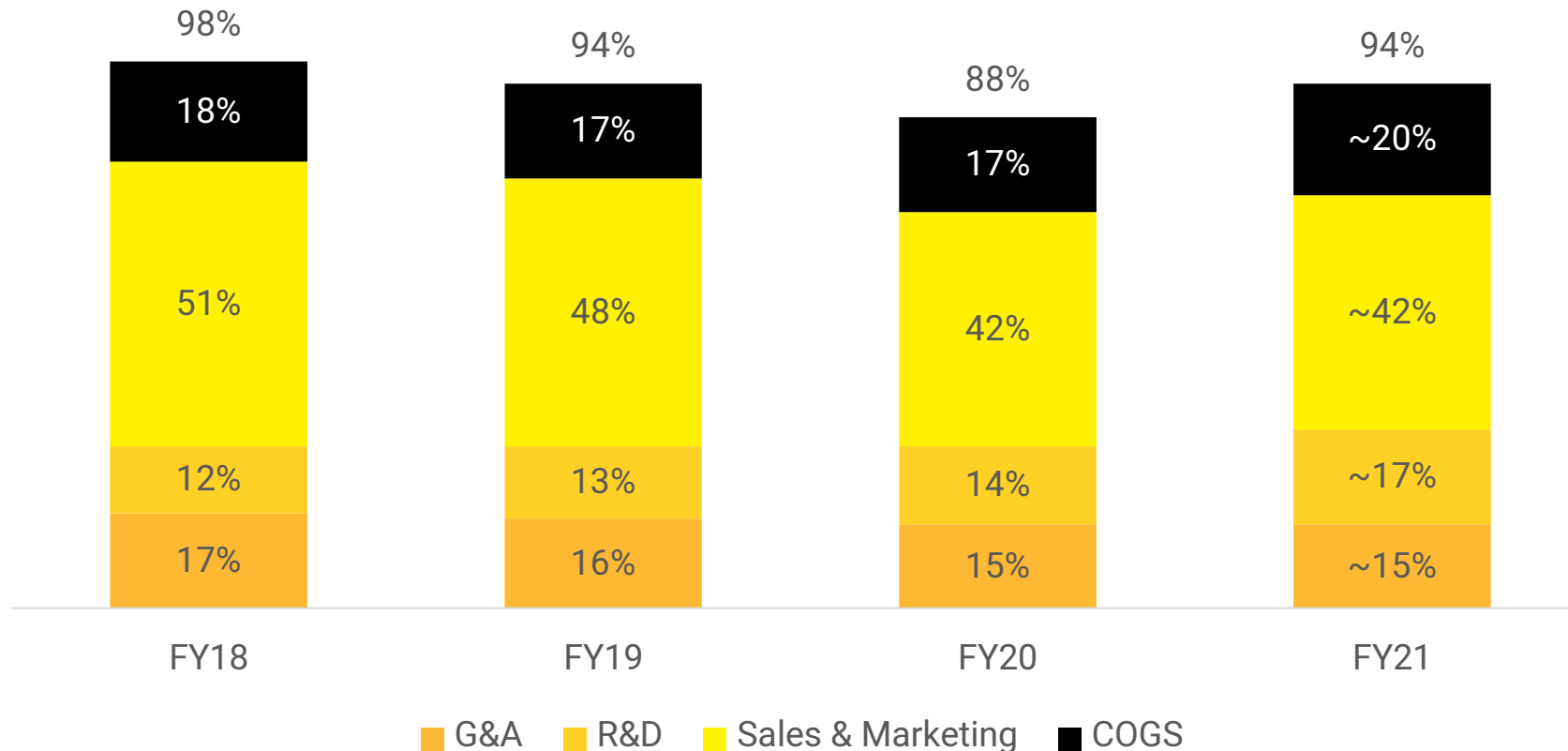


96 2017-20 are under ASC 606. All prior periods are under ASC 605 Standard. Free cash flow defined as cash flows from operating activities less capex. 2017-19 values have been adjusted for the non-cash, income tax revision.



