

**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 6, 2021

BLACKLINE, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-37924

(Commission File Number)

46-3354276

(I.R.S. Employer Identification No.)

**21300 Victory Boulevard, 12th Floor
Woodland Hills, California 91367**

(Address of Principal Executive Offices) (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))

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

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

Indicate by check mark whether the registrant is an emerging growth company 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 6, 2021, the Registrant issued a press release, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number **Description**

99.1	Press Release dated May 6, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

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 6, 2021

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

BlackLine Announces First Quarter Financial Results

LOS ANGELES, May 06, 2021 (GLOBE NEWSWIRE) -- BlackLine, Inc. (Nasdaq: BL), today announced financial results for the first quarter ended March 31, 2021.

Marc Huffman, CEO, commented, “We had a strong start to the year as companies increasingly prioritized digital finance transformation and turned to BlackLine to guide their journeys. During the year end close period, with the remote work environment continuing, BlackLine customers streamlined their processes by using our platform to automate workflows. On a macro level, we saw broad-based demand returning with increasing momentum across all areas of the business. The value we bring to market is resonating now more than ever and we believe our commitment to customer success will continue to serve as a differentiator for BlackLine.”

First Quarter 2021 Financial Highlights

- Total GAAP revenues of \$98.9 million for the first quarter of 2021, an increase of 20% compared to the first quarter of 2020.
- GAAP net loss attributable to BlackLine of \$39.0 million, or \$0.67 per share, on 57.9 million weighted average shares outstanding, which compares to a GAAP net loss attributable to BlackLine of \$12.8 million in the first quarter of 2020.
- Non-GAAP net income attributable to BlackLine of \$7.1 million, or \$0.11 per share, on 62.9 million diluted weighted average shares outstanding. This compares with non-GAAP net income attributable to BlackLine of \$6.0 million in the first quarter of 2020.
- Operating cash flow of \$28.5 million, compared to \$8.5 million in the first quarter of 2020.
- Free cash flow of \$23.2 million, compared to \$4.9 million in the first quarter of 2020.

Key Metrics and Recent Business Highlights

- Added 49 net new customers in the first quarter for a total of 3,482 customers at March 31, 2021.
- Expanded the company’s user base to 297,060 at March 31, 2021.
- Achieved a dollar-based net revenue retention rate of 106% at March 31, 2021.
- Released BlackLine AR Intelligence, an accounts receivable automation tool that optimizes working capital and improves collections forecasting.
- Raised capital through the issuance of \$1.15 billion of convertible debt.
- Ranked first for Financial Close software in the enterprise category for G2’s list of the ‘Best Finance Products of 2021’.
- Received SAP EMEA North Award for Partner Excellence 2021 for Solution Extension – Growth.
- Added Lisa Schreiber, SaaS and enterprise software veteran, as chief customer officer.
- Appointed Apple inclusion and diversity executive, Barbara Whye, to BlackLine’s Board of Directors.

The financial results included in this press release are preliminary and pending final review. Financial results will not be final until BlackLine files its Quarterly Report on Form 10-Q for the period. Information about BlackLine’s use of non-GAAP financial measures is provided below under “Use of Non-GAAP Financial Measures.”

Financial Outlook

Second Quarter 2021

- Total GAAP revenue is expected to be in the range of \$100.5 million to \$101.5 million.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of \$4.5 million to \$5.5 million, or \$0.07 to \$0.09 per share on 62.7 million diluted weighted average shares outstanding.

Full Year 2021

- Total GAAP revenue is expected to be in the range of \$415 million to \$420 million.
- Non-GAAP net income attributable to BlackLine is expected to be in the range of \$27 million to \$29 million, or \$0.43 to \$0.46 per share on 62.8 million diluted weighted average shares outstanding.

