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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-37924

BlackLine, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**46-3354276**
(State or other jurisdiction of incorporation or organization)	**(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)

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

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant, based on the closing price of a share of the registrant's common stock on June 30, 2024 as reported by the Nasdaq Global Select Market on such date was $2.787 billion. Shares of the registrant's common stock held by each executive officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

At February 14, 2025, 62,814,333 shares of the registrant's common stock, $0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the information called for by Part III of this Annual Report on Form 10-K where indicated are hereby incorporated by reference from the Definitive Proxy Statement for the registrant's Annual Meeting of Stockholders to be held in 2025, which will be filed with the Securities and Exchange Commission not later than 120 days after the end of the registrant's fiscal year ended December 31, 2024.

BLACKLINE, INC.
2024 ANNUAL REPORT ON FORM 10-K

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PART I

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which statements involve substantial risk and uncertainties. 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. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including, but not limited to, statements regarding future financial and operational performance; statements concerning growth strategies including acquisitions, extension of distribution channels and strategic relationships, product innovation, international expansion, customer growth and expansion, customer service initiatives, expectations regarding our acquisitions, expectations regarding contract size and increased focus on strategic products, expectations for hiring new talent; our ability to accurately forecast revenue and appropriately plan expenses and investments; the demand for and benefits from the use of our current and future solutions; market acceptance of our solutions; the impact of the macroeconomic environment on our business; and changes in the competitive environment in our industry and the markets in which we operate and our liquidity and capital resources. These statements are based upon our historical performance and our 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 uncertainty. 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. Readers are cautioned that these forward-looking statements are only predictions and are subject to risks, uncertainty, and assumptions that are difficult to predict, including those identified below, under “Item 1A. Risk Factors” and elsewhere herein. 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. Furthermore, we undertake no obligation to revise or update any forward-looking statements for any reason, except as required by applicable law.

Unless the context otherwise requires, the terms “BlackLine, Inc.,” “BlackLine,” “the Company,” “we,” “us,” and “our” in this Annual Report on Form 10-K refer to the consolidated operations of BlackLine, Inc. and its consolidated subsidiaries as a whole.

Item 1. *Business*

Overview

The Office of the Chief Financial Officer (“CFO”) is relied upon to deliver timely and accurate financial reporting and business insights. Yet finance and accounting teams are facing unprecedented system and process complexity, growing data volumes, and evolving regulatory requirements, coupled with expanding roles and responsibilities. As a result, digital transformation has become a top priority for CFOs, as they require powerful technology to meet these demands.

At BlackLine, our mission is to inspire, power, and guide digital finance transformation for the Office of the CFO. Our secure, flexible, and scalable cloud-based platform empowers finance and accounting teams to achieve future-ready financial operations, modernizing processes for mid-size and enterprise organizations across all industries.

For many organizations, enterprise resource planning (“ERP”) systems manage general ledger activities but do not address end-to-end processes performed across other systems and outside those systems in spreadsheets, impeding organizations’ ability to provide reliable data and insights. Our platform connects data and processes at their origin, enhancing financial reporting integrity, streamlining activities, and delivering faster insights. This approach drives immediate impact and sustained value, maximizing cash flows, and accelerating the record-to-report and invoice-to-cash cycles.

BlackLine integrates with over 30 leading ERP systems, including SAP SE (“SAP”), Oracle Corporation, Microsoft Dynamics 365 (“Microsoft Dynamics”), an application offered by Microsoft Corporation (“Microsoft”), Sage Intacct, Inc., and NetSuite, Inc. It also connects with diverse financial data sources, such as banks, point-of-sale, treasury, payroll, procurement, and other systems, bringing data into unified workflows. This deep connectivity provides finance and accounting teams with accurate, actionable insights, reducing errors, improving compliance, and freeing time for strategic analysis.

For over 20 years, BlackLine has pioneered customer-centric innovation in financial software, optimizing mission-critical processes for the Office of the CFO. Our latest innovation, the BlackLine Studio360 Platform, uniquely addresses the increasing complexity of data, systems, and processes.

BlackLine was founded in 2001. We are a holding company and conduct our operations through our wholly-owned subsidiary, BlackLine Systems, Inc. (“BlackLine Systems”) and its subsidiaries.

On September 12, 2023, we acquired Data Interconnect (“DI”), hereinafter referred to as the “DI Acquisition”. DI is a cloud-based invoice-to-cash automation vendor within the electronic invoice presentment and payment (“EIPP”) market. The primary purpose of the DI Acquisition was to complete our existing accounts receivable automation solution by adding EIPP capabilities to our platform. In doing so, we now offer a complete end-to-end invoice-to-cash process within the platform.

On January 26, 2022, we acquired FourQ Systems, Inc. (“FourQ”), which we refer to as the “FourQ Acquisition.” The primary purpose of the FourQ Acquisition was to enhance our existing intercompany accounting automation capabilities by driving end-to-end automation of traditionally manual intercompany accounting processes.

Our cloud-based applications, increasingly powered by our BlackLine Studio360 Platform, include Account Reconciliations, Transaction Matching, Task Management, Financial Reporting Analytics, Journal Entry, Variance Analysis, Compliance, Smart Close for SAP, Cash Application, Credit & Risk Management, Collections Management, Disputes & Deductions Management, Team & Task Management, AR Intelligence, Electronic Invoicing & Payments, Intercompany Create, Intercompany Balance & Resolve, and Intercompany Net & Settle. These applications address many use cases across our customers’ financial operations and include comprehensive and flexible solutions that deliver best practices for end-to-end record-to-report and invoice-to-cash processes.

Our Growth Strategy

Our principal growth strategies include the following:

Continue to Innovate and Expand our Solutions. Our ability to internally develop or make strategic acquisitions of new, market-leading applications and functionalities is integral to our success. We intend to deepen our existing capabilities and extend the functionality and range of our applications to bring new solutions to the Office of the CFO.

Enhance our Leadership Position within the Marketplace. We intend to focus on customer expansion, geography, and industry to maintain and grow our leadership position.

- **Customer Expansion:** We believe we have a leading position in the market with both enterprise and select mid-size companies. We intend to leverage our brand recognition, history of innovation, and customer focus to maintain and grow our leadership position with enterprise market businesses. We pursue a land-and-expand sales model and believe there is significant opportunity to increase sales of our solutions within our existing customer base. Our pricing model is designed to allow us to capture additional revenue as our customers’ usage of our platform grows, providing us with an opportunity to increase the lifetime value of our customer relationships.
- **Geography:** We believe that we have a significant opportunity to expand the use of our cloud-based solutions outside the United States (“U.S.”). We intend to invest in further expanding our global footprint through organic growth activities and strategic acquisitions.
- **Industry:** We continue to leverage our customer scale to innovate with industry-specific product extensions, specifically for industries where we have large total addressable market opportunities and strong brand permission with customers and partners.

Extend Our Relationships with Partners. We have established strong relationships with technology vendors such as SAP and Microsoft, Google LLC (“Google”), and Snowflake, Inc. (“Snowflake”), professional services firms such as Accenture plc (“Accenture”), Deloitte Touche Tohmatsu Limited (“Deloitte”), and Ernst & Young Global Limited (“Ernst & Young”), and business process outsourcers, such as CapGemini SE (“CapGemini”), GenPact Ltd (“GenPact”), and RSM US LLP (“RSM”). We intend to deepen our relationships with our current partners, foster a thriving ecosystem of partnerships and partner with resellers who are well versed in the BlackLine suite and select software firms.

ERP Connectivity. We intend to leverage our BlackLine Studio360 Platform to further extend our technology integration capabilities with large ERP players, and maintain connectivity to other ERPs and third-party data sources.

***Cloud* Marketplaces.** We have established the ability to buy BlackLine solutions via Cloud Marketplaces by Google Cloud Platform ("GCP"), Microsoft Azure ("Azure"), and Amazon AWS ("AWS"). This enables our customers to leverage their committed spend with those cloud providers for a software purchase with BlackLine.

BlackLine Platform, Products, and Capabilities

We provide a unified, scalable, and flexible platform tailored to the evolving needs of the Office of the CFO and deliver purpose-built applications that address critical processes, including financial close & consolidation, intercompany accounting, and invoice-to-cash. Our software and services provide the critical technology and industry-leading practices that deliver accurate, efficient, and intelligent financial operations.

BlackLine Studio360 Platform

In today's dynamic business environment, the Office of the CFO faces unprecedented challenges: managing complex systems, siloed data, and demands for real-time, accurate insights to enable strategic decision-making. Traditional, fragmented solutions cannot keep up with the increasing complexity of data, systems, and processes. The need for a unified, comprehensive, flexible, and scalable platform has never been greater.

BlackLine's recently launched Studio360 Platform addresses these challenges by providing an infrastructure and capabilities to further unify our products and services that includes:

- **Studio360 Integrate:** Powerful and flexible capabilities for unifying, cleansing, and transforming data through pre-built connectors and APIs, ensuring a single source of truth for finance and accounting teams;
- **Studio360 Orchestrate:** The industry's most extensive capabilities to map, optimize, and automate workflows across BlackLine applications, ERPs, and other applications like procurement, payroll, revenue, treasury, fixed assets, and more, with real-time progress tracking and event-based scheduling;
- **Studio360 Visualize:** Real-time, AI-powered insights, anomaly detection, exception handling, and KPI monitoring through customizable dashboards and reports, enabling CFOs to make fast, data-driven decisions;
- **Studio360 Blueprint:** An extensive library of proven process design templates grounded in customer-informed industry best practices, enabling rapid deployment and achievable transformation outcomes. BlackLine and its world's-leading partners continuously contribute to and expand this library, ensuring it remains up-to-date and adaptable to evolving customer needs; and
- **Studio360 Control:** A centralized hub for administering and enforcing financial data hierarchies, policies, and certifications to strengthen governance and risk management.

Solutions

Our cloud-based solutions for the Office of the CFO are designed to be the primary system of interaction for accounting and finance professionals. Our solutions unify systems and data and work to drive accuracy, collaboration, efficiency, and control. Our solutions enable accounting and finance professionals to execute their work continuously, empowering real-time insights and business partnership.

Products and Services

Our products are comprised of financial close & consolidation, intercompany accounting, and invoice-to-cash. We also provide resources and services for implementation.

Financial Close & Consolidation

The collection of processes by which organizations reconcile, consolidate, and report their financial information at the end of each period is referred to as record-to-report. For organizations of any size, traditional processes are heavily manual and rely upon error-prone spreadsheets, increasing risk and threatening the accuracy of financial reporting. Our Financial Close & Consolidation solutions allow customers to standardize and automate key steps across the record-to-report process to ensure accuracy and control. Our products include:

- ***Account Reconciliations*** provides a centralized workspace from which users can collaborate to substantiate their balance sheet by completing account reconciliations. Features include standardized templates, workflows for review and approval, linkage to policies and procedures, and integrated storage of supporting documentation. The product automates otherwise manual activities in the substantiation process, significantly reducing time and effort and increasing productivity. It also enhances internal controls by facilitating the appropriate segregation of duties, simplifying reconciliation audits and adding transparency and visibility to the reconciliation process;

- ***Transaction Matching*** analyzes and reconciles high volumes of individual transactions from different sources of data based upon user-configured logic. Our rules engine automatically identifies exceptions, errors, missing data, and variances within large data sets. The matching engine processes millions of records per minute, can be used with any type of data, and allows customers to reconcile transactions in real time;
- ***Journal Entry*** allows users to generate, review, and post manual journal entries. Many postings can be fully automated and calculated based on complex, customer-defined logic or automatically allocated across multiple business units. Validation and approval checkpoints help ensure the integrity of information passed to other financial applications, including hundreds of ERPs and subsystems, in a configurable, standardized format;
- ***Task Management*** enables users to create and manage processes and task lists. The solution provides automatic and recurring task scheduling, includes configurable workflow, and provides a management console for accounting and finance activities. Though most commonly used with the financial close, users can create task lists and projects for hundreds of different use cases ranging from external audits to environmental impact surveys. The solution can be used as a cloud-based, controlled checklist that includes reporting and alerts to drive greater collaboration, accountability, and visibility;
- ***Smart Close for SAP*** is a fully embedded, purpose-built solution to streamline and automate the close directly in SAP. Smart Close complements our cloud financial close management solutions to achieve end-to-end automation. Purpose-built automation allows customers to automate task and job scheduling, verify the correctness of closing transactions, and take action, like raising alerts, making corrections, or pushing the closing process to the next step with job scheduling;
- **Financial Reporting Analytics** is a modern solution that enables analysis and validation of group level or consolidated financial data with direct, real-time visibility into the local or underlying details. The solution provides a centralized workspace with end-to-end transparency and automates ledger-to-ledger, statutory-to-GAAP, tax-to-GAAP, and system-to-system reconciliation to ensure the completeness and accuracy of consolidated fluctuation results;
- ***Variance Analysis*** automatically calculates, identifies, and provides anomalous fluctuations in balance sheet and income statement account balances with “always-on” monitoring. Once an item needing investigation is identified, users are automatically alerted so they can research and determine the source of the fluctuation. Users can then document and sign off on explanations, enabling stronger control; and
- ***Compliance*** is an integrated solution that facilitates compliance-related initiatives, consolidates project management, and provides visibility over control self-assessments and testing.

Intercompany

Intercompany transactions occur when entities within a corporate parent organization transact with each other. These transactions are some of the most complex and frequent sources of uncertainty and process inefficiency for the controller organization, frequently causing imbalances that must be resolved. The intricate nature of intercompany transactions often drives accounting operations to process a substantial volume of intercompany charges within the constraints of the fiscal calendar, leaving insufficient time for enhancing the quality of the underlying data. This prevalent operational practice results in heightened stress for accounting and finance professionals, originating from an unproductive and avoidable workload. Often manual, time-consuming, and resource-intensive processes, intercompany transactions can have material impacts on costs if not managed properly. Our intercompany solutions manage the entire intercompany transaction lifecycle within our platform, from the initial creation of a transaction through the settlement. We believe it is the only widely-available, automated end-to-end intercompany solution maintained in a single platform. These solutions include:

- ***Intercompany Create*** increases visibility into transaction-level data by originating transactions directly within our software. Intercompany transactions are configured and executed with a simple process that uses billing routes to facilitate the flow of a transaction and the appropriate tax and transfer pricing mark-ups. The application stores permissions and business logic exceptions by entity, service, and transaction type, ensuring that both the seller and the buyer of the intercompany transaction are authorized to conduct business, while billing in a manner that optimizes process efficiency and minimizes tax leakage. Transactions are booked via Journals directly into the ledger. Invoices are automatically generated for each respective jurisdiction and e-invoicing capabilities can send intercompany data to country-specific portals. Workflow capabilities exist for ad hoc transactions as well as non-invoiceable transactions;

- ***Intercompany Balance & Resolve*** centralizes, streamlines, and automates intercompany reconciliation complexity and dispute management by capturing all intercompany transactions within the virtual subledger and providing resolution actions to reconcile. This feature reduces intercompany reconciliation risk, effort, and last-minute plugs by automatically flagging out-of-balance trading pairs and underlying transactions that create exceptions on a continuous basis. Open intercompany transactions are continuously analyzed to verify offsetting transactions on the respective trading partner books. Exceptions are flagged and users are automatically notified for investigation and resolution. Automated or workflow-based resolution actions and adjustments bring the balance back into line for settlement-ready balances; and
- ***Intercompany Net and Settle*** enables real-time visibility into open intercompany transactions that integrate with treasury systems to facilitate and streamline netting, settlement, and clearing to optimize working capital. Using bilateral and multilateral netting to reduce the number of transactions that typically incur bank fees, treasury teams can effectively manage the manner that intercompany balances are closed out using cash and non-cash settlement methodologies to effectively manage the cash positions of each entity. Users can filter the information by transaction type, hold type, currency, or business relationship. This feature facilitates the process of netting transactions and helps users make informed, strategic decisions, while managing cash reporting and forecasting.

Invoice-to-Cash

Cash is vital to every business, and invoice-to-cash is central to improving cash flow. Managing invoice-to-cash well means maximizing working capital by collecting cash and minimizing credit losses. This critical process is often highly manual. Our unified suite helps customers collect cash, provide credit, and better understand cash flow.

- ***Cash Application*** transforms the order-to-cash cycle by significantly reducing the time it takes to apply cash receipts to open invoices, resulting in significant reductions in unapplied cash. BlackLine Cash Application drives an automated and effective end-to-end process from an invoice-to-cash in the bank and fully applied in the subledger. It uses intelligent automation to help customers accurately apply payments to customers' invoices in an ERP. Embedded machine learning then reduces the manual effort involved in the process and releases working capital for our customers;
- ***Credit & Risk Management*** brings customer and payment behavior data together to enable optimal risk strategies and real-time risk profiling. Managing the balance between sales and risk of non-payment is critical to profitability. Credit & Risk Management brings together data from numerous sources, such as credit reference agencies, credit insurers, and payment performance to understand historical indebtedness and behavior trends of the companies with whom our customers work. This solution works in tandem with our Collections Management solution to help organizations better understand their customer base and make informed decisions around collection strategies, recovery sequences, and the prioritization of team tasks;
- ***Collections Management*** helps customers design collection strategies to fit each of their customer's sales ledger profile. Releasing cash from customers is the fastest way to increase working capital. Collections Management streamlines the collections process and unlocks more cash from companies with automated escalating recovery sequences that enable collections teams to better prioritize their work by understanding which customers require attention. Customers gain real-time clarity into what actions and collection strategies are working at each stage of the collection process and can use this information to collect payments more efficiently, leading to reduced days sales outstanding and improved customer relationships;
- ***Disputes & Deductions Management*** helps our customers track payment disputes to drive prompt response and resolution. Unresolved disputes lead to uncollected revenue and can threaten profitability. Disputes & Deductions logs, monitors, and analyzes invoice disputes and provides our customers automated workflows to accelerate dispute resolution and protect their customer relationships;
- ***Team & Task Management*** automates accounts receivable teams' tasks while ensuring timely execution by using data to drive priority of actions. The historically manual work behind accounts receivable processes can lead to siloed work and a lack of end-to-end visibility. Team & Task Management provides full visibility into the accounts receivable process, monitors critical actions against the volume of work, and allocates resources based on team capacity to prioritize risk management and cash collection;
- ***AR Intelligence*** automatically processes, analyzes, and surfaces critical information, such as sales and payment performance data, customer payment trends, and days sales outstanding. This solution unifies the data across BlackLine's Invoice-to-Cash suite to provide data typically difficult to obtain in real-time;

Customers using this solution gain insights into customer behavior, as well as the ability to measure the impact of extended payment terms to cash collections and cash flow, and understand the predictability of customer payments when building cash flow forecasts; and

- ***Electronic Invoicing & Payments*** helps our customers generate, send, and monitor invoices in diverse e-invoice formats through a multitude of delivery channels. Customers can download invoices through secure, branded, customer invoice portals. BlackLine's Electronic Invoicing & Compliance can provide financial flexibility with the ability to service inbound customer payments through a range of versatile payment channels. BlackLine Invoicing & Compliance allows customers to adapt and adhere to country-specific requirements with evolving e-invoicing regulations across various countries.

Services

Customer service is essential to our customers' success and we are focused on driving long-term partnership and value by offering the following services:

- ***Implementation:*** With a focus on configuration over customization, our implementation approach favors rapid and efficient deployments led by accounting experts, rather than technical resources. A typical project will focus on mapping our application to a customer's current or ideal process, coaching them on best practices, and helping organizations become self-sufficient, instead of dependent on additional professional services. For customers that elect to work with a partner or business process outsourcer for implementation services, BlackLine provides partner training and certification, as well as support for partner-led projects;
- **Optimization:** Our transformation team assists with optimization strategies for transformation projects through the BlackLine Optimization Academy where we teach accountants how to optimize their accounting and reporting processes. Customers learn what processes can benefit from optimization and can choose to undertake the optimization process themselves or choose our consulting services or strategic customer advisory services to continue their journey;
- ***Training & Education:*** We offer a variety of live and web-based training options through BlackLine University. Many customers consume their training through our e-learning environment, while others select both live and e-learning. Courses cover solutions functionality, as well as the underlying concepts and demonstrate the power of our platform like financial close & consolidation, intercompany accounting, and invoice-to-cash;
- ***Customer Success:*** Our customer success managers, many of whom are former users, provide customers with best practices and create a success plan for expanded usage of our platform for process optimization. A success plan is central to increased customer value and customer adoption. This approach positively impacts our retention and upsell efforts; and
- ***Global Support:*** From our offices in Australia, Canada, England, India, Japan, Mexico, the Netherlands, Poland, Romania, and the U.S., we provide tiered customer support, ranging from support provided during business hours to 24/7/365 support. All customers have access to essential support through our support and community portal, included as part of their subscription. In 2023, we rolled out two additional tiers of support that customers can purchase based on their needs.

Across our platform, products and services, BlackLine stands out through its integration, scalability and flexibility, ease of use, and commitment to innovation. Our solutions securely and automatically connect with ERPs and various financial data sources, simplifying data consolidation for complex environments. Unlike solutions tied to specific systems, BlackLine is ERP and data source agnostic, ensuring compatibility and adaptability as organizations evolve. Designed by finance and accounting professionals with years of industry experience, our user-friendly interface offers intuitive dashboards, collaboration tools, and streamlined workflows for all skill levels. With a history of proven innovation and a commitment to continued investment, BlackLine continues to address more challenges across the Office of the CFO, meeting the diverse and dynamic needs of today's businesses.

Key Benefits

Our platform is designed to provide the following benefits to our customers:

- **Automated Processes:** Our solutions leverage AI and automation to streamline manual finance and accounting activities such as reconciliations, journal entries, and cash application. By seamlessly integrating with ERP systems and other data sources, our solutions eliminate manual work, prevent errors, and free up teams to focus on strategic activities;

- **Strengthened Controls & Improved Compliance:** By embedding controls, segregation of duties, out of the box workflows, and audit trails across our platform and applications, we help organizations address the complexities of their global regulatory requirements and reduce risk of non-compliance. Our ability to scale across multiple currencies, languages, and unify financial data across sources ensures accuracy and greater confidence in financial reporting;
- **Reduced Costs:** Our solutions replace resource-intensive, often spreadsheet-based processes with automated workflows and leading practices, leading to cost savings. Our platform's extensibility, flexibility, and scalability enable enterprises to optimize their financial operations, reducing bottlenecks and delivering value across diverse organizational setups, including those managing high transaction volumes;
- **Accelerated Insights:** Our platform and solutions provide real-time dashboards, configurable reports with drilldown capabilities, and unparalleled visibility into financial data and operations, empowering teams to make informed decisions faster and support improved forecasting; and
- **Proactive Anomaly & Risk Detection:** Powerful business rules and AI-driven anomaly detection help customers identify potential risks or unusual patterns in their financial operations and results. We enable a proactive approach that prevents issues before they escalate, safeguarding financial integrity.

By combining automation, real-time insights, embedded controls, and flexible and scalable design, our solutions ensure organizations can meet the increasing demands on the Office of the CFO, despite system complexity and evolving regulatory landscape. Our future-ready platform enables financial operations excellence and empowers the Office of the CFO to deliver strategic value to their organizations.

Customers

Our customers include multinational corporations, large enterprises, and mid-size companies across a broad array of industries. These businesses include publicly-listed entities and privately-owned enterprises, as well as non-profit entities. At December 31, 2024, we had 397,477 individual users across 4,443 customers, exclusive of on-premise software. We define a customer 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.

Sales and Marketing

We sell our solutions through our direct sales force. Our direct sales force leverages our relationships with technology vendors such as SAP and Microsoft, professional services firms such as Accenture, Deloitte, and Ernst & Young and business process outsourcers, such as CapGemini, Genpact, and RSM, to influence and drive customer growth. Since 2018, we have partnered with SAP, incorporating them into the reseller channel that we use in the ordinary course of business. SAP has the ability to resell our solutions as SAP solutions-extensions ("SolEx"), for which we receive a percentage of the revenues. SolEx allows us to provide the highest level integration with SAP ERP solutions. Going forward, we intend to become a more partner-powered organization, harnessing the deep and embedded relationships our partners have with key decision-makers at our customers.