# Investing For Growth

## Non-GAAP Expenses % of Revenue

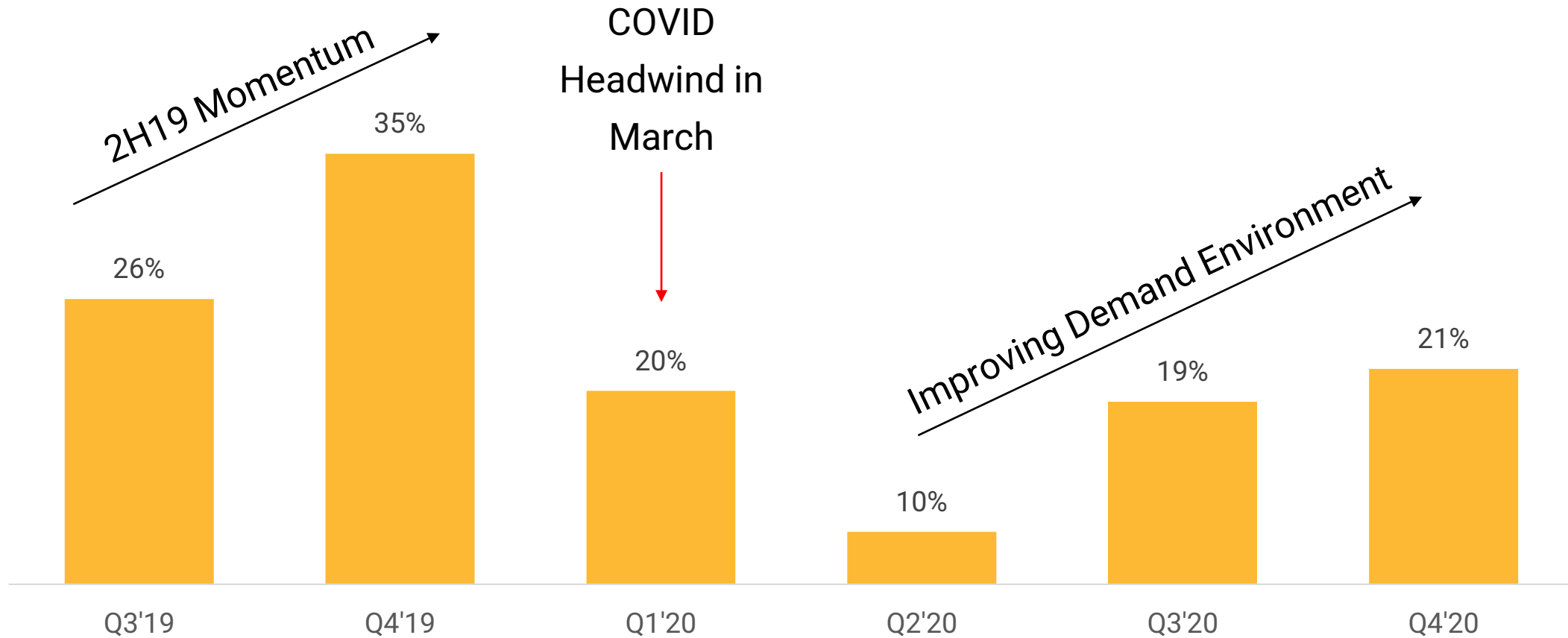


## Key Factors

- Increased spending from Google Cloud migration
- Continued innovation in product
- Investment in Rimilia integration and the AR automation space
- Global expansion of AMO function to better serve all customers
- Grow sales team to drive greater scale and penetration
- Investment in partner ecosystem & enablement

# The COVID Impact to Calculated Billings

Calculated Billings YoY Growth



# Target Operating Model

% of Revenue	FY16	FY17	FY18	FY19	FY20	Target Model
Gross Margin <sup>1</sup>	81%	81%	82%	83%	83%	~83%
S&M <sup>1</sup>	58%	51%	51%	48%	42%	38% - 42%
R&D <sup>1</sup>	16%	13%	12%	13%	14%	14% - 16%
G&A <sup>1</sup>	17%	16%	17%	16%	15%	7% - 9%
Operating Margin <sup>1</sup>	(10)%	1%	2%	6%	12%	20%+

99 2017-19 are under ASC 606. All prior periods are under ASC 605 Standard.  
<sup>1</sup> Represents a Non-GAAP metric. See appendix for GAAP financial measures and reconciliations.