Guidance for non-GAAP net income attributable to BlackLine and non-GAAP net income attributable to BlackLine per share does not include the impact of the provision for (benefit from) income taxes related to acquisitions, amortization of acquired intangible assets, stock-based compensation, the amortization of debt discount and issuance costs, the change in fair value of contingent consideration, the loss on the extinguishment of convertible senior notes, and the adjustment to the value of the redeemable non-controlling interest to the redemption amount. Reconciliations of non-GAAP net income attributable to BlackLine and non-GAAP 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 non-GAAP 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 6, 2021. 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 2598905. A telephonic replay will be available through Thursday, May 13, 2021 at (855) 859-2056 or (404) 537-3406, passcode 2598905. 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

Companies come to BlackLine, Inc. (Nasdaq: BL) because their traditional manual accounting processes are not sustainable. BlackLine's cloud-based solutions and market-leading customer service help companies move to modern accounting by unifying their data and processes, automating repetitive work, and driving accountability through visibility. BlackLine provides solutions to manage and automate financial close, accounts receivable and intercompany accounting processes, helping large enterprises and midsize companies across all industries do accounting work better, faster and with more control.

Nearly 3,500 customers trust BlackLine to help them close faster with complete and accurate results. The company is the pioneer of the financial close market and recognized as the leader by customers at leading end-user review sites including Gartner Peer Insights, G2 and TrustRadius. Based in Los Angeles, BlackLine also has regional headquarters in London, Singapore, and Sydney. For more information, please visit 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 for the second quarter and full year of 2021, our expectations for our business, including the demand environment, BlackLine's addressable market, market position and pipeline, the impact of the COVID-19 pandemic on our business, our market and our industry, and our expectations regarding our acquisition of Rimilia, including the market opportunity and Rimilia's contribution to our business and financial results.

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; the impact of the COVID-19 pandemic and related measures taken by governments and private industry; 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 and uncertain macro and regional 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; the impact of any determination of deficiencies or weaknesses in our internal controls and processes; 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, 2020 filed with the Securities and Exchange Commission on February 25, 2021. Additional information will also be set forth in our

Quarterly Report on Form 10-Q for the quarter ended March 31, 2021. 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. All of the information in this press release is subject to completion of our quarterly review process.

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 6, 2021 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, (v) and 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 revenues adjusted for the amortization of acquired developed technology 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 intangible assets 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 intangible assets, stock-based compensation, and the change in fair value of contingent consideration. 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 intangible assets, stock-based compensation, and the change in fair value of contingent consideration. 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 company’s acquisitions 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 related to acquisitions, amortization of intangible assets, stock-based compensation, the amortization of debt discount and issuance costs from our convertibles notes, the change in the fair value of contingent consideration, the loss on extinguishment of convertible senior notes, and the adjustment to the value of the redeemable non-controlling interest to the redemption amount. 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 company’s acquisitions 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 provided by operating activities less cash flows used to purchase 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 6, 2021 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, 2021.

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. In an instance 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.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
ASSETS		
Cash and cash equivalents	\$ 848,268	\$ 367,413
Marketable securities	308,991	175,206
Accounts receivable, net of allowance	89,423	111,270
Prepaid expenses and other current assets	20,809	20,226
Total current assets	1,267,491	674,115
Capitalized software development costs, net	17,858	15,690
Property and equipment, net	12,512	13,239
Intangible assets, net	43,781	46,674
Goodwill	289,710	289,710
Operating lease right-of-use assets	8,634	8,708
Other assets	68,811	65,369

Total assets	\$	1,708,797	\$	1,113,505
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY				
Accounts payable	\$	3,365	\$	3,150
Accrued expenses and other current liabilities		33,420		35,958
Deferred revenue		193,429		191,137
Short-term portion of operating lease liabilities		4,136		4,147
Short-term portion of contingent consideration		13,888		7,938
Total current liabilities		248,238		242,330
Operating lease liabilities		7,215		7,356
Convertible senior notes, net		1,066,352		407,032
Contingent consideration		17,304		15,552
Deferred tax liabilities		11,785		6,566
Deferred revenue, noncurrent		116		75
Total liabilities		1,351,010		678,911
Redeemable non-controlling interest		18,159		12,524
Stockholders' equity:				
Common stock		580		577
Additional paid-in capital		573,431		622,768
Accumulated other comprehensive income		295		376
Accumulated deficit		(234,678)		(201,651)
Total stockholders' equity		339,628		422,070
Total liabilities, redeemable non-controlling interest, and stockholders' equity	\$	1,708,797	\$	1,113,505

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

	Quarter Ended	
	March 31,	
	2021	2020
Revenues		
Subscription and support	\$ 91,655	\$ 77,035
Professional services	7,201	5,563