Our marketing efforts are focused on demand generation, establishing and extending our brand proposition, generating product awareness, and cultivating our community of users. We generate demand primarily through word-of-mouth, search engine marketing, campaigns and events, and our network of business process outsourcers, business services organizations and resellers. We leverage online and offline marketing channels on a global basis, organize customer roundtables and user conferences, and release white papers, case studies, blogs, and other resources. We execute co-marketing activities with partners such as SAP, Ernst & Young, and Deloitte. We further extend our brand awareness through sponsorships with leading industry organizations such as the American Institute of Certified Public Accountants, or AICPA, the Institute of Management Accountants, or IMA, the Financial Executives International, or FEI, the Institute of Chartered Accountants in England and Wales, or ICAEW, and the Association of Chartered Certified Accountants, or ACCA.

Competition

The market for accounting and financial software and services is competitive, rapidly evolving and requires a deep understanding of the industry standards, financial operations processes, accounting rules, and global financial regulations.

We compete with vendors of financial operations, financial automation, record-to-report, and invoice-to-cash software, including software offered by certain ERP vendors. Further, other established software vendors not currently focused on accounting and finance software and services, including some of our partners, resellers, and other parties with which we have relationships, may expand their services to compete with us.

We believe the principal competitive factors in our market include the following:

- depth and breadth of solutions;
- level of customer satisfaction;
- ease of deployment and use of applications;
- ability to integrate with multiple legacy enterprise infrastructures and third-party applications;
- domain expertise on accounting and finance best practices;
- ability to innovate and respond to customer needs rapidly;
- capability for configurability, integration, and scalability of applications;
- cloud-based delivery model;
- advanced security and reliability features;
- brand recognition and historical operating performance; and
- price and total cost of ownership.

We believe we are positioned favorably against our competitors based on these factors. However, certain of our competitors may have greater name recognition, longer operating histories, more established customer and marketing relationships, larger marketing budgets, and significantly greater resources.

Intellectual Property and Proprietary Rights

Our intellectual property and proprietary rights are important to our business. We currently have two patents. We primarily rely on copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners, and others to protect our intellectual property rights. Though we rely in part upon these legal and contractual protections, we believe that factors such as the skills and ingenuity of our employees and the functionality and frequent enhancements to our solutions are larger contributors to our success in the marketplace.

Despite our efforts to preserve and protect our intellectual property and proprietary rights, unauthorized third parties may attempt to copy, reverse engineer, or otherwise obtain portions of our software. Competitors may attempt to develop similar solutions that could compete in the same market as our solutions. Unauthorized disclosure of our confidential information by our employees or third parties could occur. Laws of other jurisdictions may not protect our intellectual property and proprietary rights from unauthorized use or disclosure in the same manner as the U.S. The risk of unauthorized use of our proprietary and intellectual property rights may increase as we continue to expand outside of the U.S.

Third-party infringement claims are also possible in our industry, especially as software functionality and features expand, evolve and overlap with other industry segments.

Human Capital

BlackLine's approximately 1,830 employees worldwide contribute their unique talents, experience, and backgrounds to inspire, power, and guide digital finance transformation. We are committed to driving a culture of inclusion and innovation through our programs designed to attract, develop, retain, and engage exceptional talent aligned with our values of Think, Create, Serve, and Deliver.

Through a focus on inclusion, health and safety, comprehensive compensation and benefits, employee engagement, and training and development, we strive to cultivate a culture where employees thrive. Our workforce strategy is driven by a continued focus on our employee culture, including how we find, develop, and retain talent. Every BlackLine employee has access to resources designed to help them improve their well-being, understand the value of their work, develop their career, and thrive professionally.

Attract

Our core values of Think, Create, Serve, and Deliver, and our embedded approach to inclusion, are the underpinnings of our culture. We embrace the unique value of each person’s life experiences and seek candidates from a wide range of backgrounds to join our team because we believe that fostering an inclusive environment better positions us to recruit strong talent and unlock innovation. We focus on building an inclusive culture through a variety of company initiatives, beginning with our hiring practices and our commitment to continually attract candidates from a broad range of backgrounds into our recruiting pipeline.

Develop

We believe that one of the primary reasons candidates join BlackLine is for career development opportunities, and we have several programs and resources to help our employees explore, develop, and achieve their career goals. We invest in our employees’ career growth and provide a wide range of development opportunities, self-directed learning, and support for continuing education through access to professional development and reimbursement programs. BlackLine employees are also offered robust training related to BlackLine products and formal and informal on-the-job training. Career growth and development opportunities are available to all employees, including internal promotions and transfers.

Retain

To retain our workforce, we strive to offer competitive compensation and comprehensive benefits programs. We review our compensation practices, both in terms of our overall workforce and individual employees, to ensure our pay practices are fair and competitive. Our compensation program is built on a pay-for-performance foundation that is designed to attract, motivate, reward, and retain talented individuals who possess the skills and domain expertise necessary to support our business, contribute to our strategic goals, and create long-term value for our stockholders. We provide employees with competitive compensation packages that include base salary plus a bonus, commission, or incentive plan, access to our employee stock purchase plan, where applicable, and equity awards to encourage performance and retention of our top talent.

Corporate Information

We were incorporated in May 2001. Our principal executive offices are located at 21300 Victory Blvd, 12th Floor, Woodland Hills, California 91367, and our telephone number is (818) 223-9008.

The names “BlackLine,” “BlackLine Systems,” “BlackLine Cash Application,” and our logo are our trademarks. This Annual Report on Form 10-K also contains trademarks and trade names of other businesses that are the property of their respective holders. We have omitted the ® and ™ designations, as applicable, for the trademarks we name in this Annual Report on Form 10-K.

Available Information

Our website is located at www.blackline.com, and our investor relations website is located at http://investors.blackline.com. We have used, and intend to continue to use, our Investor Relations website as a means of disclosing material public information and for complying with our disclosure obligations under Regulation FD. Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission, or the SEC. The SEC also maintains a website that contains our SEC filings. The address of the site is www.sec.gov.

Item 1A. *Risk Factors*

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report on Form 10-K, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risk and uncertainties not presently known to us or that we presently deem less significant may also impair our business operations. If any of the events or circumstances described in the following risk factors actually occurs, our business, operating results, *financial condition, cash flows, and prospects could be materially and adversely affected. In that event, the market price of our common stock could decline, and you could lose part or all of your investment.*

Summary Risk Factors

Our business is subject to numerous risks and uncertainties that you should consider before investing in BlackLine, as fully described below. The principal factors and uncertainties that make investing in BlackLine risky include, among others:

- If we are unable to attract new customers and expand sales to existing customers, our growth could be slower than we expect and our business may be harmed.
- Our business and growth depend substantially on customers renewing their subscription agreements with us, and any decline in our customer renewals could adversely affect our operating results.
- Economic uncertainty and other unfavorable conditions in our industry or the global economy could limit our ability to grow our business and negatively affect our operating results.
- If we fail to manage growth in our operations and organizational change effectively, we may be unable to execute our business plan.
- If we are not able to provide successful enhancements, new features or modifications to our software solutions, our business could be adversely affected.
- We derive substantially all of our revenues from a limited number of software solutions, and our growth is dependent on their success.
- If our relationships with technology vendors and business process outsourcers are not successful, our business and growth may be harmed.
- If our security controls are breached or if unauthorized, or inadvertent access to customer, employee or other confidential data is otherwise obtained, our software solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, our business may be harmed and we may incur significant liabilities.
- We depend and rely upon Software as a Service (“SaaS”) applications from third parties to operate our business and provide our software solutions, and interruptions, outages, or performance problems with these technologies may adversely affect our business and operating results.
- Our increased focus on the development and use of generative artificial intelligence and machine learning technologies (“AI/ML”) in our platform and our business, as well as our potential failure to effectively implement, use, and market these technologies, may result in reputational harm or liability, or could otherwise adversely affect our business.
- Interruptions or performance problems associated with our software solutions, platform and technology may adversely affect our business and operating results.
- If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle product liability claims.
- The market in which we participate is intensely competitive, and if we do not compete effectively, our business and operating results could be harmed.
- Our quarterly results may fluctuate, and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.
- We have a history of losses and we may not be able to generate sufficient revenue to achieve or sustain profitability.
- The market price of our common stock may be volatile, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

If we are unable to attract new customers and expand sales to existing customers, our growth could be slower than we expect and our business may be harmed.

Our growth depends in part upon increasing our customer base. Our ability to increase our revenues will depend, in large part, upon the effectiveness of our sales and marketing efforts, both domestically and internationally. We may have difficulty attracting potential customers that rely on inexpensive tools such as Excel, or that have already invested substantial personnel and financial resources to integrate internally-developed or other software solutions into their businesses, as such organizations may be reluctant or unwilling to invest in a new product. If we fail to attract new customers or maintain and expand those customer relationships, our revenues will grow more slowly than expected and our business will be harmed.

Our growth also depends upon our ability to add users and sell additional products to our existing customers. It is important for the growth of our business that our existing customers make additional significant purchases of our products and add additional users to our platform. Although our customers, users, and revenue have grown rapidly in the past, in recent periods our slower growth rates have reflected the size and scale of our business. In addition, our growth rates may be impacted by changing customer preferences, such as customer preference for platform offerings that unify upstream and downstream activities versus less broadly-focused solutions, increased competition across many of our product offerings, and diversion of IT budgets toward other technologies and priorities. We cannot be assured that we will achieve similar growth rates in future periods as our customers, users, and revenue could decline, or grow more slowly than we expect. Our business also depends on retaining existing customers. If we do not retain customers, including due to the acquisition of our customers by other companies, or our customers downgrade or fail to renew their agreements with us, or move to our competitors, or if our customers do not purchase additional products, our revenues may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base may require additional sales efforts that are targeted at senior management of such customers, which efforts are often associated with complex customer requirements and additional time to evaluate and test our products, and can lead to long and unpredictable sales cycles. There can be no assurance that our efforts will result in increased sales to existing customers or additional revenues.

Our sales and marketing efforts have been and may continue to be impacted by geopolitical developments and other events beyond our control, including economic volatility and macroeconomic trends. Such events have resulted in increased price sensitivity on the part of certain current and prospective customers, and could negatively impact sales for certain of our premium-priced offerings.

Our business and growth depend substantially on customers renewing their subscription agreements with us and any decline in our customer renewals could adversely affect our operating results.

Our initial subscription period for the majority of our customers is one to three years. In order for us to continue to increase our revenue, it is important that our existing customers renew their subscription agreements when the contract term expires. Although our agreements typically include automatic renewal language, our customers may cancel their agreements at the expiration of the term. In addition, our customers may renew for fewer users, renew for shorter contract lengths or renew for fewer products or solutions. Renewal rates may decline or fluctuate as a result of a variety of factors, including satisfaction or dissatisfaction with our software or professional services, our pricing or pricing structure or changes in pricing structures, the pricing or capabilities of products or services offered by our competitors, the effects of economic conditions, or reductions in our customers' budgets and spending levels. For example, macroeconomic trends and changing customer preferences have impacted and may continue to impact our renewal rate. Any prolonged downturn in the global economy in general, or in particular sectors, such as technology or financial services, would adversely affect the industries in which our customers operate, which could adversely affect our customers' ability or willingness to renew their subscription agreements or could cause our customers to downgrade the terms of their subscription agreements. Even in the absence of unfavorable macroeconomic trends, changes in the size and mix of IT spend, such as favoring newer technologies like AI/ML at the expense of digital transformation, could negatively impact customers' ability or willingness to renew their subscription agreements or could cause our customers to downgrade the terms of their subscription agreements.

Further, as the markets for our existing solutions mature, or as current and future competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to renew our agreements with existing customers or attract new customers at prices that are profitable to us. As a result, we may in the future be required to change our pricing model, reduce our prices or accept other unfavorable contract terms, any of which could affect our revenue. For example, we recently introduced a platform pricing model, which is no longer tied to the amount of users and is instead driven by the size and complexity of the customer. We are uncertain as to how this new model will be received by our customers and certain customers may view this model unfavorably and decline to renew their agreements. If our customers do not renew their agreements with us or renew on terms less favorable to us, our revenues may decline.

Economic uncertainty and other unfavorable conditions in our industry or the global economy could limit our ability to grow our business and negatively affect our operating results.

Our operating results may vary based on the impact of changes in our industry or the global economy on us or our customers. The revenue growth and potential profitability of our business depend on demand for business software applications and services generally, and for accounting and finance systems in particular. We have been operating in a period of economic uncertainty and cannot predict the timing, strength, or duration of any economic recovery. The global economy has been, and may in the future be adversely affected by concerns of inflation and fluctuating interest rates, adverse business conditions and liquidity concerns, as well as macroeconomic volatility and uncertainty. Such general macroeconomic conditions have contributed to a more restrained and selective IT spending environment that could adversely affect demand for our products and make it difficult to accurately forecast and plan our future business activities. For example, since the second quarter of 2022, we have observed certain customers delaying and deferring purchasing decisions, which has resulted in the deterioration of near-term demand. In addition, professional services revenue may decrease as new implementation projects are delayed. To the extent that there are unfavorable conditions in the national and global economy, our business could be negatively impacted. Current and potential customers may reduce their budgets for accounting, finance, and technology, or they may postpone or decide not to purchase or renew subscriptions to our products, which they might view as discretionary. This would limit our ability to grow and negatively affect our operating results. Additionally, corporate cost-cutting and tighter budgets could reduce the rate of spending on accounting, finance, and information technology. This could affect our customers' ability or willingness to purchase our cloud platform, delay purchasing decisions, reduce the value or duration of their subscription contracts, or increase attrition rates, all of which would adversely affect our operating results. The occurrence of a natural disaster, global public health crisis, geopolitical uncertainty or war has caused, and in the future may cause, customers to request concessions, including extended payment terms, free modules or better pricing. Uncertain economic conditions may also adversely affect third parties with which we have entered into relationships and upon which we depend in order to grow our business, such as technology vendors and public cloud providers. Prolonged economic uncertainties relating to macroeconomic trends could limit our ability to grow our business and negatively affect our operating results.

In addition, our customers may be affected by changes in trade policies, treaties, government regulations and tariffs, as well as geopolitical volatility. Trade protection measures, retaliatory actions, tariffs and increased barriers, policies favoring domestic industries, or increased import or export licensing requirements or restrictions, such as trade sanctions against Russia in response to the war in Ukraine, could have a negative effect on the overall macro economy and our customers, and our ability to sell to certain customers, which could have an adverse impact on our operating results.

If we fail to manage growth in our operations and organizational change effectively, we may be unable to execute our business plan.

Growth in our customer base and operations has placed, and may continue to place, a significant strain on our managerial, administrative, operational, financial and other resources, particularly as we focus on cost discipline and efficiency. We anticipate that additional investments in our infrastructure will be necessary to support the growth of our operations both domestically and internationally. These additional investments will increase our costs, with no assurance that our business or revenue will grow sufficiently to cover these additional costs. Labor shortages and increased employee mobility may make it more difficult to hire and retain certain types of employees. For example, labor shortages have, at times, created greater competition for engineering talent, and we have had to expend additional resources to address the retention of such employees. Additionally, our workforce continues to be partially remote, and we expect that it will remain partially remote for the near term. We may experience difficulties onboarding new employees remotely, and maintaining a global organization and managing a geographically dispersed workforce requires substantial management effort, the allocation of valuable management resources, and significant additional investment in our infrastructure. We may be unable to improve our operational, financial and management controls and our reporting procedures to effectively manage our operations and growth, which could negatively affect our results of operations and overall business. In addition, we may be unable to manage our expenses effectively in the future, which may negatively impact our gross margins or operating expenses and cause us to realign resources in order to improve operational efficiency, which may include a slowdown in hiring or reduction in force, such as workforce reductions we initiated in December 2022 and August 2023. Moreover, if we fail to manage our anticipated growth or any realignment of resources, such as a restructuring or reduction in force, in a manner that preserves the key aspects of our corporate culture, employee morale, productivity and the quality of our software solutions may suffer, which could negatively affect our brand and reputation and harm our ability to retain and attract customers.

If we are not able to provide successful enhancements, new features or modifications to our software solutions, our business could be adversely affected.

If we are unable to provide enhancements and new features for our existing solutions or new solutions that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. For example, advancements in technology and the introduction of products by our competitors or others incorporating new technologies, such as AI/ML, the emergence of new industry standards, or changes in customer requirements, may alter the market for our products, and businesses that are slow to adopt or fail to adopt these new technologies may face a competitive disadvantage. The success of enhancements, new products and solutions depends on several factors, including timely completion, introduction and market acceptance. We must continue to meet changing expectations and requirements of our customers and, because our platform is designed to operate on a variety of systems, we need to continuously modify and enhance our solutions to keep pace with changes in internet-related hardware and other software, communication, browser and database technologies. Our platform is also designed to integrate with existing ERP systems such as Microsoft Dynamics, Oracle, and SAP, and will require modifications and enhancements as these systems change over time. Any failure of our solutions to operate effectively with future platforms and technologies could reduce the demand for our solutions or result in customer dissatisfaction. Furthermore, uncertainties about the timing and nature of new solutions or technologies, or modifications to existing solutions or technologies, could increase our research and development expenses. If we are not successful in developing modifications and enhancements to our solutions or if we fail to bring them to market in a timely fashion, our solutions may become less marketable, less competitive or obsolete, our revenue growth may be significantly impaired and our business could be adversely affected.

We derive substantially all of our revenues from a limited number of software solutions, and our growth is dependent on their success.

We currently derive, and expect to continue to derive, a majority of our revenue from our Financial Close & Consolidation solutions. As a result, the continued growth in market demand for these solutions is critical to our continued success. We cannot be certain that any new software solutions or products we introduce will generate significant revenues. Accordingly, our business and financial results have been and will be substantially dependent on a limited number of solutions.

If our security controls are breached or unauthorized, or inadvertent access to customer, employee or other confidential data is otherwise obtained, our software solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, our business may be harmed and we may incur significant liabilities.

Use of our platform involves the storage, transmission and processing of our customers' proprietary data, including highly confidential financial information regarding their business and personal or identifying information of their customers or employees. Additionally, we maintain our own proprietary, confidential and otherwise sensitive information. Our platform is at risk for security breaches and incidents as a result of third-party action, employee, vendor or contractor error or malfeasance, cyberattacks (including from nation states and affiliated actors) and other forms of hacking, denial of service attacks, malfeasance, ransomware, viruses and other malicious software, or other factors. The risk of a cybersecurity incident occurring has increased as more companies and individuals work remotely, potentially exposing us to new, complex threats and increasing the potential for security breaches or incidents relating to phishing and other social engineering attacks, use of personal devices, and employee, vendor, or service provider error or malfeasance. Additionally, geopolitical events and an uncertain political climate, including war and political and social upheaval in certain regions of the world, may create heightened risks of cybersecurity incidents for us and our service providers, and we and they may be unable to defend against any such attacks. If any unauthorized or inadvertent access to, or a security breach or incident impacting our platform or other systems or networks used in our business occurs, such event could result in significant interruptions or other disruptions to our software solutions, platform and technology, the loss, alteration, or unavailability of data, unauthorized access to, or use, disclosure, or unauthorized processing of data, including proprietary, personal, or confidential data, and any such event, or the belief or perception that it has occurred, could result in a loss of business, severe reputational damage adversely affecting customer or investor confidence, regulatory investigations and orders, litigation, indemnity obligations, and damages for contract breach or penalties for violation of applicable laws or regulations. Additionally, service providers who store or otherwise process data on our behalf, including third-party and public-cloud infrastructure, also face security risks. As we rely more on third-party and public-cloud infrastructure, we are increasingly dependent on third-party security measures to protect against unauthorized access, cyberattacks, and the mishandling of customer, employee and other confidential data, and we may be required to expend significant time and resources to address any incidents related to the failure of those third-party security measures to prevent, detect, remediate, and otherwise address security breaches or incidents. Our ability to monitor our third-party service providers' security measures is limited, and in any event, attackers may be able to circumvent our third-party service providers' security measures. There have been and may continue to be significant attacks on certain third-party service providers, and we cannot guarantee that our or our third-party service providers' systems and networks have not been breached or otherwise compromised, or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our systems and networks or the systems and networks of third parties that support us and our platform. We have experienced incidents targeting our internal systems, and we may also in the future suffer breaches of, or incidents impacting, our internal systems. Security breaches or incidents impacting our platform or our internal systems could create significant interruptions or other disruptions of our software solutions, platform and technology, and may result in significant costs incurred in order to remediate or otherwise respond to a breach or incident, which may include liability for stolen assets or information, repair of system damage, incentives offered to customers or other business partners in an effort to maintain business relationships after a breach, and other costs, expenses and liabilities. We may be required to or find it appropriate to expend substantial capital and other resources to alleviate problems caused by any actual or perceived security breaches or incidents. Further, while we have expended, and will continue to expend, significant resources to enhance and improve our cybersecurity posture and capabilities, these efforts, and any other efforts we may make, may not prevent or significantly mitigate risk in the way we expect, and may require us to incur substantial costs and may require significant resources.

We have incorporated and may continue to incorporate AI/ML solutions and features into our platform and otherwise within our business, which may create additional cybersecurity risks or increase cybersecurity risks, including risks of security breaches and incidents. Further, AI/ML technologies may be used for certain cybersecurity attacks, and may increase their frequency and intensity, resulting in heightened risks of security breaches and incidents.

Additionally, many jurisdictions have enacted or may enact laws and regulations requiring companies to notify individuals of data security breaches involving certain types of personal data. These or other disclosures regarding a security breach or incident could result in negative publicity to us, which may cause our customers to lose confidence in the effectiveness of our data security measures which could impact our operating results.

We incur significant expenses in our efforts to minimize the risks presented by security breaches and incidents, including deploying additional personnel and protection technologies, training employees annually, engaging in phishing simulation exercises, and engaging third-party experts and contractors. We continually increase our investments in cybersecurity to counter emerging risks and threats and to address certain other identified matters, and we anticipate being required to make substantial additional investments in our cybersecurity measures. If a publicized security breach or incident occurs with respect to another SaaS provider or other technology company, our current and potential customers may lose trust in the security of our platform or in the SaaS business model generally, which could adversely impact our ability to retain existing customers or attract new ones. Such a breach or incident, or series of breaches or incidents, could also result in regulatory or contractual security requirements that could make compliance challenging. Even in the absence of any actual or perceived security breach or incident, customer concerns about privacy, security, or data protection may deter them from using our platform for activities that involve personal or other sensitive information.

Because the techniques used to obtain unauthorized access or to sabotage systems change frequently, and often are not identified until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. We may also experience security breaches and incidents that may remain undetected for an extended period of time. Periodically, we experience cyber security events including phishing attacks targeting our employees, web application and infrastructure attacks, and other information technology incidents. These threats continue to evolve in sophistication and volume and are difficult to detect and predict due to advances in electronic warfare techniques, advances in cryptography and other technologies including AI/ML, and new and sophisticated methods used by criminals including phishing, social engineering or other illicit acts. We have and may experience security breaches or incidents introduced through the tools and services we use. We continuously monitor our infrastructure, adjust our intrusion detection capabilities, and practice security-by-design principles in our software development lifecycle to help prevent and detect security breaches and incidents, including those relating to tools and services provided by third parties. However, there can be no assurance that our defensive measures will prevent cyber attacks or other security breaches or incidents, or allow us to identify, remediate, or otherwise respond to them in a timely or effective manner. Any such attacks, breaches or incidents, or perception that any have occurred, could damage our brand and reputation and negatively impact our business.