# Key Takeaways

- BlackLine is uniquely positioned to serve the needs of the controller
- Our product vision is to expand on a multi-product platform that enables share of wallet growth and increases stickiness
- The pandemic has served as a significant catalyst for digital transformation in the back office and is driving the first real investment cycle in our space
- Early innings of a \$28B TAM and we are the clear leader in the space
- Experienced GTM team gives us high confidence in our ability to execute in an increasing demand environment
- Continue to invest in growth to capture this large market opportunity
- Durable business model & strong unit economics

# Appendix

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

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2016	2017	2018	2019	2020
<b>Non-GAAP Revenues</b>													
GAAP Revenues	\$64,129	\$69,664	\$74,925	\$80,258	\$82,598	\$83,272	\$90,157	\$95,710	\$123,123	\$175,603	\$227,788	\$288,976	\$351,737
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	-	-	716	-	-	-	-
<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>\$123,839</b>	<b>\$175,603</b>	<b>\$227,788</b>	<b>\$288,976</b>	<b>\$351,737</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	\$92,912	\$134,218	\$176,914	\$230,001	\$282,765
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	-	-	716	-	-	-	-
Amortization of Developed Technology	1,711	1,712	1,199	175	175	176	176	665	6,368	6,847	6,863	4,797	1,192
Stock-Based Compensation Expense	888	1,159	1,431	1,336	1,323	1,706	1,871	1,996	715	1,149	3,265	4,814	6,896
<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>\$100,711</b>	<b>\$142,214</b>	<b>\$187,042</b>	<b>\$239,612</b>	<b>\$290,853</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	(\$4,808)	\$6,424	\$16,140	\$29,724	\$54,735
Capitalized software development costs	(1,232)	(1,367)	(1,152)	(1,309)	(2,289)	(2,705)	(2,844)	(2,740)	(3,270)	(4,624)	(5,675)	(5,060)	(10,578)
Purchase of property and equipment	(1,103)	(886)	(1,472)	(1,171)	(1,152)	(1,072)	(291)	(3,998)	(1,724)	(4,002)	(6,284)	(4,632)	(6,513)
Financed purchases of property and equipment	-	(145)	(169)	(113)	(169)	(56)	(169)	(168)	-	-	-	(427)	(562)
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>(\$9,802)</b>	<b>(\$2,202)</b>	<b>\$4,181</b>	<b>\$19,605</b>	<b>\$34,749</b>

## "ACQUISITION" DEFINITION

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

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



# 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	2016	2017	2018	2019	2020
<b>Non-GAAP Income (Loss) from Operations</b>													
GAAP Loss from Operations	(\$9,323)	(\$5,978)	(\$7,861)	(\$4,737)	(\$7,337)	(\$3,326)	(\$2,036)	(\$7,192)	(\$33,934)	(\$30,409)	(\$29,836)	(\$27,899)	(\$19,891)
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	-	-	716	-	-	-	-
Amortization of Acquired Intangible Assets	3,077	3,079	2,566	1,543	1,543	1,622	1,622	2,892	12,505	13,310	13,023	10,265	7,679
Stock-Based Compensation Expense	6,452	8,012	10,141	9,447	9,456	12,616	13,326	14,292	6,526	16,044	20,895	34,052	49,690
Change in Fair of Contingent Consideration	(9)	193	129	(267)	145	(221)	(72)	176	371	628	450	46	28
Legal Settlement Gain	-	-	(380)	-	-	-	-	-	-	-	-	(380)	-
Acquisition-Related Costs	-	-	-	-	-	-	1,790	2,946	1,582	-	-	-	4,736
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>(\$12,234)</b>	<b>\$1,200</b>	<b>\$4,933</b>	<b>\$16,296</b>	<b>\$42,242</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)	(\$39,159)	(\$33,408)	(\$28,714)	(\$32,535)	(\$46,911)
Provision for (benefit from) Income Taxes	-	(18)	53	55	(16)	(72)	35	(616)	(6,956)	(511)	(540)	90	(669)
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	6,526	16,044	20,895	34,052	49,690
Amortization of debt discount and issuance costs	-	-	2,923	5,487	5,532	5,584	5,758	5,815	-	-	-	8,410	22,689
Amortization of Acquired Intangible Assets	3,077	3,079	2,566	1,543	1,543	1,622	1,622	2,892	12,505	13,310	13,023	10,265	7,679
Accretion of Debt Discount	-	-	-	-	-	-	-	-	1,303	-	-	-	-
Accretion of Warrant Discount	-	-	-	-	-	-	-	-	754	-	-	-	-
Purchase Accounting Adjustment to Revenue	-	-	-	-	-	-	-	-	716	-	-	-	-
Change in Fair Value of Contingent Consideration	(9)	193	129	(267)	145	(221)	(72)	176	371	628	450	46	28
Change in Fair Value of Common Stock Warrant Liability	-	-	-	-	-	-	-	-	5,880	3,490	-	-	-
Acquisition-Related Costs	-	-	-	-	-	-	1,790	2,946	1,582	-	-	-	4,736
Legal Settlement Gains	-	-	(380)	-	-	-	-	-	-	-	-	(380)	-
Adjustment to redeemable non-controlling interest	-	54	839	940	2,201	719	1,319	4,619	-	-	-	1,833	8,858
<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>(\$16,478)</b>	<b>\$1,180</b>	<b>\$5,515</b>	<b>\$21,993</b>	<b>\$46,100</b>