Total revenues	98,856	82,598
Cost of revenues		
Subscription and support	15,425	11,380
Professional services	6,465	4,685
Total cost of revenues	21,890	16,065
Gross profit	76,966	66,533
Operating expenses		
Sales and marketing	48,429	44,785
Research and development	18,973	11,747
General and administrative	28,269	17,338
Total operating expenses	95,671	73,870
Loss from operations	(18,705)	(7,337)
Other income (expense)		
Interest income	94	2,409
Interest expense	(14,804)	(5,685)
Other expense, net	(14,710)	(3,276)
Loss before income taxes	(33,415)	(10,613)
Provision for (benefit from) income taxes	(191)	357
Net loss	(33,224)	(10,970)
Net loss attributable to non-controlling interest	(197)	(328)
Adjustment attributable to non-controlling interest (a)	5,937	2,201
Net loss attributable to BlackLine, Inc. (a)	<u>\$ (38,964)</u>	<u>\$ (12,843)</u>
Basic net loss attributable to BlackLine, Inc. per share:		
Basic net loss attributable to BlackLine, Inc. per share (a)	<u>\$ (0.67)</u>	<u>\$ (0.23)</u>
Shares used to calculate basic net loss per share	57,860	56,174
Diluted net loss attributable to BlackLine, Inc. per share:		
Diluted net loss attributable to BlackLine, Inc. per share (a)	<u>\$ (0.67)</u>	<u>\$ (0.23)</u>
Shares used to calculate diluted net loss per share	57,860	56,174

(a) During the third quarter of 2020, the Company identified that, commencing in 2019, it had incorrectly calculated its quarterly adjustment to the carrying value of its redeemable non-controlling interest with a corresponding impact to net loss attributable to BlackLine, Inc., adjustment attributable to non-controlling interest, and basic and diluted net loss per share attributable to BlackLine, Inc. Such errors resulted in the \$1.2 million (\$0.02 per diluted share) overstatement of net loss attributable to BlackLine, Inc. for the quarter ended March 31, 2020. The Company corrected the cumulative impact of such prior-period errors as an out-of-period adjustment in the quarter ended September 30, 2020.

Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Quarter Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss attributable to BlackLine, Inc.	\$ (38,964)	\$ (12,843)
Net loss and adjustment attributable to redeemable non-controlling interest	5,740	1,873
Net loss	(33,224)	(10,970)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	6,542	4,570
Change in fair value of contingent consideration	7,702	145
Amortization of debt discount and issuance costs	7,651	5,532
Stock-based compensation	14,794	9,456
Loss on extinguishment of convertible senior notes	7,012	—
Noncash lease expense	1,025	1,230
Accretion of purchase discounts on marketable securities, net	(33)	(523)
Net foreign currency losses	333	826
Deferred income taxes	7	13
Provision for (benefit from) doubtful accounts receivable	(8)	69
Changes in operating assets and liabilities		
Accounts receivable	20,980	12,147
Prepaid expenses and other current assets	(672)	(1,499)
Other assets	(3,456)	(1,167)
Accounts payable	652	1,253
Accrued expenses and other current liabilities	(2,075)	(10,014)
Deferred revenue	2,333	(1,298)
Operating lease liabilities	(1,058)	(1,253)
Net cash provided by operating activities	28,505	8,517
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(308,937)	(116,400)
Proceeds from maturities of marketable securities	175,209	289,149
Proceeds from sales of marketable securities	—	12,000
Capitalized software development costs	(4,021)	(2,289)
Purchases of property and equipment))

	(1,096)	(1,152)
Net cash provided by (used in) investing activities	(138,845)	181,308
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of convertible senior notes, net of issuance costs	1,129,106	—
Partial repurchase of convertible senior notes	(432,230)	—
Purchase of capped calls related to convertible senior notes	(102,350)	—
Proceeds from exercises of stock options	2,151	4,656
Acquisition of common stock for tax withholding obligations	(5,134)	(3,562)
Financed purchases of property and equipment	(169)	(169)
Net cash provided by financing activities	591,374	925
Effect of foreign exchange rate changes on cash, cash equivalents, and restricted cash	(210)	—
Net increase in cash, cash equivalents, and restricted cash	480,824	190,750
Cash, cash equivalents, and restricted cash, beginning of period	367,913	120,502
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 848,737</u>	<u>\$ 311,252</u>
Cash and cash equivalents at end of period	\$ 848,268	\$ 310,989
Restricted cash included within prepaid expenses and other current assets at end of period	208	19
Restricted cash included within other assets at end of period	261	244
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	<u>\$ 848,737</u>	<u>\$ 311,252</u>