Our customers upload sensitive data to our platform, and data security is therefore a critical competitive factor in our industry. We make numerous statements in our privacy policy and customer agreements, through our certifications to standards and in our marketing materials, providing assurances about the security of our platform, including descriptions of security measures we employ. Should any of these statements be untrue, be perceived to be untrue, or become untrue, even through circumstances beyond our reasonable control, we may face claims of misrepresentation or deceptiveness by the U.S. Federal Trade Commission, state and foreign regulators and private litigants. Our errors and omissions insurance policies covering certain security and privacy damages and claim expenses may not be sufficient to compensate for all potential liability. Although we maintain cyber liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred, or that insurance will continue to be available to us on economically reasonable terms, or at all.

Our increased focus on the development and use of generative artificial intelligence and machine learning technologies in our platform and our business, as well as our potential failure to effectively implement, use,

and market these technologies, may result in reputational harm or liability, or could otherwise adversely affect our business.

We have incorporated and may continue to incorporate AI/ML solutions and features into our platform, and otherwise within our business, and these solutions and features may become more important to our operations or to our future growth over time. There can be no assurance that we will realize the desired or anticipated benefits from AI/ML, or at all, and we may fail to properly implement or market our AI/ML solutions and features. Our competitors or other third parties may incorporate AI/ML into their products, offerings, and solutions more quickly or more successfully than we do, which could impair our ability to compete effectively, and adversely affect our results of operations. Additionally, our AI/ML solutions and features may expose us to additional claims, demands, and proceedings by private parties and regulatory authorities and subject us to legal liability as well as brand and reputational harm. For example, the AI/ML models that we use are trained using various data sets, and if our models are incorrectly designed, the data we use to train them is incomplete or inadequate, or we do not have sufficient rights to use the data on which our models rely, the performance of our AI/ML solutions and features, as well as our reputation, could suffer or we could incur liability through the violation of contractual or regulatory obligations. The legal, regulatory, and policy environments around AI/ML are evolving rapidly. For example, the EU AI Act (the “AI Act”), which achieved approval by the European Council on February 2, 2024, and the European Parliament on March 13, 2024, will impose obligations on providers and users of artificial intelligence technologies. The AI Act may impact the development and adoption of our AI/ML solutions in Europe. Additionally, several U.S. states have proposed, and in certain cases have enacted, legislation imposing obligations in connection with the development or use of, or otherwise regulating, AI/ML technologies. Other countries also are contemplating laws regulating AI/ML technologies. We may become subject to new legal and other obligations in connection with our use of AI/ML, which could require us to make significant changes to our policies and practices, necessitating expenditure of significant time, expense, and other resources.

Interruptions or performance problems associated with our software solutions, platform and technology may adversely affect our business and operating results.

Our continued growth depends in part on the ability of our current and potential customers to access our platform at any time. Our platform is proprietary, and we rely on the expertise of members of our engineering, operations and software development teams for its continued performance. We have experienced, and may in the future experience, disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our platform simultaneously, denial of service attacks or other security related incidents. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Because of the seasonal nature of financial close activities, increasing complexity of our platform and expanding user population, it may become difficult to accurately predict and timely address performance and capacity needs during peak load times. If our platform is unavailable or if our users are unable to access it within a reasonable amount of time or at all, our business will be harmed. Therefore, in the event of any of the factors described above, or other failures of our infrastructure, customer data may be permanently lost. Our customer agreements typically include performance guarantees and service level standards that obligate us to provide credits in the event of a significant disruption in our platform. To the extent that we do not effectively address capacity constraints, upgrade our systems and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business and operating results may be adversely affected.

If our software contains serious errors or defects, we may lose revenue and market acceptance and may incur costs to defend or settle product liability claims.

Complex software such as ours often contains errors or defects, particularly when first introduced or when new versions or enhancements are released. Despite internal and third-party testing and testing by our customers, our current and future software may contain serious defects, which could result in lost revenue or a delay in market acceptance.

Since our customers use our platform for critical business functions such as assisting in the financial close or account reconciliation process, errors, defects or other performance problems could result in damage to our customers. They could seek significant compensation from us for the losses they suffer. Although our customer agreements typically contain provisions designed to limit our exposure to product liability claims, existing or future laws or unfavorable judicial decisions could negate these limitations. Even if not successful, a product liability claim brought against us would likely be time-consuming and costly and could seriously damage our reputation in the marketplace, making it harder for us to sell our products.

We depend on our executive officers and other key employees and the loss of one or more of these employees or an inability to attract and retain highly-skilled employees could adversely affect our business.

Our success depends largely upon the continued services of our executive officers and other key employees. We rely on our leadership team, some of whom are new, in the areas of research and development, operations, security, marketing, sales and general and administrative functions. Changes in our executive management team resulting from the hiring or departure of executives, or our leadership structure, could disrupt our business, and could impact our ability to preserve our culture, which could negatively affect our ability to recruit and retain personnel. For example, we recently announced certain transitions in our finance department, including the promotion of our Chief Accounting Officer to Chief Financial Officer, in connection with the planned retirement of our Chief Financial Officer, to be effective March 1, 2025. Our executive officers and other key personnel are at-will employees and, therefore, they could terminate their employment with us at any time. Any such departure could be particularly disruptive in light of the leadership transition. Competition for executive management is high, and it may take months to find a candidate that meets our requirements. Such recruiting efforts could divert the attention of our existing management team. Accordingly, the loss of one or more of our executive officers or key employees could have an adverse effect on our business.

In addition, to execute our growth plan, we must attract and retain highly-qualified personnel. Competition for personnel is intense, especially for engineers experienced in designing and developing software applications, and experienced sales professionals. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications, and this difficulty may be heightened by labor shortages, higher employee turnover and slower hiring rates associated with hybrid work. In addition, we may need to increase our employee compensation levels in response to competition, rising inflation or labor shortages, which would increase our operating costs and reduce our profitability. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached legal obligations, resulting in a diversion of our time and resources. Likewise, if competitors hire our employees, we may divert time and resources to deter any breach by our former employees or their new employers of their respective legal obligations. Given the competitive nature of our industry, we have both received and asserted such claims in the past. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, due to volatile market conditions, stock price fluctuations or otherwise, it may adversely affect our ability to recruit and retain highly-skilled employees. Further, if we fail to attract new personnel or fail to retain and motivate our current personnel, our business and growth prospects could be adversely affected.

If our industry does not continue to develop as we anticipate or if potential customers do not continue to adopt our platform, our sales will not grow as quickly as expected, or at all, and our business and operating results and financial condition would be adversely affected.

We operate in a rapidly evolving industry focused on modernizing financial and accounting operations. Some of our solutions are relatively new and have been developed to respond to an increasingly global and complex business environment with more rigorous regulatory standards. Additionally, some of our solutions now incorporate AI-enabled features. While the use of AI/ML is leading to advancements in technology, if our new solutions are not widely adopted and accepted, or fail to operate as expected, our business and reputation may be harmed. Additionally, as AI/ML capabilities continue to evolve, our customers and potential customers may leverage AI/ML to develop their own solutions that could reduce or eliminate the need for our solutions. If organizations do not increasingly allocate their budgets to financial automation software as we expect or if we do not succeed in convincing potential customers that our platform should be an integral part of their overall approach to their accounting processes, our sales may not grow as quickly as anticipated, or at all. Our business is substantially dependent on enterprises recognizing that accounting errors and inefficiencies are pervasive and are not effectively addressed by legacy solutions. During the past twelve months, we continue to observe new and existing customers halt or decrease investment in work transformation, including the decision to continue operating legacy solutions, which has negatively impacted our business. In addition, deterioration in general economic conditions in the U.S. or worldwide, including as a result of uncertainty in the financial markets, fluctuating inflation or interest rates, or uncertainty in the financial services markets associated with geopolitical events and political uncertainty, such as war and political and social upheaval in certain regions of the world, may also cause our customers to reduce their overall information technology spending, and such reductions may disproportionately affect software solutions like ours to the extent customers view our solutions as discretionary. If our sales and revenue do not increase for any of these reasons, or any other reason, our business, financial condition and operating results may be materially adversely affected.

The market in which we participate is intensely competitive, and if we do not compete effectively, our operating results could be harmed.

The market for accounting and financial software and services is highly competitive and rapidly evolving. Our competitors vary in size and in the breadth and scope of the products and services they offer. We often compete with other vendors of financial automation software, and we also compete with large, well-established, enterprise application software vendors whose software contains components that compete with our platform. In the future, a competitor offering ERP software could include a free service similar to ours as part of its standard offerings or may offer a free standalone version of a service similar to ours. Further, other established software vendors not currently focused on accounting and finance software and services, including some of our partners, resellers, and other parties with which we have relationships, may expand their services to compete with us.

Some of our competitors have greater name recognition, longer operating histories, more established customer and marketing relationships, larger marketing budgets and significantly greater resources than we do. They may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. In addition, some of our competitors have partnered with, or have acquired, and may in the future partner with or acquire, other competitors to offer services, leveraging their collective competitive positions, which makes, or would make, it more difficult to compete with them.

Market acceptance of our products may also be affected by customer confusion associated with the introduction of new and emerging technologies by us and our competitors, or changes in technological trends, such as the increase in the use of AI/ML. With the introduction of new technologies, the evolution of our platform and new market entrants, we expect competition to intensify in the future. Increased competition generally could result in reduced sales, reduced margins, losses or the failure of our platform to achieve or maintain more widespread market acceptance, any of which could harm our business.

Failure to effectively organize and motivate our sales resources could harm our ability to increase our customer base.

Increasing our customer base and sales will depend, to a significant extent, on our ability to effectively organize and drive our sales and marketing operations and activities. As we have grown and scaled our operations, we have aligned our sales team to help streamline the customer experience. We rely on our direct sales force, which includes an account management team, to obtain new customers and to maximize the lifetime value of our customer relationships through retention and upsell efforts. Our success will depend, in part, on our ability to support new and existing customer growth and maintain customer satisfaction. As we and many of our customers have transitioned to a hybrid or fully remote workplace, our sales and marketing teams have continued to primarily engage with customers online and through other communication channels, including virtual meetings. There is no guarantee that our sales and marketing teams will be as successful or effective using these other communication channels as they try to build relationships. If we cannot provide our teams with the tools and training to enable them to do their jobs efficiently and satisfy customer demands, we may not be able to achieve anticipated revenue growth as quickly as expected.

In addition, we believe that there is significant competition for experienced sales professionals with the sales skills and technical knowledge that we require. Our ability to achieve significant revenue growth will depend, in part, on our success in recruiting, training, and retaining a sufficient number of experienced sales professionals. New hires require significant training and time before they achieve full productivity, particularly in new sales segments and territories. Sales professionals that we hire may not become as productive as quickly as we expect, or they may not achieve the levels of productivity we anticipate, and we may be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business. Our business will be harmed if our sales professionals are not as successful as we anticipate at driving and completing sales.

If we are not able to maintain and enhance our brand, our business, operating results and financial condition may be adversely affected.

We believe that maintaining and enhancing our reputation for accounting and finance software is critical to our relationships with our existing customers and to our ability to attract new customers. The successful promotion of our brand attributes will depend on a number of factors, including our marketing efforts, our ability to continue to develop high-quality software, and our ability to successfully differentiate our platform from competitive products and services. Our brand promotion activities may not ultimately be successful or yield increased revenue. In addition, independent industry analysts provide reviews of our platform, as well as products and services offered by our competitors, and perception of our platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive as compared to those of our competitors' products and services, our brand may be adversely affected.

The promotion of our brand requires us to make substantial expenditures, and we anticipate that the expenditures will increase as our market becomes more competitive, as we expand into new markets and as more sales are generated. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand, our business may not grow, we may have reduced pricing power relative to competitors, and we could lose customers or fail to attract potential customers, all of which would adversely affect our business, results of operations and financial condition.

We may be unable to integrate acquired businesses and technologies successfully, or achieve the expected benefits of these transactions and other strategic transactions.

We regularly evaluate and consider potential strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products, and other assets. We also may enter into relationships with other businesses to expand our products and services, which could involve preferred or exclusive licenses, additional channels of distributions or discount pricing.

Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to complete these transactions may be subject to approvals and conditions that are beyond our control. Consequently, these transactions, even if announced, may not be completed. In connection with a strategic transaction, we may:

- issue additional equity or convertible debt securities that would dilute our existing stockholders;
- use cash that we may need in the future to operate our business;
- incur large charges or substantial liabilities;
- incur debt on terms unfavorable to us or that we are unable to repay;
- become subject to new or conflicting laws, regulations or legal requirements; or
- become subject to adverse tax consequences, substantial depreciation, and amortization, or deferred compensation charges.

Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties and incur significant costs assimilating or integrating the businesses, technologies, products, policies, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their software is not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized or we may be exposed to unknown risks or liabilities, which may lead to additional expenses, impairment charges or write-offs, restructuring charges, or other adverse impacts to our business, results of operations, or financial condition.

Incorrect or improper implementation or use of our solutions could result in customer dissatisfaction and negatively affect our business, results of operations, financial condition, and growth prospects.

Our platform is deployed in a wide variety of technology environments and into a broad range of complex workflows. Our platform has been integrated into large-scale, enterprise-wide technology environments, and specialized use cases, and our success depends on our ability to implement our platform successfully in these environments. We often assist our customers in implementing our platform, but many customers attempt to implement even complex deployments themselves or use a third-party service firm. If we or our customers are unable to implement our platform successfully, or are unable to do so in a timely manner, customer perceptions of our platform and company may be impaired, our reputation and brand may suffer, and customers may choose not to renew or expand the use of our platform.

Our customers and third-party resellers may need training in the proper use of our platform to maximize its potential. If our platform is not implemented or used correctly or as intended, including if customers input incorrect or incomplete financial data into our platform, inadequate performance may result. Because our customers rely on our platform to manage their financial close and other financial tasks, the incorrect or improper implementation or use of our platform, our failure to train customers on how to use our platform efficiently and effectively, or our failure to provide adequate product support to our customers, may result in negative publicity or legal claims against us. Also, as we continue to expand our customer base, any failure by us to properly provide these services will likely result in lost opportunities for additional subscriptions to our platform.

Any failure to offer high-quality product support may adversely affect our relationships with our customers and our financial results.

In deploying and using our solutions, our customers depend on our support services team to resolve complex technical and operational issues. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for product support. We also may be unable to modify the nature, scope and delivery of our product support to compete with changes in product support services provided by our competitors. Increased customer demand for product support, without corresponding revenue, could increase costs and adversely affect our operating results. Our sales are highly dependent on our business reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality product support, or a market perception that we do not maintain high-quality product support, could adversely affect our reputation, our ability to sell our solutions to existing and prospective customers, our business, operating results, and financial condition.

We provide service level commitments under our customer contracts, and if we fail to meet these contractual commitments, our revenues could be adversely affected.

Our customer agreements typically provide service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our applications, we may be contractually obligated to provide these customers with service credits, refunds for prepaid amounts related to unused subscription services, or we could face contract terminations. Our revenues could be significantly affected if we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our customers. Any extended service outages could adversely affect our reputation, revenues and operating results.

Risks Related to Our Financial Performance or Results

We have a history of losses and we may not be able to generate sufficient revenue to achieve or sustain profitability.

We may not maintain profitability in future periods, or if we are profitable, we may not fully achieve our profitability targets. We have incurred net losses attributable to BlackLine, Inc. in recent periods, including $29.4 million for the year ended December 31, 2022. We had an accumulated deficit of $49.0 million at December 31, 2024. We expect our costs to increase in future periods as we continue to expend substantial financial and other resources on:

- development of our cloud-based platform, including investments in research and development, product innovation, including AI/ML technologies, to expand the features and functionality of our software solutions and improvements to the scalability and security of our platform;
- sales and marketing, including expansion of our direct sales force and enabling the selling of a wider breadth of specialized products and our relationships with technology vendors, professional services firms, business process outsourcers and resellers;
- additional international expansion in an effort to increase our customer base and sales; and
- general administration, including legal, accounting and other expenses related to being a public company.

These investments may not result in increased revenue or growth of our business or any growth in revenue and may not be sufficient to offset the expense and may harm our profitability. If we fail to continue to grow our revenue, we may not achieve or sustain profitability.

Our quarterly results may fluctuate, and if we fail to meet the expectations of analysts or investors, our stock price and the value of your investment could decline substantially.

Our quarterly financial results may fluctuate as a result of a variety of factors, many of which are outside of our control. If our quarterly financial results fall below the expectations of investors or any securities analysts who may follow our stock, the price of our common stock could decline substantially. Some of the important factors that may cause our revenue, operating results and cash flows to fluctuate from quarter to quarter include:

- our ability to attract new customers and retain and increase sales to existing customers;
- the amount and timing of operating costs and capital expenditures;
- the number of new employees added;
- the rate of expansion and productivity of our sales force;
- the length of sales cycles and the timing of large contracts;
- changes in our or our competitors’ pricing policies;

- new products, features or functionalities introduced by us and our competitors;
- significant security breaches, technical difficulties or interruptions to our platform;
- the timing of customer payments and payment defaults by customers;
- general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional products or services, delay a prospective customer's purchasing decision or affect customer retention, including the macroeconomic environment, uncertainty in the financial services market, inflation, fluctuating interest rates or geopolitical events;
- the impact and timing of expenses related to restructuring actions or other employee terminations that may result in severance expense;
- changes in foreign currency exchange rates;
- the impact of new accounting pronouncements;
- the impact and timing of taxes or changes in tax law;
- the timing and the amount of grants or vesting of equity awards to employees;
- seasonality of our business; and
- changes in customer budgets and buying patterns.

Many of these factors are outside of our control, and the occurrence of one or more of them might cause our revenue, operating results, and cash flows to vary widely. As such, we believe that quarter-to-quarter comparisons of our revenue, operating results and cash flows may not be meaningful and should not be relied upon as an indication of future performance.

We typically add fewer customers in the first quarter of the year than other quarters. We also experience a higher volume of sales at the end of each quarter and year, which is often the result of buying decisions by our customers. Seasonality may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of our agreements. We may also increase expenses in a period in anticipation of future revenues. Changes in the number of customers and users in different periods will cause fluctuations in our financial metrics and, to a lesser extent, revenues. Those changes and fluctuations in our expenses will affect our results on a quarterly basis, and will make forecasting our operating results and financial metrics difficult.

Our financial results may fluctuate due to our long and increasingly variable sales cycle.

Our sales cycle generally varies in duration between four to nine months and, in some cases, even longer depending on the size of the potential customer, the size of the potential contract and the type of solution or product being purchased. The sales cycle for our global enterprise customers is generally longer than that of our mid-size customers. In addition, the length of the sales cycle tends to increase for larger contracts and for more complex, strategic products like Intercompany Financial Management. As we continue to focus on increasing our average contract size and selling more strategic products, we expect our sales cycle to lengthen and become less predictable. This could cause variability in our operating results for any particular period.

A number of other factors that may influence the length and variability of our sales cycle include:

- the need to educate potential customers about the uses and benefits of our software solutions;
- the need to educate potential customers on the differences between traditional, on-premise software and SaaS solutions;
- the relatively long duration of the commitment customers make in their agreements with us;
- the discretionary nature and timing of potential customers' purchasing and budget cycles and decisions;
- the competitive nature of potential customers' evaluation and purchasing processes;
- announcements or planned introductions of new products by us or our competitors; and
- lengthy purchasing approval processes of potential customers, including due to increased scrutiny of spending.

We may incur higher costs and longer sales cycles as a result of large enterprises representing an increased portion of our revenue. In this market, the decision to subscribe to our solutions may require the approval of more technical and information security personnel and management levels within a potential customer's organization, and if so, these types of sales require us to invest more time educating these potential customers. In addition, larger organizations may demand more features and integration services and have increased purchasing power and leverage in negotiating contractual arrangements with us, which may contain restrictive terms favorable to the larger organization. As a result of these factors, these sales opportunities may require us to devote greater research and development, sales, product support and professional services resources to individual customers, resulting in increased costs and reduced profitability, and would likely lengthen our typical sales cycle, which could strain our resources.

In addition, more sales are closed in the last month of a quarter than other times. If we are unable to close sufficient transactions in a particular period, or if a significant amount of transactions are delayed until a subsequent period, our operating results for that period, and for any future periods in which revenue from such transactions would otherwise have been recognized, may be adversely affected.

Uncertainty around general macroeconomic conditions has in the past and may in the future cause customers to delay and defer purchasing decisions, which has and may lead to a deterioration in near-term demand. In addition, we may devote greater research and development, sales, product support, and professional services resources to potential customers that do not result in actual sales or revenue, resulting in increased costs and reduced profitability, and which could strain our resources.

We recognize subscription revenue over the term of our customer contracts and, consequently, downturns or upturns in new sales may not be immediately reflected in our operating results and may be difficult to discern.

We recognize subscription revenue from our platform ratably over the terms of our customers' agreements, most of which have one-year terms but an increasing number of which have up to three-year terms. As a result, most of the revenue we report in each quarter is derived from the recognition of deferred revenue related to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on our revenue results for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our platform, and potential changes in our pricing policies or rate of expansion or retention, may not be fully reflected in our results of operations until future periods. We may also be unable to reduce our cost structure in line with a significant deterioration in sales. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the agreement with our customer. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

We face exposure to foreign currency exchange rate fluctuations that could harm our results of operations.

We conduct transactions, particularly intercompany transactions, in currencies other than the U.S. Dollar, primarily the British Pound and the Euro. As we grow our international operations, we expect the amount of our revenues that are denominated in foreign currencies to increase in the future. Accordingly, changes in the value of foreign currencies relative to the U.S. Dollar could affect our revenue and operating results due to transactional and translational remeasurements that are reflected in our results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations. In addition, to the extent that fluctuations in currency exchange rates cause our results of operations to differ from our expectations or the expectations of our investors, the trading price of our common stock could be adversely affected.

We do not currently maintain a program to hedge exposures in foreign currencies. However, in the future, we may use derivative instruments, such as foreign currency forward and option contracts, to hedge exposures to fluctuations in foreign currency exchange rates. The use of such hedging activities may not offset any or more than a portion of the adverse financial effects of unfavorable movements in foreign exchange rates over the limited time the hedges are in place. Moreover, the use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments.

If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.

We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. At December 31, 2024, we had goodwill and intangible assets with a net book value of $508.5 million primarily related to acquisitions. An adverse change in market conditions, particularly if such change has the effect of changing one of our critical assumptions or estimates, could result in a change to the estimation of fair value that could result in an impairment charge to our goodwill or intangible assets. Any such charges may have a material negative impact on our operating results.

Our ability to use our net operating losses to offset future taxable income may be subject to limitations.

As of December 31, 2024, we had state net operating loss carryforwards (“NOLs”) of $68.0 million. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”) a corporation that undergoes an “ownership change” is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change, our ability to utilize NOLs could be further limited by Section 382 of the Code. Future changes in our stock ownership, some of which are outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future taxable income. For example, California recently enacted legislation which suspends the use of NOLs for taxable years 2024, 2025, and 2026. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability. The legislation commonly referred to as the Tax Cuts and Jobs Act of 2017, as modified by the Coronavirus Aid, Relief, and Economic Security Act, includes changes to the U.S. federal corporate income tax rate and changes to the rules governing the deductibility of certain NOLs, which may impact our ability to utilize such NOLs.

Risks Related to Our Dependence on Third Parties

If our relationships with technology vendors and business process outsourcers are not successful, our business and growth will be harmed.

We depend on, and anticipate that we will continue to depend on, various strategic relationships in order to sustain and grow our business. We have established strong relationships with technology vendors such as SAP and Microsoft Dynamics to market our solutions to users of their ERP solutions, and professional services firms such as Deloitte and Ernst & Young, and business process outsourcers such as Cognizant, Genpact and IBM to supplement delivery and implementation of our applications. We believe these relationships enable us to effectively market our solutions by offering a complementary suite of services. In particular, our solution integrates with SAP’s ERP solutions. SAP is part of the reseller channel that we use in the ordinary course of business, and accounts for a material portion of our total revenue. SAP has the ability to resell our solutions as SAP SolEx, for which we receive a percentage of the revenues. If we are unsuccessful in maintaining our relationship with SAP, if our reseller arrangement with SAP is less successful than we anticipate, if our customers that use an SAP ERP solution do not renew their subscriptions directly with us and instead purchase our solution through the SAP reseller channel or if we are unsuccessful in supporting or expanding our relationships with other companies, our business would be adversely affected. Additionally, while we continue to build relationships with a variety of third-party partners and will continue to support all ERP solutions, to the extent that our partnership with SAP continues to expand, this partnership may be a deterrent to other potential partners.