<sup>1</sup> 2017-19 net income (loss) attributable to BlackLine has been adjusted for the non-cash, income tax revision.

# 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	2016	2017	2018	2019	2020
<b>GAAP Sales and Marketing Expense</b>	\$35,848	\$37,192	\$41,848	\$43,949	\$44,785	\$41,826	\$42,588	\$45,382	\$77,810	\$103,967	\$128,808	\$158,837	\$174,581
Amortization of Intangible Assets	968	968	968	968	969	968	968	1,750	3,605	3,872	3,887	3,872	4,655
Stock-Based Compensation Expense	2,994	3,558	4,522	4,315	4,393	5,577	5,675	5,901	2,490	10,811	8,674	15,389	21,546
<b>Non-GAAP Sales and Marketing Expense</b>	<b>\$31,886</b>	<b>\$32,666</b>	<b>\$36,358</b>	<b>\$38,666</b>	<b>\$39,423</b>	<b>\$35,281</b>	<b>\$35,945</b>	<b>\$37,731</b>	<b>\$71,715</b>	<b>\$89,284</b>	<b>\$116,247</b>	<b>\$139,576</b>	<b>\$148,380</b>
<b>GAAP Research and Development Expense</b>	\$10,307	\$10,829	\$11,558	\$10,312	\$11,747	\$11,847	\$14,829	\$18,041	\$21,125	\$23,874	\$30,754	\$43,006	\$56,464
Stock-Based Compensation Expense	944	1,235	1,452	1,098	1,229	1,735	1,954	2,480	809	767	2,570	4,729	7,398
<b>Non-GAAP Research and Development Expense</b>	<b>\$9,363</b>	<b>\$9,594</b>	<b>\$10,106</b>	<b>\$9,214</b>	<b>\$10,518</b>	<b>\$10,112</b>	<b>\$12,875</b>	<b>\$15,561</b>	<b>\$20,316</b>	<b>\$23,107</b>	<b>\$28,184</b>	<b>\$38,277</b>	<b>\$49,066</b>
<b>GAAP General and Administrative Expense</b>	\$13,679	\$12,677	\$14,088	\$15,613	\$17,338	\$16,182	\$17,794	\$20,297	\$27,911	\$36,786	\$47,188	\$56,057	\$71,611
Amortization of Intangible Assets	398	399	399	400	399	478	478	477	2,532	2,591	2,273	1,596	1,832
Stock-Based Compensation Expense	1,626	2,060	2,736	2,698	2,511	3,598	3,826	3,915	2,512	3,317	6,386	9,120	13,850
Change in Fair Value of Contingent Consideration	(9)	193	129	(267)	145	(221)	(72)	176	371	628	450	46	28
Legal Settlement Gains	-	-	(380)	-	-	-	-	-	-	-	-	(380)	-
Acquisition Related Costs	-	-	-	-	-	-	1,790	2,946	1,582	-	-	-	4,736
Secondary offering Costs	-	-	-	-	-	-	-	-	-	809	-	-	-
Shelf offering Costs	212	-	-	-	-	-	-	-	-	818	401	212	-
<b>Non-GAAP General and Administrative Expense</b>	<b>\$11,452</b>	<b>\$10,025</b>	<b>\$11,204</b>	<b>\$12,782</b>	<b>\$14,283</b>	<b>\$12,327</b>	<b>\$11,772</b>	<b>\$12,783</b>	<b>\$20,914</b>	<b>\$28,623</b>	<b>\$37,678</b>	<b>\$45,463</b>	<b>\$51,165</b>



Thank You