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

	Quarter Ended	
	March 31,	
	2021	2020
Non-GAAP Gross Profit		
Gross profit	\$ 76,966	\$ 66,533
Amortization of acquired developed technology	665	175
Stock-based compensation	1,750	1,323
Total Non-GAAP Gross Profit	<u>\$ 79,381</u>	<u>\$ 68,031</u>
Gross margin	77.9%	80.6%
Non-GAAP gross margin	80.3%	82.4%
Non-GAAP Operating Income:		
Loss from operations	\$) (18,705)	\$) (7,337)

Amortization of intangible assets	2,893	1,543
Stock-based compensation	14,794	9,456
Change in fair value of contingent consideration	7,702	145
Total non-GAAP operating income	\$ 6,684	\$ 3,807

Non-GAAP Net Income Attributable to BlackLine, Inc.

Net loss attributable to BlackLine, Inc. (a)	\$ (38,964)	\$ (12,843)
Provision for (benefit from) income taxes	81	(16)
Amortization of intangible assets	2,893	1,543
Stock-based compensation	14,787	9,456
Amortization of debt discount and issuance costs	7,651	5,532
Change in fair value of contingent consideration	7,702	145
Adjustment to redeemable non-controlling interest (a)	5,937	2,201
Loss on extinguishment of convertible notes	7,012	—
Total non-GAAP net income attributable to BlackLine, Inc.	\$ 7,099	\$ 6,018

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

Basic non-GAAP net income attributable to BlackLine, Inc. per share	<u>\$ 0.12</u>	<u>\$ 0.11</u>
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Shares used to calculate basic non-GAAP net income per share	<u>57,860</u>	<u>56,174</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>\$ 0.11</u>	<u>\$ 0.10</u>
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Shares used to calculate diluted non-GAAP net income per share	<u>62,861</u>	<u>59,519</u>
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**Quarter Ended
March 31,**

Non-GAAP Sales and Marketing Expense:

	<u>2021</u>	<u>2020</u>
Sales and marketing expense	\$ 48,429	\$ 44,785
Amortization of intangible assets	(1,750)	(969)
Stock-based compensation	(5,251)	(4,393)
Total non-GAAP sales and marketing expense	\$ 41,428	\$ 39,423

Non-GAAP Research and Development Expense:

Research and development expense	\$ 18,973	\$ 11,747
Stock-based compensation	(2,611)	(1,229)
Total non-GAAP research and development expense	\$ 16,362	\$ 10,518

Non-GAAP General and Administrative Expense:

General and administrative expense	\$	28,269	\$	17,338
Amortization of intangible assets		(478)		(399)
Stock-based compensation		(5,182)		(2,511)
Change in fair value of contingent consideration		(7,702)		(145)
Total non-GAAP general and administrative expense	\$	14,907	\$	14,283
Total Non-GAAP Operating Expenses	\$	72,697	\$	64,224
Free Cash Flow				
Net cash provided by operating activities	\$	28,505	\$	8,517
Capitalized software development costs		(4,021)		(2,289)
Purchases of property and equipment		(1,096)		(1,152)
Financed purchases of property and equipment		(169)		(169)
Free cash flow	\$	23,219	\$	4,907

(a) During the third quarter of 2020, the Company identified that, commencing in 2019, it had incorrectly calculated its quarterly adjustment to the carrying value of its redeemable non-controlling interest with a corresponding impact to net loss attributable to BlackLine, Inc., adjustment attributable to non-controlling interest, and basic and diluted net loss per share attributable to BlackLine, Inc. Such errors resulted in the \$1.2 million (\$0.02 per diluted share) overstatement of net loss attributable to BlackLine, Inc. for the quarter ended March 31, 2020. The Company corrected the cumulative impact of such prior-period errors as an out-of-period adjustment in the quarter ended September 30, 2020.