Identifying, negotiating and documenting relationships with other companies require significant time and resources. Our agreements with technology vendors are typically limited in duration, non-exclusive, cancellable upon notice and do not prohibit the counterparties from working with our competitors or from offering competing services. For example, our agreement with SAP can be terminated by either party upon six months’ notice and there is no assurance that our relationship with SAP will continue. If our solution is no longer resold by SAP as a solution extension, our business could be adversely affected. Our competitors may be effective in providing incentives to third parties to favor their products or services or to prevent or reduce subscriptions to our platform. If we are unsuccessful in establishing or maintaining our relationships, or if the counterparties to our relationships offer competing solutions, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer. Even if we are successful, we cannot assure you that these relationships will result in improved operating results.

We rely on third-party computer hardware and software that may cause errors or failure of our software solutions, or may be difficult to replace.

We rely on computer hardware purchased or leased and software licensed from third parties, including third-party SaaS applications, in order to deliver our software solutions. Errors or defects in third-party hardware or software used in our software solutions could result in errors or a failure, which could damage our reputation, impede our ability to provide our platform or process information, and adversely affect our business. Furthermore, certain third-party hardware and software may not continue to be available on commercially reasonable terms, if at all. Any loss of the right to use any of this hardware or software could result in delaying or preventing our ability to provide our software solutions until equivalent technology is either developed by us or, if available, identified, obtained and integrated.

We rely on GCP, Azure, AWS, Snowflake, and third-party data centers (collectively, "public cloud providers") to deliver our cloud-based software solutions, and any disruption of our use of public cloud providers could negatively impact our operations and harm our business.

We manage our software solutions and serve most of our customers using a cloud-based infrastructure that has historically been operated in a limited number of third-party data center facilities in North America and Europe. We are currently migrating all Financial Close & Consolidation clients from our third-party data centers to GCP, increasing our reliance on this cloud provider. Additionally, we rely on Azure to serve Invoice-to-Cash customers, and we rely on AWS to serve our intercompany customers. As we implement the transition to GCP, there could be occasional planned or unplanned downtime for our cloud-based software solutions and potential service delays, all of which will impact our customers' ability to use our solutions. Our Customer Data Platform is built on Snowflake for Financial Close & Consolidation, Invoice to Cash, and Intercompany solutions, allowing customers to access their data, reports, and integrations. We may also need to divert resources away from other important business operations, which could harm our business and growth. Additionally, if the costs to migrate to GCP are greater than we expect or take significantly more time than we anticipate, our business could be harmed.

We do not control the operation of our public cloud providers. Any changes in third-party service levels or any disruptions or delays from errors, defects, hacking incidents, security breaches, computer viruses, denial of service attacks, bad acts or performance problems could harm our reputation, damage our customers' businesses, and adversely affect our business and operating results. Our public cloud providers are also vulnerable to damage or interruption from earthquakes, hurricanes, floods, fires, war, public health crises, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures and similar events. We may have limited remedies against third-party providers in the event of any service disruptions. If our third-party public cloud providers are compromised or unavailable or our customers are unable to access our solutions for any reason, our business would be materially and adversely affected.

Our customers have experienced minor disruptions and outages in accessing our solutions in the past, and may experience disruptions, outages, and other performance problems. Although we expend considerable effort to ensure that our platform performance is capable of handling existing and increased traffic levels, the ability of our cloud-based solutions to effectively manage any increased capacity requirements depends on our public cloud providers. Our public cloud providers may not be able to meet such performance requirements, especially to cover peak levels or spikes in traffic, and as a result, our customers may experience delays in accessing our solutions or encounter slower performance in our solutions, which could significantly harm the operations of our customers. Interruptions in our services might reduce our revenue, cause us to issue credits to customers, subject us to potential liability, and cause customers to terminate their subscriptions or harm our renewal rates.

If we do not accurately predict our infrastructure capacity requirements, our customers could experience service shortfalls. The provisioning of additional cloud hosting capacity requires lead time. As we continue to restructure our data management plans, and increase our cloud hosting capacity, we have and expect to in the future move or transfer our data and our customers' data. Despite precautions taken during such processes and procedures, any unsuccessful data transfers may impair the delivery of our service, and we may experience costs or downtime in connection with the transfer of data to other facilities which may lead to, among other things, customer dissatisfaction and non-renewals. Our public cloud providers have no obligations to renew their agreements with us on commercially reasonable terms, or at all. If any of our public cloud providers increases pricing terms, terminates or seeks to terminate our contractual relationship, establishes more favorable relationships with our competitors, or changes or interprets their terms of service or policies in a manner that is unfavorable with respect to us, we may be required to transfer to other providers. If we are required to transfer to other providers, we would incur significant costs and experience possible service interruption in connection with doing so.

We depend and rely upon SaaS applications from third parties to operate our business and provide our software solutions, and interruptions, outages, or performance problems with these technologies may adversely affect our business and operating results.

We rely heavily upon SaaS applications from third parties in order to operate critical functions of our business, including billing and order management, enterprise resource planning, and financial accounting services. If these services become unavailable due to extended outages, interruptions, or because they are no longer available on commercially reasonable terms, our expenses could increase, our ability to manage finances could be interrupted and our processes for managing sales of our solutions and supporting our customers could be impaired until equivalent services, if available, are identified, obtained, and implemented, all of which could adversely affect our business.

If we are unable to develop and maintain successful relationships with resellers, our business, operating results and financial condition could be adversely affected.

We believe that continued growth in our business is dependent upon identifying, developing, and maintaining strategic relationships with companies that resell our solutions. We plan to expand our growing network of resellers and to add new resellers, in particular to help grow our mid-size business globally. Our agreements with our existing resellers are non-exclusive, meaning resellers may offer customers the products of several different companies, including products that compete with ours. They may also cease marketing our solutions with limited or no notice and with little or no penalty. We expect that any additional resellers we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our solutions. If we fail to identify additional resellers in a timely and cost-effective manner, or at all, or are unable to assist our current and future resellers in independently selling our solutions, our business, results of operations, and financial condition could be adversely affected. If resellers do not effectively market and sell our solutions, or fail to meet the needs of our customers, our reputation and ability to grow our business may also be adversely affected.

Risks Related to Our Legal and Regulatory Environment

Our long-term success depends, in part, on our ability to expand the sales of our solutions to customers located outside of the U.S., and thus our business is susceptible to risks associated with international sales and operations.

We currently maintain offices and/or have personnel in Australia, Canada, France, Germany, India, Japan, Mexico, the Netherlands, Poland, Romania, Singapore, and the United Kingdom, and we intend to build out our international operations. We have also executed several acquisitions and strategic transactions as part of our ongoing international expansion strategy. We derived approximately 30%, 28%, and 29% of our revenues from sales outside the U.S. during the years ended December 31, 2024, 2023, and 2022, respectively. Any international expansion efforts that we may undertake, including acquisitions of businesses outside the U.S., may not be successful. In addition, conducting international operations in new markets subjects us to new risks that we have not generally faced in the U.S. These risks include:

- localization of our solutions, including translation into foreign languages and adaptation for local practices and regulatory requirements;
- lack of familiarity and burdens of complying with foreign laws, legal standards, regulatory requirements, tariffs and other barriers;
- changes in legal and regulatory requirements, taxes, trade laws, tariffs, export quotas, custom duties or other trade restrictions, such as sanctions against Russia in response to the war in Ukraine;
- differing technology standards;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- difficulties in managing and staffing international operations and differing employer/employee relationships;
- fluctuations in exchange rates that may increase the volatility of our foreign-based revenue;
- potentially adverse tax consequences, including the complexities of foreign value-added tax (or other tax) systems and restrictions on the repatriation of earnings;
- uncertain political and economic climates, including the significant volatility in the global financial markets and increasing inflation;
- the impact of natural disasters, climate change, geopolitical events and political uncertainty, including war and political and social upheaval in certain regions in the world, and public health pandemics, on employees, customers, partners, third-party contractors, travel and the global economy; and
- reduced or varied protection for intellectual property rights in some countries.

These factors may cause our international costs of doing business to exceed our comparable domestic costs. Operating in international markets also requires significant management attention and financial resources. Any negative impact from our international business efforts could negatively impact our business, results of operations and financial condition as a whole.

Privacy and cybersecurity concerns and evolving domestic or foreign laws and regulations, including increased restrictions of cross-border data transfers, may limit or reduce the adoption of our services, result in significant costs and compliance challenges, and adversely affect our business.

Global legal and regulatory requirements related to collecting, storing, handling, transferring, and otherwise processing personal data are rapidly evolving in ways that require our business to adapt to support our compliance and our customers' compliance. As the regulatory focus on privacy, data protection, and cybersecurity intensifies worldwide, and jurisdictions increasingly consider and adopt laws and regulations relating to these matters, the potential risks related to processing personal data by our business may grow. In addition, possible adverse interpretations of existing laws and regulations by governments in countries where we or our customers operate, as well as the potential implementation of new legislation, could impose significant obligations in areas affecting our business or prevent us from offering certain services in jurisdictions where we operate. Any failure or perceived failure to comply with applicable laws or regulations relating to privacy, data protection, or cybersecurity may adversely affect our business.

Privacy, data protection, and cybersecurity have become significant issues in the U.S., Europe, and in many other jurisdictions where we offer our products. Following the European Union's passage of the General Data Protection Regulation ("GDPR"), which became effective in May 2018, the global regulatory landscape relating to privacy, data protection, and cybersecurity has grown increasingly complex and fragmented and is rapidly evolving. As a result, our business faces current and prospective risks related to increased regulatory compliance costs, reputational harm, negative effects on our existing business and on our ability to attract and retain new customers, and increased potential exposure to regulatory enforcement, litigation, and/or financial penalties for non-compliance. For example, in July 2020, the Court of Justice of the European Union ("CJEU") invalidated the Privacy Shield framework, which enabled companies to legally transfer data from the European Economic Area ("EEA") to the U.S. This ruling from the CJEU and recent rulings from various European Union ("EU") member state data protection authorities have created complexity and uncertainty regarding processing and transfers of personal data from the EEA to the U.S. and certain other countries outside the EEA.

Moreover, on June 4, 2021, the European Commission adopted new Standard Contractual Clauses ("SCCs"), which impose additional obligations relating to personal data transfers out of the EEA. The new SCCs, and similar standard contractual clauses adopted in the UK, may increase the legal risks and liabilities associated with cross-border data transfers, and result in material increased compliance and operational costs. Following issuance of a U.S. Executive Order, a new framework, the EU-U.S. Data Privacy Framework ("DPF") was created. Following an adequacy decision issued by the European Commission on July 10, 2023, the DPF, along with a UK extension to the DPF that allows the transfer of personal data from the UK to the U.S. (the "UK DPF Extension") and the Swiss-U.S. Data Privacy Framework ("Swiss-U.S. DPF"), are available for companies to make use of to legitimize personal data transfers to the U.S. from the EEA, Switzerland, and UK. We have certified to the U.S. Department of Commerce that we adhere to the DPF, UK DPF Extension, and Swiss-U.S. DPF. However, the DPF has been subject to a legal challenge, and it, the UK DPF Extension, and the Swiss-U.S. DPF may be subject to legal challenges in the future from privacy advocacy groups or others. The European Commission's adequacy decision regarding the DPF also provides that the DPF will be subject to future reviews and may be subject to suspension, amendment, repeal, or limitations in scope by the European Commission. More generally, uncertainty may continue about the legal requirements for transferring customer personal data to and from the EEA, UK, Switzerland, and other regions, an integral process of our business. Other countries have passed or are considering passing laws imposing varying degrees of restrictive data residency requirements, which have created additional costs and complexity, and any new requirements may result in additional costs and complexity.

In addition, the UK has established its own domestic regime with the UK GDPR and amendments to the Data Protection Act. While the UK GDPR so far mirrors the obligations in the GDPR and imposes similar penalties, the UK government is considering amending its data protection legislation. If UK regulation of data protection diverges significantly from the EU, new obligations and data flow issues could emerge, creating costs and complexity. Actual or alleged failure to comply with the GDPR or the UK GDPR can result in private lawsuits, reputational damage, loss of customers, and regulatory enforcement actions, which can result in significant fines, including, under the GDPR, fines of up to EUR 20 million (or GBP 17.5 million under the UK GDPR) or four percent (4%) of global revenue, whichever is greater.

Further, cybersecurity laws and regulations continue to evolve worldwide. For example, the EU's Digital Operational Resilience Act ("DORA") creates an information and communication technology ("ICT") risk management framework for financial institutions and their critical ICT service providers. DORA introduces obligations regarding risk assessments, technical standards, mandatory penetration testing, staff training, and incident notification. It also requires due diligence on third-party ICT service providers and the inclusion of specific provisions in ICT service agreements. DORA took effect on January 17, 2025, and compliance with the regulation may require changes in our services and may require us to incur significant costs. Further, the EU revised its

Cybersecurity Directive (“NIS2”), with EU member states having been obligated to transpose it into national law by October 17, 2024, but with some member states’ transpositions yet to be finalized. NIS2, among other things, obligates companies to adopt or update policies and procedures on issues such as incident handling and supply chain security, implementing certain administrative measures, and requires top management’s involvement in cybersecurity risk management measures, with top management potentially held liable for noncompliance.

Regulatory developments in the U.S. present additional risks. For example, the California Consumer Privacy Act, as amended by the California Privacy Rights Act, gives California consumers, including employees, certain rights similar to those provided by the GDPR, and also provides for statutory damages or fines on a per violation basis that could be very large depending on the severity of the violation. Numerous other states have also enacted or are in the process of enacting or considering state-level data privacy and security laws, rules and regulations. Furthermore, the U.S. Congress is considering privacy legislation, and the U.S. Federal Trade Commission continues to use its enforcement authority under Section 5 of the FTC Act against companies for privacy and cybersecurity practices alleged to be unfair or deceptive.

Globally, virtually every jurisdiction in which we operate has established its own frameworks governing privacy, data protection, and cybersecurity with which we, and/or our customers, must comply. These laws and regulations often are more restrictive than those in the U.S. Regulatory developments in these countries may require us to modify our policies, procedures, and data processing measures in order to address requirements under these or other applicable privacy, data protection, or cybersecurity regimes, and we may face claims, litigation, investigations, or other proceedings regarding them, initiated by private parties and governmental authorities, and may incur related liabilities, expenses, costs, and operational losses. Our compliance efforts are further complicated by the fact that laws and regulations relating to privacy, data protection, and cybersecurity around the world are rapidly evolving, may be subject to uncertain or inconsistent interpretations and enforcement, and may conflict among various jurisdictions.

In addition to government activity, privacy advocacy and other industry groups have established or may establish various new, additional, or different self-regulatory standards that may place additional burdens on us. Our customers may require us, or we may find it advisable, to meet voluntary certifications or adhere to other standards established by them or third parties, such as the SSAE 18, SOC1, and SOC2 audit processes. If we are unable to maintain such certifications, comply with such standards, or meet such customer requests, it could reduce demand for our services and adversely affect our business.

Compliance with applicable laws and regulations relating to privacy, data protection, and cybersecurity may require changes in our services, business practices, or internal systems that result in increased costs, lower revenue, reduced efficiency, or negative effects on our ability to attract and retain customers in certain industries and foreign countries, which could adversely affect our business. The costs of compliance with, and other obligations imposed by, these laws and regulations may require modification of our services, limit use and adoption of our services, reduce overall demand for our services, lead to significant fines, penalties, or liabilities for actual or alleged noncompliance, or slow the pace at which we close sales transactions, any of which could harm our business. Privacy, data protection, and cybersecurity concerns, whether valid or not valid, may inhibit the market adoption, effectiveness, or use of our services, particularly in certain industries and foreign countries.

We are subject to governmental export and import controls that could impair our ability to compete in international markets due to licensing requirements and subject us to liability if we are not in full compliance with applicable laws.

Our solutions are subject to export controls, including the Commerce Department’s Export Administration Regulations and various economic and trade sanctions regulations established by the Treasury Department’s Office of Foreign Assets Control. Obtaining the necessary authorizations, including any required license, for a particular export or sale may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. The U.S. export control laws and economic sanctions laws prohibit the export, re-export or transfer of specific products and services to U.S. embargoed or sanctioned countries, regions, governments and persons. Even though we take precautions to prevent our solutions from being provided to U.S. sanctions targets, our solutions could be sold by resellers or could be used by persons in sanctioned regions despite such precautions. Failure to comply with the U.S. export control, sanctions and import laws could have negative consequences, including government investigations, penalties and reputational harm. We and our employees could be subject to civil or criminal penalties, including the possible loss of export or import privileges, fines, and, in extreme cases, the incarceration of responsible employees or managers. In addition, if our resellers fail to obtain appropriate import, export or re-export licenses or authorizations, we may also be adversely affected through reputational harm and penalties.

In addition, various countries could enact laws that could limit our ability to distribute our solutions or could limit our customers’ ability to implement or access our solutions in those countries. Changes in our solutions or changes in export and import regulations may create delays in the introduction and sale of our solutions in international markets, prevent our customers with international operations from accessing our solutions or, in some cases, prevent the export or import of our solutions to some countries, governments or persons altogether. Any change in export or import regulations, economic sanctions or related laws, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could result in decreased use of our solutions, or in our decreased ability to export or sell our solutions to current or potential customers with international operations. Any decreased use of our solutions or limitation on our ability to export or sell our solutions would likely adversely affect our business, financial condition and results of operations.

Changes in laws and regulations related to the internet and cloud computing or changes to internet infrastructure may diminish the demand for our solutions, and could have a negative impact on our business.

The success of our business depends upon the continued use of the internet as a primary medium for commerce, communication, and business applications. Federal, state, or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Regulators in some industries have also adopted and may in the future adopt regulations or interpretive positions regarding the use of SaaS and cloud computing solutions. For example, some financial services regulators have imposed guidelines for the use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to utilizing such software. Changes in these laws or regulations could require us to modify our solutions in order to comply with these changes. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees, or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based solutions and services such as ours. In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by “viruses,” “worms,” and similar malicious programs and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our solutions could decline.

Changes in laws or regulations that adversely affect the growth, popularity, or use of the internet, including laws impacting net neutrality or requiring payment of network access fees, could decrease the demand for our service and increase our cost of doing business. Certain laws intended to prevent network operators from discriminating against the legal traffic that traverse their networks have been implemented in many countries, including across the European Union. Furthermore, favorable laws may change, including for example, in the United States where net neutrality regulations were recently repealed. Given uncertainty around these rules, including changing interpretations, amendments, or repeal, coupled with potentially significant political and economic power of local network operators, we could experience discriminatory or anti-competitive practices that could impede our growth, cause us to incur additional expense, or otherwise negatively affect our business.

Our international operations may subject us to potentially adverse tax consequences.

We report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or income and expenses attributable to specific jurisdictions. If such a disagreement were to occur, and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. We believe that our financial statements reflect adequate reserves to cover such a contingency, but there can be no assurances in that regard.

The enactment of legislation implementing changes in the U.S. and global taxation of international business activities or the adoption of other tax reform policies could materially impact our financial position and results of operations.

Any changes in the U.S. or global taxation of our activities may increase our worldwide effective tax rate and adversely affect our financial position and results of operations. For example, the Inflation Reduction Act includes, among other provisions, an alternative minimum tax on adjusted financial statement income and a 1% excise tax on stock buybacks. Further, beginning in 2022, Section 174 of the Code eliminates the right to deduct research and development expenditures and requires taxpayers to capitalize and amortize U.S. and foreign research and development expenditures over five and fifteen years, respectively. In addition, the Organization for Economic Cooperation and Development has proposed a global minimum tax of 15%, which has been adopted by or is being considered by EU member states and certain other jurisdictions. These and other proposed or implemented changes in the U.S. and global taxation could adversely impact our financial position and results of operations.

Taxing authorities may successfully assert that we should have collected, or in the future should collect, sales and use, value-added or similar taxes, and we could be subject to liability with respect to past or future sales, which could adversely affect our results of operations.

Sales and use, value-added and similar tax laws and rates vary greatly by jurisdiction and are subject to change from time to time. Some jurisdictions in which we do not collect such taxes may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest or future requirements may adversely affect our results of operations.

Risks Related to Our Intellectual Property

Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.

Our success and ability to compete depend, in part, upon our intellectual property. We currently have two patents and primarily rely on copyright, trade secret and trademark laws, trade secret protection, and confidentiality or license agreements with our employees, customers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. In the past, we have utilized demand letters as a means to assert and resolve claims regarding potential misuse of our proprietary or trade secret information. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Our failure to secure, protect and enforce our intellectual property rights could adversely affect our brand and adversely impact our business.

Lawsuits or other claims by third parties for alleged infringement of their proprietary rights could cause us to incur significant expenses or liabilities.

There is considerable patent and other intellectual property development activity in our industry. Our success depends, in part, on not infringing upon the intellectual property rights of others. From time to time, our competitors or other third parties may claim that our solutions and underlying technology infringe or violate their intellectual property rights, and we may be found to be infringing upon such rights. We may be unaware of the intellectual property rights of others that may cover some or all of our technology. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our solutions or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or other companies in connection with any such litigation and to obtain licenses, modify our solutions, or refund subscription fees, which could further exhaust our resources. In addition, we may incur substantial costs to resolve claims or litigation, whether or not successfully asserted against us, which could include payment of significant settlement, royalty or license fees, modification of our solutions, or refunds to customers of subscription fees. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and other employees from our business operations. Such disputes could also disrupt our solutions, adversely impacting our customer satisfaction and ability to attract customers.

We use open source software in our products, which could subject us to litigation or other actions.

We use open source software in our products and may use more open source software in the future. From time to time, there have been claims challenging the use of open source software against companies that incorporate open source software into their products. As a result, we could be subject to suits by parties claiming misuse of, or a right to compensation for, what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition or require us to devote additional research and development resources to change our products. In addition, if we were to combine our proprietary software products with open source software in a certain manner, we could, under certain of the open source licenses, be required to release the source code of our proprietary software products. If we inappropriately use open source software, we may be required to re-engineer our products, discontinue the sale of our products or take other remedial actions.

Risks Related to Ownership of Our Common Stock

The market price of our common stock may be volatile, and you could lose all or part of your investment.

The market price of our common stock since our initial public offering has been and may continue to be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance. Factors that could cause fluctuations in the market price of our common stock include the following:

- actual or anticipated fluctuations in our operating results;
- the financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- changes in estimates by any securities analysts who follow BlackLine or our failure to meet the estimates or expectations of analysts and investors;
- ratings changes by any securities analysts who follow BlackLine or failure of such analysts to initiate or maintain coverage of BlackLine;
- announcements by us or our competitors of significant technical innovations, acquisitions, strategic relationships, joint ventures, or capital commitments;
- changes in operating performance and stock market valuations of other technology companies generally, or those in our industry in particular;
- price and volume fluctuations in the overall stock market from time to time, including as a result of trends in the economy as a whole;
- changes in accounting standards, policies, guidelines, interpretations or principles;
- actual or perceived privacy, security, data protection, or cybersecurity incidents;
- actual or anticipated developments in our business or our competitors' businesses or the competitive landscape generally;
- developments or disputes concerning our intellectual property, or our products or third-party proprietary rights;
- announced or completed acquisitions of businesses or technologies by us or our competitors;
- new laws or regulations, or new interpretations of existing laws or regulations applicable to our business;
- any major change in our Board of Directors (the "Board") or management;
- sales of shares of our common stock by us or our stockholders;
- issuances of shares of our common stock, including in connection with an acquisition or upon conversion of some or all of our outstanding Notes (as defined below);
- lawsuits threatened or filed against us;
- actual or rumored stockholder activism; and
- other events or factors, including instability in the banking and financial services sector, geopolitical events and political uncertainty, including war and political and social upheaval, incidents of terrorism, outbreaks of pandemic diseases, presidential elections, civil unrest, or responses to these events.

In addition, the stock markets, and in particular the Nasdaq market on which our common stock is listed, have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many technology companies. Stock prices of many technology companies have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become the target of this type of litigation in the future, it could subject us to substantial costs, divert resources and the attention of management, and adversely affect our business, results of operations, financial condition and cash flows.

Provisions of our corporate governance documents could make an acquisition of BlackLine more difficult and may impede attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

Our amended and restated certificate of incorporation and amended and restated bylaws and the Delaware General Corporation Law (the "DGCL") contain provisions that could make it more difficult for a third-party to acquire us or preventing a change in our management, even if doing so might be beneficial to our stockholders. Among other things:

- we have authorized but unissued shares of undesignated preferred stock, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include supermajority voting, special approval, dividend, or other rights or preferences superior to the rights of stockholders;
- we have a classified board of directors with staggered three-year terms;
- stockholder action by written consent is prohibited;
- any amendment, alteration, rescission or repeal of our amended and restated bylaws or of certain provisions of our amended and restated certificate of incorporation by our stockholders requires the affirmative vote of the holders of at least 75% of the voting power of our stock entitled to vote thereon, voting together as a single class outstanding; and
- stockholders are required to comply with advance notice requirements for nominations for elections to our Board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management. In addition, institutional stockholder representative groups, stockholder activists and others may disagree with our corporate governance provisions or other practices, including anti-takeover provisions, such as those listed above. We generally will consider recommendations of institutional stockholder representative groups, but we will make decisions based on what our Board and management believe to be in the best long-term interests of our company and stockholders; however, these groups could make recommendations to our stockholders against our practices or our Board members if they disagree with our positions. Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impair a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of BlackLine, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our common stock.

We do not intend to pay dividends on our common stock so any returns will be limited to changes in the value of our common stock.

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business, and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to stockholders will therefore be limited to the increase, if any, of our stock price, which may never occur.

Our amended and restated bylaws designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act, each of which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, or employees.

Pursuant to our amended and restated bylaws, unless we consent in writing to the selection of an alternative forum, the sole and exclusive forum for (1) any derivative action or proceeding brought on our behalf, (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (3) any action arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, or our amended and restated bylaws, or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants and provided that this exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated bylaws also provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce our federal forum provision. If the federal forum provision is found to be unenforceable, we may incur additional costs associated with resolving such matters.

Any person or entity purchasing or otherwise acquiring or holding any interest in any of our securities shall be deemed to have notice of and consented to this provision. This exclusive forum provision in our amended and restated bylaws may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find the exclusive forum provision in our amended and restated bylaws to be inapplicable or unenforceable in an action, we could incur additional costs associated with resolving such action in other jurisdictions, which could harm our results of operations.

Risks Related to Our Outstanding Convertible Senior Notes

Servicing our Notes may require a significant amount of cash and we may not have sufficient cash to settle conversions of the Notes in cash, to repurchase the Notes upon a fundamental change, or to repay the principal amount of the Notes in cash at their maturity, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.

As of December 31, 2024, we had $230.2 million aggregate principal amount of our 0.00% Convertible Senior Notes due in 2026 (the “2026 Notes”) and $675.0 million aggregate principal amount of our 1.00% Convertible Senior Notes due in 2029 (the “2029 Notes” and, together with the 2026 Notes, the “Notes” or “convertible senior notes”) outstanding.

Holders of each series of the Notes will have the right to require us to repurchase all or a portion of such Notes upon the occurrence of a fundamental change before the applicable maturity date at a repurchase price equal to 100% of the principal amount of such Notes to be repurchased, plus accrued and unpaid interest or special interest, if any, as described in the applicable indenture governing such Notes. In addition, upon conversion of the Notes of the applicable series, unless we elect to deliver solely shares of our common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we will be required to make cash payments in respect of such Notes being converted, as described in the applicable indenture governing such Notes. Moreover, we will be required to repay the Notes of the applicable series in cash at their respective maturity unless earlier converted, redeemed, or repurchased. However, we may not have enough available cash on hand or be able to obtain financing at the time we are required to make repurchases of such Notes surrendered therefor or pay cash with respect to such series of Notes being converted or at their respective maturity. Our ability to repay or refinance the Notes will depend on market conditions and our future performance, which is subject to economic, financial, competitive, and other factors beyond our control. Further, if any series of the Notes convert and we elect to issue common stock in lieu of cash upon conversion, our existing stockholders could suffer significant dilution.

In addition, our ability to repurchase the Notes of the applicable series or to pay cash upon conversions of the Notes or at their respective maturity may be limited by law, regulatory authority, or agreements governing our future indebtedness. Our failure to repurchase such Notes at a time when the repurchase is required by the applicable indenture governing such Notes or to pay cash upon conversions of such Notes or at their respective maturity as required by the applicable indenture governing such Notes would constitute a default under such indenture. A default under such indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness. Moreover, the occurrence of a fundamental change under the applicable indenture governing the Notes could constitute an event of default under any such agreement. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay such indebtedness and repurchase such series of Notes or pay cash with respect to such series of Notes being converted or at maturity of such series of Notes, which could harm our business, results of operations, or financial conditions.

Our current and future indebtedness may limit our operating flexibility or otherwise affect our business.

Our existing and future indebtedness could have important consequences to our stockholders and significant effects on our business. For example, it could:

- make it more difficult for us to satisfy our debt obligations, including the Notes;
- increase our vulnerability to general adverse economic and industry conditions;

- require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict us from exploiting business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less indebtedness; and
- limit our ability to borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or other general purposes.

Any of the foregoing could have a material adverse effect on our business, results of operations or financial condition.

The conditional conversion feature of the Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of any series of Notes is triggered, holders of the Notes of such series will be entitled under the applicable indenture governing the Notes to convert such Notes at any time during the specified periods at their option. Our 0.125% Convertible Senior Notes became convertible on May 1, 2024 and were repaid on August 1, 2024. As of December 31, 2024, the conditional conversion features of the remaining Notes were not triggered. If the conditional conversion feature of any series of Notes is triggered and one or more holders of a series elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, in certain circumstances, such as conversions by holders or redemption, we could be required under applicable accounting rules to reclassify all or certain of the outstanding principal of such series of Notes as a current rather than long-term liability, which would result in a material reduction of our net working capital.

The Capped Calls may affect the value of our common stock and we are subject to counterparty risk with respect to the Capped Calls.

In connection with the issuance of the Notes, we entered into the Capped Calls with the counterparties with respect to each series of Notes.

The counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and/or purchasing or selling our common stock or other securities of ours in secondary market transactions at any time prior to the respective maturity of the Notes (and are likely to do so on each exercise date of the Capped Calls). This activity could also cause or prevent an increase or a decrease in the market price of our common stock.

In addition, global economic conditions have in the past resulted in the actual or perceived failure or financial difficulties of many financial institutions. The counterparties to the Capped Calls are financial institutions and we will be subject to the risk that one or more of the counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate, their obligations under the Capped Calls. If a counterparty to one or more Capped Calls becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at the time under such transaction. Our exposure will depend on many factors but, generally, it will increase if the market price or the volatility of our common stock increases. Upon a default or other failure to perform, or a termination of obligations, by a counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the counterparties.

General Risk Factors

We may require additional capital to support business growth, and this capital may not be available on acceptable terms, if at all.

We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges, such as refinancing needs, the need to develop new features or enhance our existing solutions, or to improve our operating infrastructure or acquire complementary businesses and technologies. Accordingly, from time to time we have engaged in, and we may in the future need to engage in, equity or debt financing to secure additional funds, or we may opportunistically decide to raise capital. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity or convertible debt securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, we may not be able to obtain additional financing or refinancing on terms favorable to us, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly impaired.

The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain executive management and qualified board members.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of Nasdaq, and other applicable securities rules and regulations. Compliance with these rules and regulations increases our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. We are required to disclose changes made in our internal control and procedures on a quarterly basis and are required to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting on an annual basis. Additionally, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting pursuant to Section 404. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have hired additional employees to assist us in complying with these requirements, we may need to hire more employees or engage outside consultants, which will increase our operating expenses.

In addition, as a public company we have been targeted by activist stockholders from time to time. Responding to actions by activist stockholders could be costly and time-consuming, and could disrupt our operations and divert the attention of management and our employees. Additionally, perceived uncertainties as to our future direction as a result of stockholder activism, or changes to the composition of our Board of Directors, may lead to the perception of a change in the direction of our business or other instability, which may be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel. If customers choose to delay, defer or reduce transactions with us or do business with our competitors instead of us, then our business, financial condition and operating results would be adversely affected. In addition, our share price could experience periods of increased volatility as a result of stockholder activism.

Furthermore, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time-consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest substantial resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from business operations to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial conditions, and operating results may be adversely affected.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, the trading price for our common stock would be negatively affected. If one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

We may fail to maintain an effective system of internal control over financial reporting in the future and may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence in us and the price of our common stock.

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting.

The process of designing and implementing internal control over financial reporting required to comply with Section 404 of the Sarbanes-Oxley Act has been and will continue to be time-consuming, costly and complicated. If, during the evaluation and testing process, we identify one or more material weaknesses in our internal control over financial reporting, our management will be unable to assert that our internal control over financial reporting is effective. Even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm may conclude that there are material weaknesses with respect to our internal controls or the level at which our internal controls are documented, designed, implemented, or reviewed. If we are unable to assert that our internal control over financial reporting is effective, or when required in the future, if our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be adversely affected, and we could become subject to stockholder lawsuits, litigation or investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources, and cause investor perceptions to be adversely affected and potentially resulting in restatement of our financial statements for prior periods and a decline in the market price of our stock.

Natural disasters, climate change, and other events beyond our control could harm our business.

Natural disasters, climate change, political instability, or other catastrophic events may cause damage or disruption to our operations, international commerce, and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, climate-related events, pandemics, terrorism, political unrest, geopolitical instability, war, and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our solutions to our customers, could decrease demand for our solutions, and could cause us to incur substantial expense. The majority of our research and development activities, corporate headquarters, information technology systems and other critical business operations are located in California, which has experienced, and is projected to continue to experience, major earthquakes, floods, droughts, heat waves, wildfires, and power shutoffs associated with wildfire prevention. Significant recovery time could be required to resume operations and our business could be harmed in the event of a major earthquake or other catastrophic event. Our insurance may not be sufficient to cover related losses or additional expenses that we may sustain. In addition, we may be subject to increased regulations, reporting requirements, standards, or expectations regarding the environmental impacts of our business, and failure to comply with such regulations, requirements, standards or expectations could adversely affect our reputation, business or financial performance.

Item 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

Cybersecurity is a key component of BlackLine's overall cross-functional approach to risk management. Our cybersecurity risk management practices are integrated into our overall risk management practices, and cybersecurity risks are among the core enterprise risks identified for oversight by our Board through our annual enterprise risk assessment. Our cybersecurity policies and practices are designed with the cybersecurity framework of the National Institute of Standards and Technology and certain other applicable industry standards in mind, and BlackLine maintains an information security management system, which is certified against certain international standards, such as ISO 27001 and ISO 27017.

Our cybersecurity program includes:

- **Vigilance:** We maintain a global cybersecurity threat operation that endeavors to detect, contain, and respond to cybersecurity threats and incidents in a prompt and effective manner with the goal of minimizing disruptions to the business.

- **Collaboration:** We have established collaboration mechanisms with public and private entities, including intelligence and enforcement agencies, industry groups, and third-party service providers to identify and assess cybersecurity risks.
- **Systems Safeguards:** We deploy technical safeguards that are designed to protect our information systems from cybersecurity threats, including firewalls, intrusion detection systems, anti-malware functionality, access controls, and ongoing vulnerability assessments.
- **Third-Party Management:** We maintain a risk-based approach to identifying and overseeing cybersecurity risks with respect to third parties, including third parties who provide solutions we rely upon for our security measures. This includes contractually obligating third-party service providers with access to our systems or processing sensitive data on our behalf to implement and maintain reasonable security measures in connection with their work with us, and to promptly report any suspected security breach that may affect BlackLine.
- **Education:** Employees outside of our corporate information security organization also have a role in our cybersecurity defenses, which we believe improves our cybersecurity. We provide training upon onboarding, and annually thereafter, for all personnel regarding cybersecurity threats, with additional role-based security training as applicable. We also provide periodic cybersecurity newsletters and updates to all employees, have a phishing awareness program that includes monthly simulations, and periodically host tabletop exercises with management and other employees to practice rapid cyber incident response.
- **Incident Response Planning:** We have established and maintain an incident response plan that addresses our response to suspected cybersecurity incidents and is tested periodically.
- **Communication and Coordination:** We utilize a cross-functional approach to addressing the risk from cybersecurity threats, involving management personnel from the information security, technology, operations, legal, risk management, internal audit, and other key business functions, as well as members of our Board and the Audit Committee of the Board (the “Audit Committee”) and Technology and Cybersecurity Committee of the Board (the “Technology and Cybersecurity Committee”) regarding cybersecurity threats and incidents.
- **Governance:** The Board’s oversight of cybersecurity risk management is supported by the Audit Committee, which regularly interacts with our risk management function and Chief Information Security Officer (“CISO”). In February 2024, the Board formed a standing Technology and Cybersecurity Committee, which is comprised of independent members of the Board and assists the Board in fulfilling its oversight responsibilities with respect to risks relating to our information security, data privacy and disaster recovery capabilities.

A key part of our strategy for managing risks from cybersecurity threats is the ongoing assessment and testing of our processes and practices through auditing, assessments, tabletop exercises, and other exercises focused on evaluating effectiveness. We periodically engage third parties to perform assessments on our cybersecurity measures, including information security maturity assessments and independent reviews of our information security control environment and operating effectiveness. The results of such assessments and reviews are reported to the Board, the Audit Committee, and the Technology and Cybersecurity Committee, and we make adjustments to our cybersecurity processes and practices as necessary based on the information provided by the third-party assessments and reviews.

The Audit Committee and the Technology and Cybersecurity Committee are responsible for oversight relating to cybersecurity. The Board, the Audit Committee, and the Technology and Cybersecurity Committee regularly receive presentations and reports on cybersecurity risks from the CISO, which address a wide range of topics including, for example, recent developments, evolving standards, vulnerability assessments, third-party and independent reviews, the threat environment, technological trends, and cybersecurity considerations arising with respect to our peers and vendors. Our incident response process includes escalation of potentially material cybersecurity incidents to relevant members of our executive management team. The Board, the Audit Committee, and the Technology and Cybersecurity Committee are updated as appropriate. Periodically, the Audit Committee discusses our approach to cybersecurity risk management with our CISO. Our Technology and Cybersecurity Committee receives regular reports from our CISO as part of its assessment of our cybersecurity threat landscape, and the quality and effectiveness of our information security programs.

Our CISO is the member of our management who is principally responsible for overseeing our cybersecurity risk management program, in partnership with other business leaders across BlackLine. She has over 15 years of experience as a chief information security officer responsible for enterprise-wide oversight of information security programs. She holds CISSP and CISM certifications, and a BS in Computer Science. She leads a team of information security professionals, and works in coordination with the Chief Information Officer, the Chief Legal and Administrative Officer, the Chief Technology Officer, the Senior Vice President, Cloud Engineering and Operations, and other members of management.

The CISO, in coordination with the other members of the executive management team, works collaboratively across BlackLine to implement programs designed to protect our information systems from cybersecurity threats and to promptly respond to cybersecurity incidents. To facilitate the success of such programs, we designate certain employees as security champions throughout BlackLine to respond to cybersecurity incidents in accordance with our incident response plan. Through communications with these employees, the CISO monitors the prevention, detection, mitigation, and remediation of cybersecurity incidents, and reports such incidents to the Board, the Audit Committee, and the Technology and Cybersecurity Committee, when appropriate, as discussed above.

As of the date of this report, and based on facts currently known, the risks from previously occurring cybersecurity threats have not materially affected, nor do we believe that they are reasonably likely to materially affect BlackLine, including its business strategy, results of operations or financial condition. Notwithstanding our investment in cybersecurity, however, we may not be successful in identifying a cybersecurity risk or preventing or mitigating a cybersecurity incident or product security vulnerability that could have a material adverse effect on our business, results of operations, or financial condition.

We are at risk for cybersecurity breaches and incidents, including as a result of third-party action, employee, vendor or contractor error, cyberattacks (including from nation states and affiliated actors) and other forms of hacking, malfeasance, ransomware, and other malicious software, or other factors. If our security controls are breached or circumvented, or unauthorized or inadvertent access to, modification to, or processing of customer, employee, or other confidential data otherwise occurs, our software solutions may be perceived as insecure, or may become unavailable or inaccessible to our end users. As a result, we may lose existing customers or fail to attract new customers, our business may be harmed, and we may incur significant liabilities. These and other risks could affect BlackLine, including our business strategy, results of operations, or financial condition. For more detailed information about these and other cybersecurity risks, please see Part I, Item 1A, "Risk Factors", including the risk factor entitled "*If our security controls are breached or unauthorized, or inadvertent access to customer, employee or other confidential data is otherwise obtained, our software solutions may be perceived as insecure, we may lose existing customers or fail to attract new customers, our business may be harmed and we may incur significant liabilities.*"

Item 2. *Properties*

Our principal executive offices are located in Woodland Hills, California where we occupy approximately 89,000 square feet of space under a lease that expires in January 2029. We have additional U.S. leased offices in Pleasanton, California; New York, New York; and Westport, Connecticut. We also have international office locations in Australia, Canada, France, Germany, India, Japan, the Netherlands, Poland, Romania, Singapore, and the United Kingdom. We believe that our properties are generally suitable to meet our needs for the foreseeable future. In addition, to the extent we require additional space in the future, we believe that it would be readily available on commercially reasonable terms.

Item 3. *Legal Proceedings*

From time to time, we may be subject to legal proceedings, including claims, litigation, investigations, and inquiries arising in the ordinary course of business. In addition, from time to time, third parties may assert intellectual property infringement claims against us in the form of letters and other forms of communication. As of the date of this Annual Report on Form 10-K for the year ended December 31, 2024, we are not a party to any litigation the outcome of which, if determined adversely to us, would individually or in the aggregate be reasonably expected to have a material adverse effect on our results of operations, prospects, cash flows, financial position or brand.

Item 4. *Mine Safety Disclosures*

Not applicable.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Market for Our Common Stock and Related Stockholder Matters

Our common stock trades on the Nasdaq Global Select Market under the symbol “BL”.

Holders of Record

At February 14, 2025, there were 3 stockholders of record. The number of record holders does not include beneficial holders who hold their shares in “street name,” meaning that the shares are held for their accounts by a broker or other nominee. Accordingly, we believe that the total number of beneficial holders is higher than the number of our stockholders of record.

Dividend Policy

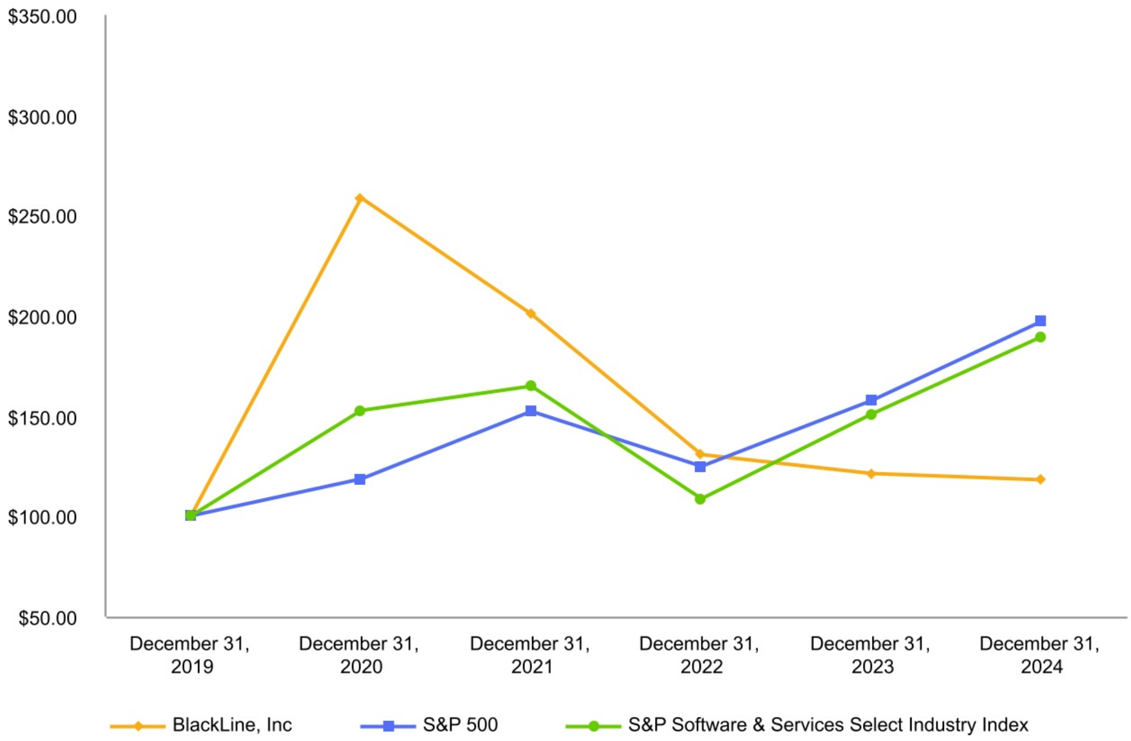
We have never declared or paid any cash dividends on our common stock. We currently intend to retain our future earnings, if any, primarily to finance our operations and effect share repurchases and do not anticipate paying any cash dividends on our common stock in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on then-existing conditions, including our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our Board may deem relevant.

Stock Price Performance Graph

This performance graph shall not be deemed “soliciting material” or to be “filed” with the Securities and Exchange Commission, or the SEC, for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings under the Securities Act of 1933, as amended, or the Securities Act.

The following graph compares (i) the cumulative total stockholder return on our common stock with (ii) the cumulative total return of the S&P 500 Index and (iii) the cumulative total return of the S&P Software & Services Select Industry Index (SPSISS), all over the period from December 31, 2019 through December 31, 2024, assuming the investment of $100 in our common stock and in both of the other indices on December 31, 2019 and the reinvestment of dividends. The graph uses the closing market price on December 31, 2019 of $51.56 per share as the initial value of our common stock. As discussed above, we have never declared or paid a cash dividend on our common stock and do not anticipate declaring or paying a cash dividend in the foreseeable future.

COMPARISON OF CUMULATIVE TOTAL RETURN*



*Returns are based on historical results and are not necessarily indicative of future performance. See the disclosure in Part I, Item 1A. "Risk Factors."

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Issuer Purchases of Equity Securities

On November 17, 2024, our Board of Directors authorized the repurchase of up to $200.0 million of our common stock. The authorization will expire at the end of the first quarter of fiscal year 2027. Repurchases may be made from time to time through open market repurchases or through privately-negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. Open market repurchases may be structured to occur in accordance with the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The repurchase program does not obligate us to acquire any particular amount of our common stock, and it may be suspended at any time in our discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

As of December 31, 2024, we have not repurchased any shares under the repurchase program.

Item 6. *[Reserved]*

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion of our financial condition and results of operations should be read together with the financial statements and the related notes set forth in Item 8, "Financial Statements and Supplementary Data." The following discussion also contains forward-looking statements, which are based upon current plans, expectations, *and beliefs. These statements involve risks and uncertainties. See Part I, "Special Note Regarding Forward-Looking Statements" for a discussion of the forward-looking statements contained below and Part I, Item 1A, "Risk Factors" for a discussion of certain risks that could cause our actual results to differ materially from the results anticipated in such forward-looking statements.*

This discussion and analysis deals with comparisons of material changes in the consolidated financial statements for fiscal 2024 *and fiscal* 2023. *For the comparison of fiscal* 2023 *and fiscal* 2022, *see Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our 2023 Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 23, 2024.*

Overview

We provide a unified, scalable, and flexible platform tailored to the evolving needs of the Office of the CFO and deliver purpose-built applications that address critical processes, including financial close & consolidation, intercompany accounting, and invoice-to-cash. Our software and services provide the critical technology and industry-leading practices that deliver accurate, efficient, and intelligent financial operations. We are a holding company and conduct our operations through our wholly-owned subsidiary, BlackLine Systems.

At December 31, 2024, we had 397,477 individual users across 4,443 customers. Additionally, we continue to build strategic relationships with technology vendors, professional services firms, business process outsourcers, and resellers.

Our cloud-based applications, increasingly powered by our BlackLine Studio360 Platform, include Account Reconciliations, Transaction Matching, Task Management, Financial Reporting Analytics, Journal Entry, Variance Analysis, Compliance, Smart Close for SAP, Cash Application, Credit & Risk Management, Collections Management, Disputes & Deductions Management, Team & Task Management, AR Intelligence, Electronic Invoicing & Payments, Intercompany Create, Intercompany Balance & Resolve, and Intercompany Net & Settle. These applications address many use cases across our customers' financial operations and include comprehensive and flexible solutions that deliver best practices for end-to-end record-to-report and invoice-to-cash processes.

We derived approximately 95% of our revenue from subscriptions to our cloud-based software platform and approximately 5% from professional services for the year ended December 31, 2024. Our subscription contracts have initial non-cancellable terms of one year to three years with renewal options. The majority of new contracts in 2024 and 2023 had an initial term of three years. We price our subscriptions based on a number of factors, primarily the number of users having access to the products and the number of products purchased by the customer. We typically invoice customers annually in advance for subscriptions, which is initially recorded as deferred revenue and recognized ratably over the term of the customer contract. The first year of subscription fees are typically payable within 30 days after execution of a contract, and thereafter upon renewal.

Professional services consist primarily of implementation and consulting services. With the exception of our intercompany accounting solutions acquired as part of our acquisition of FourQ, our product offerings are available for immediate use on our platform after granting access to a new customer. We typically help customers implement our solutions, and we also provide consulting services to help customers optimize the use of our products. We invoice customers for our consulting services on a time-and-materials basis and recognize that revenue as services are performed. A limited number of our customers are provided professional services for a fixed fee which we invoice in advance and is initially recorded as deferred revenue and recognized on a proportional-performance basis as the services are rendered.

We sell our solutions primarily through our direct sales force, which leverages our relationships with technology vendors, professional services firms and business process outsourcers. In particular, our solution integrates with SAP's ERP solutions, and SAP is part of the reseller channel that we use in the ordinary course of business. SAP has the ability to resell our solutions as SolEx, for which we receive a percentage of the revenues. We also have an agreement with Google Cloud in which we collaborate with them on joint selling and go-to-market activities and bring enhanced automation solutions for finance and accounting to new and existing customers.

Our ability to maximize the lifetime value of our customer relationships will depend, in part, on the willingness of customers to purchase additional user licenses and products from us. We rely on our sales and customer success teams to support and grow our existing customers by maintaining high customer satisfaction and educating customers on the value all our products provide.

The length of our sales cycle depends on the size of a potential customer and contract, as well as the type of solution or product being purchased. The sales cycle for our global enterprise customers is generally longer than that of our mid-size customers. In addition, the length of the sales cycle tends to increase for larger contracts and for more complex, strategic products like Intercompany Financial Management. As we continue to focus on increasing our average contract size and selling more strategic products, we expect our sales cycle to lengthen and become less predictable, which could cause variability in our results for any particular period.

We have historically signed a high percentage of agreements with new customers, as well as renewal agreements with existing customers, in the fourth quarter of each year and usually during the last month of the quarter. This can be attributed to buying patterns typical in the software industry. As the terms of most of our customer agreements are measured in full year increments, agreements initially entered into during the fourth quarter or last month of any quarter will generally come up for renewal at that same time in subsequent years. This seasonality is reflected in our revenues, though the impact to overall annual or quarterly revenues is nominal due to the fact that we recognize subscription revenue ratably over the term of the customer contract.

For the years ended December 31, 2024, 2023, and 2022, we had revenues totaling $653.3 million, $590.0 million, and $522.9 million, respectively. We generated net income attributable to BlackLine, Inc. of $161.2 million and $52.8 million and incurred a net loss attributable to BlackLine, Inc. of $29.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Global Macroeconomic Factors

Our operating results may vary based on the impact of changes in our industry or the global economy on us or our customers. General macroeconomic conditions, such as a recession, inflation or rising interest rates, an economic downturn in the U.S. or internationally, adverse business conditions and liquidity concerns, or bank failures or instability in the financial services sector, has and could continue to adversely affect demand for our products and make it difficult to accurately forecast and plan our future business activities. As a result of economic uncertainty, we have seen customers delay and defer purchasing decisions, which has adversely impacted our near-term demand.

Acquisition of Data Interconnect

On September 12, 2023, we completed the DI Acquisition for cash consideration of $11.4 million, which was paid at the closing of the acquisition. The DI Acquisition enhances our existing accounts receivable automation solution capabilities through EIPP. Transaction-related costs, which include, but are not limited to, accounting, legal, and advisory fees related to the transaction, totaled approximately $1.2 million and were expensed as incurred during the year ended December 31, 2023.

BlackLine accounted for the transaction as a business combination using the acquisition method of accounting. The total purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date and the purchase price allocation was final.

Acquisition of FourQ

On January 26, 2022, we completed the FourQ Acquisition and paid cash consideration of $160.2 million upon closing of the acquisition. In addition, we agreed to pay a maximum of $73.2 million of contingent consideration if certain earnout conditions were met. At December 31, 2024, the related liability for the FourQ Acquisition was zero. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and we are no longer obligated to pay the contingent consideration of $73.2 million.

Restructuring Costs

Fiscal 2023 Restructuring Program

On August 23, 2023, we announced a restructuring plan that was designed to support our growth, scale, and profitability objectives. As part of the restructuring, we reduced our global workforce by approximately 9.0%, or 166 total employee positions. Restructuring costs related to the August 2023 restructuring consisted of one-time termination benefits. Refer to “Note 12 - Restructuring Costs” for additional information.

Fiscal 2022 Restructuring Program

On December 7, 2022, we announced our decision to commit to a restructuring plan that was designed to focus on key growth priorities. Restructuring costs related to the December 2022 restructuring consisted of one-time termination benefits. Refer to “Note 12 - Restructuring Costs” for additional information.

Key Metrics

We regularly review a number of metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections, and make strategic decisions.

	Year Ended December 31,		
	2024	2023	2022
Dollar-based net revenue retention rate	102 %	106 %	107 %
Number of customers	4,443	4,398	4,188
Number of users	397,477	386,814	366,522

Dollar-based net revenue retention rate. We believe that dollar-based net revenue retention rate is an important metric to measure the long-term value of customer agreements and our ability to retain and grow our relationships with existing customers over time. We calculate dollar-based net revenue retention rate as the implied monthly subscription and support revenue at the end of a period for the base set of customers from which we 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. We define implied monthly subscription and support revenue as the total amount of minimum subscription and support revenue contractually committed to, under each of our customer agreements over the entire term of the agreement, divided by the number of months in the term of the agreement. At December 31, 2024, our dollar-based net revenue retention rate declined from the year ended December 31, 2023 due to the adverse impact of foreign exchange rates, higher attrition, and a more moderate rate of acquiring customer accounts. Our ability to maximize the lifetime value of our customer relationships will depend, in part, on the willingness of the customer to purchase additional user licenses and products from us. We rely on our customer success and sales teams to support and grow our existing customers by maintaining high customer satisfaction and educating the customer on the value our products provide.

Number of customers. We believe that our ability to expand our customer base is an indicator of our market penetration and the growth of our business. We define a customer as a company that contributes to our subscription and support revenue 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. For the years ended December 31, 2024, 2023, and 2022, no single customer accounted for more than 10% of our total revenues.

Number of users. Since our customers generally pay fees based on the number of users on our platform within their organization, we believe the total number of users is an indicator of the growth of our business. While the fees for the majority of the products we sell are user-based, we are seeing an increasing volume of transactions for our non-user based strategic products, such as eInvoicing & Payments, Transaction Matching, Intercompany, and BlackLine Cash Application.

Key Components of our Results of Operations

Revenues

Subscription and support. Our subscription contracts have initial non-cancellable terms of one year to three years with renewal options. The majority of new contracts in 2024 and 2023 had an initial term of three years. Fees are based on a number of factors, including the solutions subscribed to by the customer and the number of users having access to the solutions. The first year of subscription fees are typically payable within 30 days after execution of a contract, and thereafter upon renewal. We initially record the subscription fees as deferred revenue and recognize revenue ratably over the term of the contract. At any time during the subscription period, customers may increase their number of users and add products. Additional fees are payable for the remainder of the initial or renewed contract term. Customers may only reduce their number of users or subscription to products upon renewal of their arrangement. Revenues from subscriptions to our cloud-based software platform composed approximately 95% of our revenues for the year ended December 31, 2024.

Subscription and support revenues also include revenues associated with sales of on-premise software licenses and related support, but we no longer develop any new applications or functionality for our legacy on-premise software, and anticipate that this component of our revenues will continue to decline relative to total revenue.

Professional services. We offer our customers implementation and consulting services. With the exception of our intercompany accounting solutions acquired from the FourQ Acquisition, our product offerings are available for immediate use on our platform after granting access to a new customer. We typically help customers implement our solutions, and we also provide consulting and training services to help customers optimize the use of our products.

These services are considered distinct performance obligations. Professional services do not result in significant customization of the subscription service. We apply the practical expedient to recognize professional services revenue when we have the right to invoice based on time and materials incurred. A limited number of our customers are provided professional services for a fixed fee, which is initially recorded as deferred revenue and recognized on a proportional-performance basis as the services are rendered. Professional services revenues composed approximately 5% of our revenues for the year ended December 31, 2024.

For a description of our revenue accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates."

Cost of Revenues

Subscription and support cost of revenues. Subscription and support cost of revenues primarily consist of amortization of acquired developed technology costs, salaries, benefits, and stock-based compensation associated with our hosting operations and support personnel, amortization of capitalized internal-use software costs, cloud hosting costs, and data center costs related to hosting our cloud-based software. We also allocate a portion of overhead to subscription and support cost of revenues.

Professional services costs of revenues. Costs associated with providing professional services primarily consist of salaries, benefits and stock-based compensation associated with our implementation personnel. These costs are expensed as incurred when the services are performed. We also allocate a portion of overhead to professional services cost of revenues.

Operating Expenses

Sales and marketing. Sales and marketing expenses consist primarily of compensation and employee benefits, including stock-based compensation of sales and marketing personnel and related sales support teams, sales and partner commissions, marketing events, advertising costs, computer software-related costs, travel, trade shows, other marketing materials, transaction-related costs, and allocated overhead. Sales and marketing expenses also include amortization of customer relationship intangible assets and impairment of cloud computing implementation costs. We defer sales and partner commissions and amortize them over an estimated period of benefit of five years. We expect a decline in sales and marketing expenses as a percentage of revenue in 2025 as we leverage efficiencies in sales support and further improve productivity.

Research and development. Research and development expenses are comprised primarily of salaries, benefits and stock-based compensation associated with our engineering, product and quality assurance personnel, and transaction-related costs. Research and development expenses also include third-party contractors and supplies, computer software-related costs and allocated overhead. Other than software development costs that qualify for capitalization, as discussed above, research and development costs are expensed as incurred. We expect research and development costs to remain consistent in 2025 as we execute our product roadmap and invest in strategic initiatives, including AI.

General and administrative. General and administrative expenses consist primarily of personnel costs associated with our executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional fees, other corporate-related expenses and allocated overhead. General and administrative expenses also include amortization of trade name intangible assets, the change in the fair value of contingent consideration, transaction-related costs, and impairment of cloud computing implementation costs. We expect general and administrative costs to remain consistent in 2025, with targeted investments in corporate IT to support innovation and automation initiatives.

Restructuring costs. Restructuring costs consist of one-time termination benefits. Refer to "Note 12 - Restructuring Costs" for additional information.

Interest income. Interest income primarily consists of earnings on our cash and cash equivalents and our marketable securities.

Interest expense. Interest expense consists primarily of interest expense associated with our Notes issued in May 2024, March 2021, and August 2019.

Provision for (benefit from) income taxes.

We are subject to federal and state income taxes in the United States and taxes in foreign jurisdictions. We use the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities, using tax rates expected to be in effect during the years in which the bases differences are expected to reverse.

We record a valuation allowance against our deferred tax assets to the extent that realization of the deferred tax assets, including consideration of our deferred tax liabilities, is not more likely than not. During the quarter ended December 31, 2024, we determined that a U.S. valuation allowance was no longer required. This determination was based on an evaluation of positive and negative factors, including, but not limited to, our achievement of adjusted pre-tax income resulting in a three-year cumulative income position as of December 31, 2024, our full utilization of our federal net operating loss carryforward during 2024, and our projections of future pre-tax income. Based upon our assessment of all available evidence, we concluded that it is more likely than not that the remaining deferred tax assets will be realized. We recognized an income tax benefit of $43.1 million in 2024, including $89.1 million related to the reversal of the previously-recorded valuation allowance. We have also recorded a valuation allowance against certain foreign deferred tax assets.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe the non-GAAP measures below are useful to us and our investors in evaluating our business. These non-GAAP financial measures are useful because they provide consistency and comparability with our past performance, facilitate period-to-period comparisons of operations and facilitate comparisons with other peer companies, many of which use similar non-GAAP financial measures to supplement their GAAP results.

	Year Ended December 31,	
	2024	2023
	(in thousands, except percentages)	
GAAP gross profit	$ 491,371	$ 443,203
GAAP gross margin	75.2 %	75.1 %
GAAP operating income	$ 18,536	$ 14,348
GAAP operating margin	2.8 %	2.4 %
GAAP net income attributable to BlackLine, Inc.	$ 161,174	$ 52,833
Diluted net income per share attributable to BlackLine, Inc.	$ 1.45	$ 0.81

	Year Ended December 31,	
	2024	2023
	(in thousands, except percentages)	
Non-GAAP gross profit	$ 518,239	$ 468,559
Non-GAAP gross margin	79.3 %	79.4 %
Non-GAAP operating income	$ 126,807	$ 97,517
Non-GAAP operating margin	19.4 %	16.5 %
Non-GAAP net income attributable to BlackLine, Inc.	$ 162,067	$ 145,195
Diluted non-GAAP net income per share attributable to BlackLine, Inc.	$ 2.18	$ 1.96

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 amortization of acquired developed technology, stock-based compensation, and transaction-related costs (including, but not limited to, accounting, legal, and advisory fees related to the transaction, as well as transaction-related retention bonuses). Non-GAAP gross margin is defined as non-GAAP gross profit divided by GAAP revenues. We believe that presenting non-GAAP gross profit and non-GAAP gross margin is useful to investors as it eliminates the impact of certain non-cash expenses and allows a direct comparison between periods.

Non-GAAP Income (Loss) from Operations and Non-GAAP Operating Margin. Non-GAAP income (loss) from operations is defined as GAAP income (loss) from operations adjusted for amortization of intangible assets, stock-based compensation, change in fair value of contingent consideration, transaction-related costs, legal settlement gains or costs, and restructuring costs. Non-GAAP operating margin is defined as non-GAAP income (loss) from operations divided by GAAP revenues. We believe that presenting non-GAAP income (loss) from operations and non-GAAP operating margin is useful to investors as it eliminates the impact of items that have been impacted by our acquisitions and other related costs in order to allow a direct comparison of income (loss) from operations between all periods presented.

Non-GAAP Net Income (Loss) Attributable to BlackLine and Diluted Non-GAAP Net Income (Loss) Per Share Attributable to BlackLine, Inc. Non-GAAP net income (loss) attributable to BlackLine is defined as GAAP net income (loss) attributable to BlackLine adjusted for the impact of the provision for (benefit from) income taxes related to acquisitions, amortization of intangible assets, stock-based compensation, amortization of debt issuance costs from our 0.125% Convertible Senior Notes paid in 2024 (the “2024 Notes”), 0.00% Convertible Senior Notes due in 2026 (the “2026 Notes”), and 1.00% Convertible Senior Notes due in 2029 (the “2029 Notes” and, together with the 2024 and 2026 Notes, the “Notes” or “convertible senior notes”), change in fair value of contingent consideration, transaction-related costs, legal settlement gains or costs, restructuring costs, adjustment to the redeemable non-controlling interest to the redemption amount, and gain on extinguishment of convertible senior notes. Diluted non-GAAP net income (loss) per share attributable to BlackLine, Inc. includes the adjustment for shares resulting from the elimination of stock-based compensation. We believe that presenting non-GAAP net income (loss) attributable to BlackLine is useful to investors as it eliminates the impact of items that have been impacted by our acquisitions and other related costs to allow a direct comparison of net income (loss) between all periods presented.

Reconciliation of Non-GAAP Financial Measures

The following table presents a reconciliation of gross profit, gross margin, operating income, operating margin, and net income, the most comparable GAAP measures, to non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating income, non-GAAP operating margin, and non-GAAP net income:

	Year Ended December 31,	
	2024	2023
	(in thousands, except percentages)	
Non-GAAP Gross Profit:		
Gross profit	$ 491,371	$ 443,203
Amortization of acquired developed technology	13,370	12,438
Stock-based compensation	13,347	12,440
Transaction-related costs	151	478
Total non-GAAP gross profit	$ 518,239	$ 468,559
Gross margin	75.2 %	75.1 %
Non-GAAP gross margin	79.3 %	79.4 %
Non-GAAP Operating Income:		
Operating income	$ 18,536	$ 14,348
Amortization of intangible assets	19,886	20,608
Stock-based compensation	86,097	80,068
Change in fair value of contingent consideration	—	(33,549)
Transaction-related costs	568	5,078
Restructuring costs	1,720	10,964
Total non-GAAP operating income	$ 126,807	$ 97,517
GAAP operating margin	2.8 %	2.4 %
Non-GAAP operating margin	19.4 %	16.5 %
Non-GAAP Net Income Attributable to BlackLine, Inc.:		
Net income attributable to BlackLine, Inc.	$ 161,174	$ 52,833
Benefit from income taxes	(50,948)	(1,196)
Amortization of intangible assets	19,886	20,608
Stock-based compensation	85,654	79,588
Amortization of debt issuance costs	4,486	5,535
Change in fair value of contingent consideration	—	(33,549)
Transaction-related costs	568	5,078
Restructuring costs	1,720	10,964
Adjustment to redeemable non-controlling interest	4,639	5,334
Gain on extinguishment of convertible senior notes	(65,112)	—
Total non-GAAP net income attributable to BlackLine, Inc.	$ 162,067	$ 145,195

Results of Operations

The following tables set forth selected historical consolidated statements of operations data, which should be read in conjunction with Critical Accounting Estimates, Liquidity and Capital Resources, and Contractual Obligations and Commitments included in this Item 7, as well as Quantitative and Qualitative Disclosures About Market Risk and the Consolidated Financial Statements and Notes thereto included elsewhere in this Annual Report on Form 10-K.

On August 23, 2023 and December 7, 2022, respectively, we announced our decision to commit to restructuring plans designed to focus on key growth priorities. Refer to “Note 12 - Restructuring Costs” for additional information on these events.

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Revenues		
Subscription and support	$ 619,287	$ 555,516
Professional services	34,049	34,480
Total revenues	653,336	589,996
Cost of revenues		
Subscription and support	135,308	121,308
Professional services	26,657	25,485
Total cost of revenues	161,965	146,793
Gross profit	491,371	443,203
Operating expenses		
Sales and marketing	248,347	243,154
Research and development	100,973	103,207
General and administrative	121,795	71,530
Restructuring costs	1,720	10,964
Total operating expenses	472,835	428,855
Income from operations	18,536	14,348
Other income (expense)		
Interest income	49,808	52,059
Interest expense	(8,758)	(5,898)
Gain on extinguishment of convertible senior notes	65,112	—
Other income, net	106,162	46,161
Income before income taxes	124,698	60,509
Provision for (benefit from) income taxes	(43,067)	1,450
Net income	167,765	59,059
Net income attributable to redeemable non-controlling interest	1,952	892
Adjustment attributable to redeemable non-controlling interest	4,639	5,334
Net income attributable to BlackLine, Inc.	$ 161,174	$ 52,833

Revenues

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Subscription and support	$ 619,287	$ 555,516	$ 63,771	11 %
Professional services	34,049	34,480	(431)	(1 %)
Total revenues	$ 653,336	$ 589,996	$ 63,340	11 %

	Year Ended December 31,	
	2024	2023
Dollar-based net revenue retention rate	102 %	106 %
Number of customers	4,443	4,398
Number of users	397,477	386,814

The increase in revenues for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily driven by revenue from existing customers, which also grew from additional users and product expansion. The total number of customers and users increased by 1% and 3%, respectively, as compared to December 31, 2023.

Cost of revenues

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Subscription and support	$ 135,308	$ 121,308	$ 14,000	12 %
Professional services	26,657	25,485	1,172	5 %
Total cost of revenues	$ 161,965	$ 146,793	$ 15,172	10 %
Gross margin	75.2 %	75.1 %		

The increase in total cost of revenues for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the following:

- $10.8 million increase in computer software expenses due to higher spend on cloud hosting services as customers continue to migrate to GCP, as well as upgrades to support business growth;
- $3.5 million increase in amortization of developed technology due to net additions of software placed into service; and
- $2.0 million increase in employee compensation and benefits driven primarily by an increase in average compensation per employee, partially offset by a decrease in average headcount; partially offset by
- $1.0 million decrease in depreciation and amortization due to certain assets being fully amortized; and
- $0.8 million decrease in professional fees.

Sales and marketing

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Sales and marketing	$ 248,347	$ 243,154	$ 5,193	2 %
Percentage of total revenues	38.0 %	41.2 %		

The increase in sales and marketing expenses for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the following:

- $2.0 million increase in employee compensation and benefits driven primarily by an increase in average compensation per employee, partially offset by a decrease in average headcount;
- $1.8 million increase in professional fees;
- $1.2 million increase in costs related to strategic internal projects;
- $1.2 million increase in computer software expenses to support automation and scalability; and
- $0.8 million increase in sales-related events held in-person compared to virtual events in the prior year; partially offset by
- $1.1 million decrease in marketing expenses due to streamlined marketing efforts; and
- $0.9 million decrease in depreciation and amortization due to certain assets being fully amortized.

Research and development

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Research and development, gross	$ 126,643	$ 124,546	$ 2,097	2 %
Capitalized internally-developed software costs	(25,670)	(21,339)	(4,331)	20 %
Research and development, net	$ 100,973	$ 103,207	$ (2,234)	(2 %)
Percentage of total revenues	15.5 %	17.5 %		

The decrease in research and development expenses for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the following:

- $4.3 million increase in capitalized software costs due to a focus on the development of new solution offerings and initiatives, cloud-based solutions, and enhancements to the overall platform user experience. Collectively, these increases resulted in a decrease in net expenses;
- $2.5 million decrease in transaction-related costs related to the FourQ Acquisition; and
- $0.5 million decrease in professional fees; partially offset by
- $4.6 million increase in employee compensation and benefits driven primarily by an increase in bonuses; and
- $0.6 million increase in rent expense for additional leasehold facilities.

We remain committed to innovation and investing in artificial intelligence to enhance our platform and business.

General and administrative

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
General and administrative	$ 121,795	$ 71,530	$ 50,265	70 %
Percentage of total revenues	18.6 %	12.1 %		

The increase in general and administrative expenses for the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the following:

- $33.5 million increase due to the decrease in the fair value of FourQ contingent consideration recorded in the year ended December 31, 2023 (refer to "Note 8 - Fair Value Measurements");
- $16.8 million increase in employee compensation and benefits primarily related to an increase in average headcount and average compensation per employee that includes strategic initiatives to support long-term growth;
- $4.5 million increase due to net foreign currency losses resulting from the weakening of multiple currencies against the U.S. Dollar; and
- $0.6 million increase in computer software expenses to support automation and scalability; partially offset by
- $2.8 million decrease in costs related to the Data Interconnect Acquisition and internal strategic projects;
- $2.0 million decrease in professional fees; and
- $1.1 million decrease in depreciation and amortization primarily due to certain assets being fully amortized.

Restructuring costs

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Restructuring costs	$ 1,720	$ 10,964	$ (9,244)	(84 %)

The decrease in restructuring costs during the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to lower additional one-time termination benefits for the fiscal 2023 and fiscal 2022 restructuring programs. Refer to "Note 12 - Restructuring Costs" for additional information.

Interest income

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Interest income	$ 49,808	$ 52,059	$ (2,251)	(4 %)

The decrease in interest income during the year ended December 31, 2024, compared to the year ended December 31, 2023, was due to a decrease in average balances, partially offset by an increase in average interest rates on our investments and cash balances.

Interest expense

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Interest expense	$ 8,758	$ 5,898	$ 2,860	48 %

The increase in interest expense during the year ended December 31, 2024, compared to the year ended December 31, 2023, was primarily due to the amortization of debt issuance costs and cash interest expense related to our 2029 Notes issued in May 2024, partially offset by a decrease in interest expense resulting from the partial repurchase of our 2026 Notes and the repayment of our 2024 Notes in August 2024. Refer to “Note 11 - Convertible Senior Notes” for additional information. We do not expect interest expense to fluctuate significantly over the next 12 months as the interest rates on our Notes are fixed.

Gain on extinguishment of convertible senior notes

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Gain on extinguishment of convertible senior notes	$ 65,112	$ —	$ 65,112	N/M

The gain on extinguishment of convertible senior notes during the year ended December 31, 2024 resulted from the partial repurchase of our 2026 Notes in May 2024. Refer to “Note 11 - Convertible Senior Notes” for additional information.

Provision for (benefit from) income taxes

	Year Ended December 31,		Change	
	2024	2023	$	%
	(in thousands, except percentages)			
Provision for (benefit from) income taxes	$ (43,067)	$ 1,450	$ (44,517)	N/M

We are subject to federal and state income taxes in the U.S. and taxes in foreign jurisdictions. During the quarter ended December 31, 2024, we determined that our U.S. deferred tax asset valuation allowance was no longer required. This determination was based on an evaluation of positive and negative factors, including, but not limited to, our achievement of pre-tax income during the quarter ended June 30, 2023 and each subsequent quarter since, our full utilization of our federal net operating loss carryforward during 2024, and our projections of future pre-tax income. For the year ended December 31, 2024, our annual estimated effective tax rate differed from the U.S. federal statutory rate of 21% primarily as a result of the $89.1 million release of our U.S. valuation allowance, along with state and foreign taxes. For the years ended December 31, 2024 and 2023, we recorded $43.1 million in income tax benefit and $1.5 million in income tax expense, respectively. The decrease in income taxes for the year ended December 31, 2024, compared to the year ended December 31, 2023, resulted primarily from the 2024 release of $89.1 million of the 2023 U.S. valuation allowance, partially offset by our 2024 current and deferred federal and state income taxes of $44.6 million, and changes in the mix of profitable foreign jurisdictions.

Liquidity and Capital Resources

At December 31, 2024, our principal sources of liquidity were an aggregate of $885.9 million of cash and cash equivalents. Our cash equivalents consist of short-term, money market mutual funds.

We believe our existing cash and cash equivalents and cash from operations will be sufficient to meet our working capital needs, capital expenditures, financing obligations, and share repurchases, if any, for at least the next 12 months.

Contractual Obligations and Commitments

Convertible senior notes and capped calls

We had $905.2 million aggregate principal amount of Notes outstanding at December 31, 2024. We plan to, and believe we are able to, make all expected interest payments in the next 12 months.

In connection with the offering of the 2026 Notes, we entered into privately-negotiated capped call transactions (the "2026 Capped Calls") with certain counterparties covering, subject to anti-dilution adjustments, approximately 6.9 million shares of our common stock, and are generally expected to offset the potential economic dilution of our common stock upon any conversions of the 2026 Notes up to the initial cap price. The 2026 Capped Calls have an initial strike price of $166.23 per share subject to certain adjustments, which corresponds to the initial conversion price of the 2026 Notes and an initial cap price of $233.31 per share, subject to certain adjustments. As of December 31, 2024, all of the 2026 Capped Calls remained outstanding.

In connection with the offering of the 2029 Notes, we entered into privately-negotiated capped call transactions (the "2029 Capped Calls" and together with the 2026 Capped Calls, the "Capped Calls") with certain counterparties covering, subject to anti-dilution adjustments, approximately 9.9 million shares of our common stock and are generally expected to offset the potential economic dilution of our common stock upon any conversions of the 2029 Notes up to the initial cap price. The 2029 Capped Calls have an initial strike price of $68.47 per share subject to certain adjustments, which corresponds to the initial conversion price of the 2029 Notes and an initial cap price of $92.17 per share, subject to certain adjustments. As of December 31, 2024, all of the 2029 Capped Calls remained outstanding.

Lease Liabilities

As of December 31, 2024, we have obligations totaling $23.9 million related to existing property and equipment leases.

Purchase Obligations

Purchase obligations represent our most significant contractual obligations in the ordinary course of business for which we have not received the related goods or services, in whole or in part. At December 31, 2024, we have $216 million of contractual obligations related to eleven commitments, with $60 million payable within 12 months, and have additional contractual obligations with other vendors that are individually immaterial and which we can readily settle given our liquidity position and capital resources.

Contingent Consideration

As a condition of the FourQ Acquisition, we agreed to pay a maximum of $73.2 million of contingent consideration between January 2022 and January 2025 if certain financial performance milestones were met. At December 31, 2024, the related liability for the FourQ Acquisition was zero. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and we are no longer obligated to pay the contingent consideration of $73.2 million. Refer to "Note 16 - Contingent Consideration" for additional information.

Unrecognized Tax Liabilities

At December 31, 2024, while we have liabilities for unrecognized tax benefits of $18.7 million, due to their nature, there is a high degree of uncertainty regarding the timing of future cash outflows and other events that extinguish these liabilities.

Letters of Credit

Commitments under letters of credit at December 31, 2024 were scheduled to expire as follows (in thousands):

	Total	Less than 1 Year	1-3 Years	3-5 Years	Thereafter
Letters of credit	$ 603	$ 32	$ 403	$ 168	$ —

Letters of credit are maintained pursuant to certain of our lease arrangements. The letters of credit remain in effect at varying levels through the terms of the related agreements.

Repurchase Program

On November 17, 2024, our Board of Directors authorized the repurchase of up to $200.0 million of our common stock. The authorization will expire at the end of the first quarter of fiscal year 2027. Repurchases may be made from time to time through open market repurchases or through privately-negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. Open market repurchases may be structured to occur in accordance with the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The repurchase program does not obligate us to acquire any particular amount of our common stock, and it may be suspended at any time in our discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

As of December 31, 2024, we have not repurchased any shares under the repurchase program.

Off-Balance Sheet Arrangements

As part of our ongoing business, we do not have any relationships with other entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities that have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. We are therefore not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in those types of relationships.

In the ordinary course of business, we may provide indemnification of varying scope and terms to customers, vendors, investors, directors and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by us, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments we could be required to make under these indemnification provisions is indeterminable. We have never paid a material claim, nor have we been sued in connection with these indemnification arrangements. At December 31, 2024, we have not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements is not probable or reasonably estimable.

Future Capital Requirements

Our future capital requirements will depend on many factors, including our growth rate, strategic relationships and international operations, the timing and extent of spending to support research and development efforts, future merger and acquisition activities, repurchase or refinancing of our existing indebtedness, repurchases of our common stock, and the continuing market acceptance of our solutions. From time to time, we have required, and may in the future require or opportunistically raise, additional equity or debt financing. Sales of additional equity or equity-linked securities could result in dilution to our stockholders. If we raise funds by borrowing from third parties, the terms of those financing arrangements would require us to incur interest expense and may include negative covenants or other restrictions on our business that could impair our operating flexibility. We can provide no assurance that financing will be available at all or, if available, that we would be able to obtain financing on terms favorable to us. If we are unable to raise additional capital when needed, we would be required to curtail our operating activities and capital expenditures, and our business operating results and financial condition would be adversely affected.

Cash Flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	$ 190,836	$ 126,613
Net cash provided by (used in) investing activities	$ 924,440	$ (62,483)
Net cash provided by (used in) financing activities	$ (500,145)	$ 6,146

Net Cash Provided By Operating Activities

Our cash flows provided by operating activities are primarily influenced by our net income, as applicable, and cash generated from collections in accordance with our subscription-based revenue model wherein billings occur in advance of revenue recognition, as well as the substantial amount of non-cash charges that we incur. Non-cash activities primarily include stock-based compensation, a gain on extinguishment from the partial repurchase of our 2026 Notes, deferred taxes, depreciation and amortization, accretion of discounts on marketable securities, changes in fair value of contingent consideration, non-cash lease expense, and amortization of debt issuance costs.

For the year ended December 31, 2024, cash provided by operating activities was $190.8 million, resulting from net income of $167.8 million, net cash flow provided by changes in our operating assets and liabilities of $16.8

million, and net non-cash expenses of $6.3 million. The $16.8 million net cash flow provided by changes in our operating assets and liabilities reflected primarily the following:

- $19.0 million increase in deferred revenue was primarily driven by customer and user growth, and timing of collections for subscription and support;
- $7.1 million increase in accrued expenses and other current liabilities primarily due to annual bonus accruals, cloud-based data storage services, and timing of foreign tax payments;
- $2.7 million net decrease in prepaid expenses and other current assets primarily due to a decrease in accrued interest and amortization of prepaid balances, partially offset by the timing of tax payments and prepaid cloud-based data storage costs to support our suite of solutions; and
- $2.5 million decrease in other assets due to a net decrease in prepaid commissions, partially offset by cloud computing costs.

These changes in our operating assets and liabilities were partially offset by the following:

- $7.6 million increase in accounts receivable primarily due to increased sales, partially offset by customer payments;
- $6.0 million decrease in operating lease liabilities; and
- $1.1 million decrease in accounts payable due to timing of payments.

For the year ended December 31, 2023, cash provided by operating activities was $126.6 million, resulting from net non-cash expenses of $71.9 million and net income of $59.1 million, partially offset by a net cash outflow from changes in operating assets and liabilities of $4.4 million. The $4.4 million net cash outflow from changes in our operating assets and liabilities reflected the following:

- $20.9 million increase in accounts receivable due to increased sales, partially offset by customer payments;
- $7.2 million decrease in operating lease liabilities;
- $6.6 million increase in prepaid expenses and other current assets primarily due to increased insurance and software subscriptions, higher accrued interest, and increased capitalized commissions, partially offset by amortization of prepaid balances and interest received;
- $5.1 million decrease in accounts payable due to timing of payments;
- $2.4 million paid for the 2013 Acquisition contingent consideration in excess of the acquisition date fair value (refer to “Note 16 - Contingent Consideration” for additional information);
- $2.3 million decrease in other long-term liabilities primarily related to the FourQ Acquisition; and
- $0.6 million increase in other assets due to increased prepaid commissions, partially offset by related amortization.

These changes in our operating assets and liabilities were partially offset by a $41.3 million increase in deferred revenue primarily due to customer and user growth and timing of collections.

Net Cash Provided By (Used In) Investing Activities

Our investing activities consist primarily of investments in, and maturities and sales of marketable securities, capitalized software development costs, acquisitions of business entities, and capital expenditures for property and equipment.

For the year ended December 31, 2024, cash provided by investing activities was $924.4 million, primarily as a result of the following:

- $951.3 million of proceeds from maturities and sales, net of purchases of marketable securities; partially offset by
- $24.7 million for capitalized software development costs; and
- $2.1 million in purchases of property and equipment.

For the year ended December 31, 2023, cash used in investing activities was $62.5 million as a result of the following:

- $23.5 million of purchases of marketable securities, net of proceeds from maturities;

- $21.6 million in capitalized software development costs;
- $11.4 million paid for the DI Acquisition, net of cash acquired; and
- $6.0 million in purchases of property and equipment.

Net Cash Provided By (Used In) Financing Activities

For the year ended December 31, 2024, cash used in financing activities was $500.1 million, primarily as a result of the following:

- $848.5 million for the partial repurchase of the 2026 Notes;
- $250.0 million for the repayment of the 2024 Notes with cash on hand;
- $59.7 million for the purchase of the associated Capped Calls for the 2029 Notes; and
- $17.5 million for acquisitions of common stock for tax withholding obligations; partially offset by
- $662.0 million of proceeds, net of debt issuance costs, from the issuance of the 2029 Notes;
- $7.6 million of proceeds from exercises of stock options; and
- $7.0 million of proceeds from the employee stock purchase plan.

For the year ended December 31, 2023, cash provided by financing activities was $6.1 million, primarily as a result of the following:

- $19.8 million of proceeds from exercises of stock options; and
- $8.0 million of proceeds from the employee stock purchase plan.

These changes in our financing activities were partially offset by the following:

- $15.0 million of acquisitions of common stock for tax withholding obligations;
- $5.6 million paid for the 2013 Acquisition contingent consideration (refer to “Note 16 - Contingent Consideration” for additional information); and
- $1.0 million for finance lease payments.

Backlog

We enter into both single and multi-year subscription contracts for our solutions. The timing of our invoices to the customer is a negotiated term and thus varies among our subscription contracts. For multi-year agreements, it is common to invoice an initial amount at contract signing followed by subsequent annual invoices. Backlog represents remaining revenue to be recognized under a non-cancelable contract with customers. At December 31, 2024 and 2023, we had backlog of approximately $879.4 million and $842.7 million, respectively. We expect backlog will change from period to period for several reasons, including the timing and duration of customer agreements, varying billing cycles of subscription agreements, and the timing and duration of customer renewals. Because revenue for any period is a function of revenue recognized from deferred revenue under contracts in existence at the beginning of the period, as well as contract renewals and new customer contracts during the period, backlog at the beginning of any period is not necessarily indicative of future revenue performance. We do not utilize backlog as a key management metric internally.

Critical Accounting Estimates

Our consolidated financial statements and the related notes included elsewhere in this Annual Report on Form 10-K are prepared in accordance with GAAP. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

We believe that the following critical accounting policies and estimates involve a greater degree of judgment or complexity than our other accounting policies and estimates, and are essential to a full understanding and evaluation of our consolidated financial condition and results of operations. Refer to “Note 2 - Basis of Presentation, Significant Accounting Policies, and Recently-Issued Accounting Pronouncements” of the accompanying notes to our consolidated financial statements for additional information.

Deferred Customer Acquisition Costs

We recognize an asset for the incremental and recoverable costs of obtaining a contract with a customer if we expect the benefit of those costs to be one year or longer. We have determined that certain sales incentive programs to our employees ("deferred customer contract acquisition costs") and our partners ("partner referral fees") meet the requirements to be capitalized. Deferred customer acquisition costs related to new revenue contracts and upsells are deferred and then amortized on a straight-line basis over the expected period of benefit that we have determined to be five years, based upon both the product turnover rate and estimated customer life, which involves some level of judgment in terms of the inherent assumptions used. Partner referral fees are deferred and then amortized on a straight-line basis over a period ranging from one year to five years. Deferred customer acquisition costs and partner referral fees are included within other assets on the consolidated balance sheets. There were no impairment losses in relation to the costs capitalized for the periods presented.

Capitalized Software Costs

We account for the costs of computer software obtained or developed for internal use in accordance with Accounting Standards Codification 350*, Intangibles—Goodwill and Other*. We capitalize certain implementation costs incurred in a hosting arrangement that is a service contract. These capitalized costs exclude training costs, project management costs, and data migration costs. We capitalize certain costs in the development of our SaaS subscription solutions when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project, and (iii) it is probable that the project will be completed and performed as intended. These capitalized costs include estimated personnel and related expenses for employees as well as costs of third-party contractors who are directly associated with and who devote time to internal-use software projects and, when material, interest costs incurred during the development. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Costs incurred for significant upgrades and enhancements to our SaaS software solutions are also capitalized. Costs incurred for post-configuration training, maintenance and minor modifications or enhancements are expensed as incurred. Capitalized software development costs are amortized on a straight-line basis over an estimated useful life of three years.

Business Combinations

The results of businesses acquired in business combinations are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed and allocate the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired and liabilities assumed requires our management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, and selection of comparable companies. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in business combinations.

Contingent consideration payable in cash arising from business combinations is recorded at fair value as a liability on the acquisition date and remeasured at each reporting date. Changes in fair value are recorded in general and administrative expenses in the consolidated statements of operations. Determining the fair value of the contingent consideration each period requires management to make assumptions and judgments. These estimates involve inherent uncertainties, and if different assumptions had been used, the fair value of contingent consideration could have been materially different from the amounts recorded. The significant inputs used in the fair value measurement of contingent consideration was the amount and timing of new and incremental combined bookings from FourQ and BlackLine, and revenues from a specified FourQ customer over a three-year period subsequent to the acquisition.

Significant changes in these estimates and the periods in which they are generated would significantly impact the fair value of the contingent consideration liability. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and we are no longer obligated to pay the contingent consideration of $73.2 million. Refer to "Note 16 - Contingent Consideration" for additional information.

Transaction-related costs incurred by us are expensed as incurred and are included in general and administrative expenses in our consolidated statements of operations.

Recent Accounting Pronouncements

Refer to “Note 2 - Basis of Presentation, Significant Accounting Policies, and Recently-Issued Accounting Pronouncements” contained in the “Notes to Consolidated Financial Statements” in Part II, Item 8 of this Annual Report on Form 10-K for a full description of the recent accounting pronouncements, and our expectation of their impact, if any, on our results of operations and financial condition.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risks*

We have operations both within the U.S. and internationally, and we are exposed to market risks in the ordinary course of our business. These risks primarily include interest rate, foreign exchange, and inflation risks, as well as risks relating to changes in the general economic conditions in the countries where we conduct business. To reduce these risks, we monitor the financial condition of our customers and limit credit exposure by collecting in advance and setting credit limits as we deem appropriate. In addition, our investment strategy has historically been to invest in financial instruments that are highly liquid and readily convertible into cash for use in our operations. To date, we have not used derivative instruments to mitigate the impact of our market risk exposures. We have also not used, nor do we intend to use, derivatives for trading or speculative purposes.

Interest Rate Risk

We are exposed to market risk related to changes in interest rates.

In March 2021, we issued $1.150 billion aggregate principal amount of the 2026 Notes and partially repurchased $919.8 million aggregate principal amount in May 2024. The 2026 Notes have a fixed annual interest rate of 0.0%; therefore, we do not have economic interest rate exposure with respect to the 2026 Notes. However, the fair value of the 2026 Notes is exposed to interest rate risk.

In May 2024, we issued $675.0 million aggregate principal amount of the 2029 Notes. The 2029 Notes have a fixed annual interest rate of 1.00%; therefore, we do not have economic interest rate exposure with respect to the 2029 Notes. However, the fair value of the 2029 Notes is exposed to interest rate risk. Generally, the fair market value of the Notes will increase as interest rates fall and decrease as interest rates rise. In addition, the fair value of the Notes is affected by our common stock price. The fair value of the Notes will generally increase as our common stock price increases and will generally decrease as our common stock price declines. Additionally, we carry the Notes at face value less unamortized issuance costs on our consolidated balance sheet, and we present the fair value for required disclosure purposes only.

We had cash and cash equivalents of $885.9 million at December 31, 2024. Our cash equivalents consist of highly liquid money market mutual funds. At December 31, 2024, we had no marketable securities, which prior to maturity, consisted of money market mutual funds, commercial paper, U.S. treasury securities, and U.S. government agencies.

The carrying amount of our cash equivalents reasonably approximates fair value due to the highly liquid nature of these instruments. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs and the fiduciary control of cash and investments. We do not enter into investments for trading or speculative purposes. Given the liquidity of our cash equivalents at December 31, 2024, we do not believe we have exposure to material risks due to changes in market interest rates. When we invest our excess cash in marketable securities in the future, our interest rate risk may increase.

We do not believe our cash equivalents have significant risk of default or illiquidity. While we believe our cash equivalents do not contain excessive risk, we cannot provide absolute assurance that in the future, our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits. We cannot be assured that we will not experience losses on these deposits.

Foreign Currency Risk

While we primarily transact with customers in the U.S. Dollar, we also transact in foreign currencies, including the Australian Dollar, British Pound, Canadian Dollar, Euro, Indian Rupee, Japanese Yen, Mexican Peso, Romanian Leu, and Singapore Dollar due to foreign operations and customer sales. We expect to continue to grow our foreign operations and customer sales. Our international subsidiaries maintain certain asset and liability balances that are denominated in currencies other than the functional currencies of these subsidiaries, which is the U.S. Dollar for all international subsidiaries, with the exception of our Japanese subsidiary, for which the Japanese Yen is the functional currency. Changes in the value of foreign currencies relative to the U.S. Dollar can result in fluctuations in our total assets, liabilities, revenue, operating expenses, and cash flows. The effect of a hypothetical 10% increase or decrease in foreign currency exchange rates applicable to our business would have reduced by approximately $3.8 million or increased by approximately $3.8 million, respectively, our cash balances at December 31, 2024.

As our international operations grow, our risks associated with fluctuation in currency rates will become greater, and we will continue to reassess our approach to managing this risk. In addition, currency fluctuations or a weakening U.S. Dollar can increase the costs of our international expansion. To date, we have not entered into any foreign currency hedging contracts, since exchange rate fluctuations have not had a material impact on our operating results and cash flows. Based on the current level of foreign operations and customer sales, we do not plan on engaging in hedging activities in the near future.

Inflation Risk

We do not believe that inflation has had a material effect on our business, financial condition or results of operations. Nonetheless, if our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Item 8. ***Financial Statements and Supplementary Data***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BlackLine, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of BlackLine, Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive income (loss), of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 11 to the consolidated financial statements, the Company changed the manner in which it accounts for convertible senior notes in 2022.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition – Certain Subscription and Support Revenue

As described in Note 2 to the consolidated financial statements, customers pay subscription and support fees for access to the Company's software as a service (SaaS) platform. The Company's subscription contracts have initial terms of one year to three years with renewal options. Fees are based on a number of factors, including the solutions subscribed for by the customer and the number of users having access to the solutions. Subscription services, which includes support, is recognized on a straight-line basis over the non-cancellable contractual term of the arrangement, generally beginning on the date that the Company's service is made available to the customer. The Company's subscription and support revenue for the year ended December 31, 2024 was $619.3 million, of which a majority pertains to certain of the Company's subscription and support revenue.

The principal consideration for our determination that performing procedures relating to revenue recognition for certain subscription and support revenue is a critical audit matter is a high degree of auditor effort in performing procedures related to revenue recognized on certain of the Company's subscription and support revenue.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the revenue recognition process, including controls over the initiation, billing and recording of certain new and recurring subscriptions and the related subscription and support revenue. These procedures also included, among others (i) testing certain subscription and support revenue transactions, on a sample basis, by obtaining and inspecting source documents, such as contracts, invoices, and cash receipts, and recalculating revenue recognized and the ending deferred revenue balance; (ii) confirming, on a sample basis, outstanding customer invoice balances as of December 31, 2024 and, for confirmations not returned, obtaining and inspecting source documents, such as contracts, invoices, subsequent cash receipts, and other source documents to support collectability of outstanding customer invoice balances; and (iii) testing the issuance of credit memos, on a sample basis, by obtaining and inspecting source documents, such as credit memos, original invoices, and re-issued invoices.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 21, 2025

We have served as the Company's auditor since 2014.

BLACKLINE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except shares and par values)

	December 31, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 885,915	$ 271,117
Marketable securities (amortized cost of $0 and $932,850 at December 31, 2024 and 2023, respectively)	—	933,355
Accounts receivable, net of allowances of $2,964 and $5,064 at December 31, 2024 and 2023, respectively	178,141	171,608
Prepaid expenses and other current assets	28,348	31,244
Total current assets	1,092,404	1,407,324
Capitalized software development costs, net	45,448	37,828
Property and equipment, net	11,840	14,867
Intangible assets, net	59,520	79,056
Goodwill	448,965	448,965
Operating lease right-of-use assets	22,772	19,173
Deferred tax assets, net	53,208	145
Other assets	90,879	93,407
Total assets	$ 1,825,036	$ 2,100,765
LIABILITIES, REDEEMABLE NON-CONTROLLING INTEREST, AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 8,463	$ 8,623
Accrued expenses and other current liabilities	71,574	59,690
Deferred revenue, current	338,615	320,133
Finance lease liabilities, current	66	778
Operating lease liabilities, current	3,525	4,108
Convertible senior notes, net, current	—	249,233
Total current liabilities	422,243	642,565
Finance lease liabilities, noncurrent	53	4
Operating lease liabilities, noncurrent	20,283	15,738
Convertible senior notes, net, noncurrent	892,675	1,140,608
Deferred tax liabilities, net	4,532	6,394
Deferred revenue, noncurrent	1,390	904
Other long-term liabilities	708	3,608
Total liabilities	1,341,884	1,809,821
Commitments and contingencies (Note 17)		
Redeemable non-controlling interest (Note 4)	36,483	30,063
Stockholders' equity:		
Common stock, $0.01 par value, 500,000,000 shares authorized, 62,813,352 and 61,515,105 issued and outstanding at December 31, 2024 and 2023, respectively	628	615
Additional paid-in capital	495,391	474,863
Accumulated other comprehensive income (loss)	(361)	205
Accumulated deficit	(48,989)	(214,802)
Total stockholders' equity	446,669	260,881
Total liabilities, redeemable non-controlling interest, and stockholders' equity	$ 1,825,036	$ 2,100,765

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Year Ended December 31,		
	2024	2023	2022
Revenues			
Subscription and support	$ 619,287	$ 555,516	$ 491,187
Professional services	34,049	34,480	31,751
Total revenues	653,336	589,996	522,938
Cost of revenues			
Subscription and support	135,308	121,308	102,132
Professional services	26,657	25,485	27,253
Total cost of revenues	161,965	146,793	129,385
Gross profit	491,371	443,203	393,553
Operating expenses			
Sales and marketing	248,347	243,154	256,862
Research and development	100,973	103,207	108,893
General and administrative	121,795	71,530	80,155
Restructuring costs	1,720	10,964	3,841
Total operating expenses	472,835	428,855	449,751
Income (loss) from operations	18,536	14,348	(56,198)
Other income (expense)			
Interest income	49,808	52,059	14,637
Interest expense	(8,758)	(5,898)	(5,850)
Gain on extinguishment of convertible senior notes	65,112	—	—
Other income, net	106,162	46,161	8,787
Income (loss) before income taxes	124,698	60,509	(47,411)
Provision for (benefit from) income taxes	(43,067)	1,450	(13,520)
Net income (loss)	167,765	59,059	(33,891)
Net income (loss) attributable to redeemable non-controlling interest (Note 4)	1,952	892	(369)
Adjustment attributable to redeemable non-controlling interest (Note 4)	4,639	5,334	(4,131)
Net income (loss) attributable to BlackLine, Inc.	$ 161,174	$ 52,833	$ (29,391)
Basic net income (loss) per share attributable to BlackLine, Inc.	$ 2.59	$ 0.87	$ (0.49)
Shares used to calculate basic net income (loss) per share	62,129	60,849	59,539
Diluted net income (loss) per share attributable to BlackLine, Inc.	$ 1.45	$ 0.81	$ (0.49)
Shares used to calculate diluted net income (loss) per share	73,503	72,045	59,539

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
Net income (loss)	$ 167,765	$ 59,059	$ (33,891)
Other comprehensive income (loss):			
Net change in unrealized gains (losses) on marketable securities, net of (provision for) benefit from taxes of $123, $(123), and $0, for the years ended December 31, 2024, 2023, and 2022, respectively	(393)	1,755	(1,450)
Foreign currency translation	(355)	(136)	(624)
Other comprehensive income (loss)	(748)	1,619	(2,074)
Comprehensive income (loss)	167,017	60,678	(35,965)
Less comprehensive income (loss) attributable to redeemable non-controlling interest:			
Net income (loss) attributable to redeemable non-controlling interest	1,952	892	(369)
Foreign currency translation attributable to redeemable non-controlling interest	(182)	(58)	(304)
Comprehensive income (loss) attributable to redeemable non-controlling interest	1,770	834	(673)
Comprehensive income (loss) attributable to BlackLine, Inc.	$ 165,247	$ 59,844	$ (35,292)

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total
	Shares	Amount				
Balance at December 31, 2021	58,984	$ 590	$ 625,883	$ 298	$ (301,735)	$ 325,036
Cumulative-effect adjustment related to adoption of ASU 2020-06, net of tax	—	—	(324,418)	—	62,288	(262,130)
Balance at January 1, 2022	58,984	590	301,465	298	(239,447)	62,906
Stock option exercises	246	2	4,679	—	—	4,681
Vesting of restricted stock units	634	6	—	—	—	6
Issuance of common stock through employee stock purchase plan	153	2	6,994	—	—	6,996
Acquisition of common stock for tax withholding obligations	—	—	(9,544)	—	—	(9,544)
Stock-based compensation	—	—	77,984	—	—	77,984
Other comprehensive loss	—	—	—	(1,770)	—	(1,770)
Net loss attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	4,131	—	(33,522)	(29,391)
Balance at December 31, 2022	60,017	600	385,709	(1,472)	(272,969)	111,868
Stock option exercises	583	7	19,749	—	—	19,756
Vesting of restricted stock units	738	6	—	—	—	6
Issuance of common stock through employee stock purchase plan	177	2	8,008	—	—	8,010
Acquisition of common stock for tax withholding obligations	—	—	(15,029)	—	—	(15,029)
Stock-based compensation	—	—	81,760	—	—	81,760
Other comprehensive income	—	—	—	1,677	—	1,677
Net income attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	(5,334)	—	58,167	52,833
Balance at December 31, 2023	61,515	615	474,863	205	(214,802)	260,881
Stock option exercises	386	3	7,580	—	—	7,583
Vesting of restricted stock units	756	8	—	—	—	8
Issuance of common stock through employee stock purchase plan	156	2	7,004	—	—	7,006
Acquisition of common stock for tax withholding obligations	—	—	(17,465)	—	—	(17,465)
Stock-based compensation	—	—	87,786	—	—	87,786
Other comprehensive loss	—	—	—	(566)	—	(566)
Purchase of capped calls	—	—	(59,738)	—	—	(59,738)
Net income attributable to BlackLine, Inc., including adjustment to redeemable non-controlling interest	—	—	(4,639)	—	165,813	161,174
Balance at December 31, 2024	62,813	$ 628	$ 495,391	$ (361)	$ (48,989)	$ 446,669

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net income (loss) attributable to BlackLine, Inc.	$ 161,174	$ 52,833	$ (29,391)
Net income (loss) and adjustment attributable to redeemable non-controlling interest (Note 4)	6,591	6,226	(4,500)
Net income (loss)	167,765	59,059	(33,891)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	50,345	50,099	42,816
Change in fair value of contingent consideration	—	(33,549)	(35,130)
Amortization of debt issuance costs	4,486	5,535	5,511
Stock-based compensation	83,251	77,970	75,884
Gain on extinguishment of convertible senior notes	(65,112)	—	—
Noncash lease expense	6,221	6,453	5,593
Accretion of purchase discounts on marketable securities, net	(18,441)	(33,884)	(8,874)
Net foreign currency (gains) losses	279	853	(1,470)
Deferred income taxes	(54,802)	(1,525)	(14,404)
Provision for (benefit from) credit losses	84	(18)	115
Impairment of cloud computing implementation costs	—	—	5,330
Changes in operating assets and liabilities, net of impact of acquisition:			
Accounts receivable	(7,552)	(20,855)	(23,033)
Prepaid expenses and other current assets	2,742	(6,599)	1,059
Other assets	2,505	(595)	(10,112)
Accounts payable	(1,123)	(5,104)	4,376
Accrued expenses and other current liabilities	7,087	(924)	5,893
Deferred revenue	18,968	41,271	36,646
Contingent consideration paid in excess of original estimates	—	(2,393)	—
Operating lease liabilities	(5,963)	(7,171)	(6,949)
Lease incentive receipts	—	240	812
Other long-term liabilities	96	(2,250)	5,841
Net cash provided by operating activities	190,836	126,613	56,013
Cash flows from investing activities			
Purchases of marketable securities	(396,104)	(1,343,331)	(1,599,945)
Proceeds from maturities of marketable securities	1,023,286	1,319,821	1,392,250
Proceeds from sales of marketable securities	324,098	—	—
Capitalized software development costs	(24,714)	(21,644)	(19,208)
Purchases of property and equipment	(2,126)	(5,953)	(10,974)
Acquisition, net of cash acquired	—	(11,376)	(157,738)
Net cash provided by (used in) investing activities	924,440	(62,483)	(395,615)
Cash flows from financing activities			
Proceeds from issuance of convertible senior notes, net of issuance costs	661,979	—	—
Partial repurchase of convertible senior notes	(848,519)	—	—
Repayment of convertible senior notes	(250,000)	—	—
Purchase of capped calls related to convertible senior notes	(59,738)	—	—
Principal payments under finance lease obligations	(999)	(990)	(619)
Proceeds from exercises of stock options	7,591	19,762	4,687
Proceeds from employee stock purchase plan	7,006	8,010	6,996
Acquisition of common stock for tax withholding obligations	(17,465)	(15,029)	(9,544)
Financed purchases of property and equipment	—	—	(84)
Payment of contingent consideration for the 2013 Acquisition	—	(5,607)	—
Net cash provided by (used in) financing activities	(500,145)	6,146	1,436
Effect of foreign currency exchange rate changes on cash, cash equivalents, and restricted cash	(347)	(120)	(618)
Net increase (decrease) in cash, cash equivalents, and restricted cash	614,784	70,156	(338,784)
Cash, cash equivalents, and restricted cash, beginning of period	271,363	201,207	539,991
Cash, cash equivalents, and restricted cash, end of period	$ 886,147	$ 271,363	$ 201,207
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets			
Cash and cash equivalents at end of period	$ 885,915	$ 271,117	$ 200,968
Restricted cash included within other assets at end of period	232	246	239
Total cash, cash equivalents, and restricted cash at end of period shown in the consolidated statements of cash flows	$ 886,147	$ 271,363	$ 201,207

The accompanying notes are an integral part of these consolidated financial statements.

BLACKLINE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
SUPPLEMENTAL CASH FLOWS DISCLOSURE
(in thousands)

	Year Ended December 31,		
	2024	2023	2022
Supplemental disclosures of cash flow information			
Cash paid for interest	$ 3,819	$ 313	$ 313
Cash paid for income taxes	$ 11,529	$ 3,097	$ 1,123
Non-cash financing and investing activities			
Adjustment for adoption of ASU 2020-06	$ —	$ —	$ 262,130
Estimated fair value of contingent consideration	$ —	$ —	$ 55,947
Stock-based compensation capitalized for software development	$ 4,534	$ 3,481	$ 2,379
Capitalized software development costs included in accounts payable and accrued expenses and other current liabilities at end of period	$ 2,813	$ 1,510	$ 1,816
Purchases of property and equipment included in accounts payable and accrued expenses and other current liabilities at end of period	$ 2,400	$ 60	$ 847
Leased assets obtained in exchange for new financing lease liabilities	$ 385	$ —	$ 1,223
Leased assets obtained in exchange for new operating lease liabilities	$ 10,092	$ 10,438	$ 3,866
Leasehold improvements paid directly by landlord	$ —	$ 271	$ —

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – The Company

BlackLine, Inc. and its subsidiaries (the “Company” or “BlackLine”) provide financial accounting close solutions delivered primarily as Software as a Service (“SaaS”). The Company’s solutions enable its customers to address various aspects of their critical processes, including financial close & consolidation, intercompany accounting, and invoice-to-cash.

The Company is a holding company and conducts its operations through its wholly-owned subsidiary, BlackLine Systems, Inc. (“BlackLine Systems”).

On September 12, 2023, the Company acquired Data Interconnect (“DI”), hereinafter referred to as the “DI Acquisition”. DI is a cloud-based Invoice-to-Cash automation vendor within the electronic invoice presentment and payment (“EIPP”) market. The primary purpose of the DI Acquisition was to enhance the Company's existing accounts receivable automation solution by adding EIPP capabilities. This acquisition was not a significant acquisition under Regulation S-X, and the purchase accounting allocation is final.

On January 26, 2022, the Company acquired FourQ Systems, Inc. (“FourQ”), hereinafter referred to as the “FourQ Acquisition.” The primary purpose of the FourQ Acquisition was to enhance our existing intercompany accounting automation capabilities by driving end-to-end automation of traditionally manual intercompany accounting processes. This acquisition was not a significant acquisition under Regulation S-X, and the purchase accounting allocation is final.

The Company is headquartered in Woodland Hills, California. The Company has other local offices in Pleasanton, California; New York, New York; and Westport, Connecticut, as well as international office locations in Australia, Canada, France, Germany, India, Japan, the Netherlands, Poland, Romania, Singapore, and the United Kingdom.

Note 2 – Basis of Presentation, Significant Accounting Policies, and Recently-Issued Accounting Pronouncements

Principles of consolidation and basis of presentation

The accompanying consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and include the operating results of its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated on consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period.

On an ongoing basis, management evaluates its estimates, primarily those related to determining the stand-alone selling price for separate deliverables in the Company’s subscription revenue arrangements, allowance for doubtful accounts, cancellations and credits, fair value of assets and liabilities assumed in a business combination, recoverability of goodwill and long-lived assets, useful lives associated with long-lived assets and right-of-use assets, income taxes, contingencies, fair value of contingent consideration, fair value of the 0.00% Convertible Senior Notes due in 2026 and 1.00% Convertible Senior Notes due in 2029, redemption value of redeemable non-controlling interest, and the valuation and assumptions underlying stock-based compensation. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances. Actual results could differ from those estimates.

The Company assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to the Company at December 31, 2024 and through the date of this report. The accounting matters assessed included, but were not limited to, the Company’s valuation of contingent consideration, the allowance for credit losses, and the carrying value of goodwill and other long-lived assets. While there was not a material impact to the Company’s consolidated financial statements for the year ended December 31, 2024, the Company’s future assessment of these accounting matters and other factors could result in material impacts to the Company’s consolidated financial statements in future reporting periods.

Segments

Management has determined that the Company has one operating segment. Together, our Co-Chief Executive Officers are the Chief Operating Decision Maker (“CODM”) and review the financial information on a consolidated and aggregate basis, together with certain operating metrics principally to make decisions about how to allocate resources and to measure the Company’s performance.

Concentration of credit risk and significant customers

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents, investments in marketable securities, and accounts receivable.

The Company maintains the majority of its cash balances with one major commercial bank in interest-bearing accounts, which exceeds the Federal Deposit Insurance Corporation, or FDIC, federally insured limits. The Company invests its excess cash in money market mutual funds with two major investment banks. To date, the Company has not experienced any impairment losses on its investments.

For the years ended December 31, 2024, 2023, and 2022, no single customer comprised 10% or more of the Company’s total revenues. No single customer had an accounts receivable balance of 10% or greater of total accounts receivable at December 31, 2024 or 2023.

Cash and cash equivalents

The Company considers all highly liquid investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. Cash includes cash held in checking and savings accounts. Cash equivalents are comprised of investments in money market mutual funds. The carrying value of cash and cash equivalents approximates fair value.

Restricted cash

Included in other assets and prepaid expenses and other current assets was $0.2 million and $0.2 million of restricted cash at December 31, 2024 and 2023, respectively. The cash was required to be restricted for use by the Company’s office leaseholder to collateralize a standby letter of credit.

Investments in marketable securities

The Company periodically assesses its portfolio of marketable securities for impairment. For debt securities in an unrealized loss position, this assessment first takes into account the Company’s intent to sell, or whether it is more likely than not that it will be required to sell the security before recovery of its amortized cost basis. If either of these criteria are met, the debt security’s amortized cost basis is written down to fair value through other income (expense), net.

For debt securities in an unrealized loss position that do not meet the aforementioned criteria, the Company assesses whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, the Company considers the extent to which fair value is less than amortized cost, any changes to the rating of the security by a rating agency, and any adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss may exist, the present value of cash flows expected to be collected from the security are compared to the amortized cost basis of the security. If the present value of cash flows expected to be collected is less than the amortized cost basis, a credit loss exists and an allowance for credit losses will be recorded through other income (expense), net, limited by the amount that the fair value is less than the amortized cost basis. Any additional impairment not recorded through an allowance for credit losses is recognized in accumulated other comprehensive loss in the consolidated statements of stockholders’ equity.

Changes in the allowance for credit losses are recorded as provision for (or reversal of) credit loss expense. Losses are charged against the allowance when the Company believes the uncollectibility of an available-for-sale security is confirmed or when either of the criteria regarding intent or requirement to sell is met. The Company has not recorded any credit losses for the year ended December 31, 2024. The Company has not recorded any impairment charges for unrealized losses in the periods presented.

Accounts receivable and credit losses

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company makes estimates of expected credit losses and cancellations and credits based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. The estimated credit loss allowance is recorded as general and administrative expenses, while the estimated credit loss allowance for cancellations and credits is recorded as a reduction in revenue on the consolidated statements of operations.

Leases

The Company has leases for office space, equipment, and data centers. The Company determines whether an arrangement is a lease, or contains a lease, at inception if the Company is both able to identify an asset and can conclude it has the right to control the identified asset for a period of time. Leases are included in property and equipment, operating lease right-of-use (“ROU”) assets, finance lease liabilities, and operating lease liabilities on the Company’s consolidated balance sheets.

The Company has made accounting policy elections, including a short-term lease exception policy, permitting the Company to not apply the recognition requirements of this standard to short-term leases (i.e. leases with expected terms of 12 months or less), and an accounting policy to account for lease and certain non-lease components as a single component for certain classes of assets. The portfolio approach, which allows a lessee to account for its leases at a portfolio level, was elected for certain equipment leases in which the difference in accounting for each asset separately would not have been materially different from accounting for the assets as a combined unit.

Finance lease assets and operating lease ROU assets represent the Company's right to control an underlying asset for the lease term. Finance lease liabilities and operating lease liabilities represent the Company’s obligation to make lease payments arising from the lease, both of which are recognized at commencement date based on the present value of lease payments over the lease term. As the Company’s leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date or remeasurement date to determine the discount rate used to present value lease payments for finance and operating leases. The incremental borrowing rate used is estimated based on what the Company would be required to pay for a collateralized loan over a similar term. Additionally, the Company generally uses the portfolio approach when applying the discount rate selected based on the dollar amount and term of the obligation. The Company’s leases typically do not include any residual value guarantees, bargain purchase options, or asset retirement obligations.

The Company’s lease terms are only for periods in which it has enforceable rights. The Company generally uses the base, non-cancellable lease term when determining the lease assets and liabilities. A lease is no longer enforceable when both the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. The Company’s lease terms are impacted by options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option.

The Company’s agreements may contain variable lease payments. The Company includes variable lease payments that depend on an index or a rate and excludes those which depend on facts or circumstances occurring after the commencement date, other than the passage of time. Additionally, for certain equipment leases, the Company applies a portfolio approach to effectively account for the lease assets and liabilities.

Judgment is required when determining whether any of the Company’s data center contracts contain a lease. The Company concluded a lease exists when the asset is specifically identifiable, substantially all the economic benefit of the asset is obtained, and the right to direct the use of the asset exists during the term of the lease.

Property and equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally three to five years for machinery and equipment and purchased software, and five years for furniture and fixtures. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or seven years. Expenditures for repairs and maintenance are expensed as incurred, while renewals and improvements are capitalized. Depreciation expense is charged to operations on a straight-line basis over the estimated useful lives of the assets.

Capitalized internal-use software costs

The Company capitalizes certain costs in the development of its SaaS subscription solution when (i) the preliminary project stage is completed, (ii) management has authorized further funding for the completion of the project, and (iii) it is probable that the project will be completed and performed as intended. These capitalized costs include personnel and related expenses for employees and costs of third-party contractors who are directly associated with and who devote time to internal-use software projects. Capitalization of these costs ceases once the project is substantially complete and the software is ready for its intended purpose. Costs incurred for significant upgrades and enhancements to the Company’s SaaS software solutions are also capitalized. Costs incurred for training, maintenance and minor modifications or enhancements are expensed as incurred. Capitalized software development costs are amortized using the straight-line method over an estimated useful life of three years.

During the years ended December 31, 2024, 2023, and 2022, the Company amortized $22.6 million, $19.1 million, and $13.6 million, respectively, of internal-use software development costs to subscription and support cost of revenues. At December 31, 2024 and 2023, the accumulated amortization of capitalized internal-use software development costs was $83.2 million and $60.6 million, respectively.

The Company capitalizes certain implementation costs incurred in a hosting arrangement that is a service contract. These capitalized costs exclude training costs, project management costs, and data migration costs. Capitalized software implementation costs are amortized using the straight-line method over the terms of the associated hosting arrangements.

Intangible assets

Intangible assets primarily consist of developed technology, customer relationships, and trade names, which were acquired as part of purchase business combinations, as well as a defensive patent that was acquired through a purchase agreement. The Company determines the appropriate useful life of its intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized on a straight-line basis over their estimated useful lives, ranging from three to 11 years.

Impairment of long-lived assets

Management evaluates the recoverability of the Company’s property and equipment, finite-lived intangible assets and capitalized internal-software costs when events or changes in circumstances indicate a potential impairment exists. Events and changes in circumstances considered by the Company in determining whether the carrying value of long-lived assets may not be recoverable include, but are not limited to, significant changes in performance relative to expected operating results, significant changes in the use of the assets, significant negative industry or economic trends, and changes in the Company’s business strategy. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (an “asset group”). In determining if impairment exists, the Company estimates the undiscounted cash flows to be generated from the use and ultimate disposition of the asset group. If the undiscounted cash flows for the asset group are less than its net book value, an impairment loss is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. For the years ended December 31, 2024 and 2023, the Company did not record any charges for the impairment of cloud computing implementation costs. For the year ended December 31, 2022, the Company recognized charges for the impairment of cloud computing implementation costs of $5.3 million.

Business combinations

The results of businesses acquired in business combinations are included in the Company’s consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business generally being recorded at their estimated fair values on the acquisition date. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the consolidated statements of operations.

The Company performs valuations of assets acquired and liabilities assumed and allocates the purchase price to its respective assets and liabilities. Determining the fair value of the identifiable assets acquired, and liabilities assumed, and the contingent consideration liability requires management to use significant judgment and estimates, including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, and selection of comparable companies. The Company engages the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired and liabilities assumed in a business combination.

Goodwill

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, loss of key personnel, significant changes in the use of the acquired assets or the Company’s strategy, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

An entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if an entity concludes otherwise, then it is required to perform an impairment test.

The first step involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired and no additional steps are necessary. If, however, the fair value of the reporting unit is less than book value, then an impairment charge is recorded for the difference between the reporting unit's fair value and carrying amount, not to exceed the carrying amount of the goodwill.

The Company has one reporting unit, and it tests its goodwill for impairment annually, during the fourth quarter of the calendar year. At December 31, 2024 and 2023, the Company used the quantitative approach to perform its annual goodwill impairment test. The fair value of the Company's reporting unit significantly exceeded the carrying value of its net assets and, accordingly, goodwill was not impaired.

Redeemable non-controlling interest

The Company's Japanese subsidiary ("BlackLine K.K.") is not wholly owned. The agreements with the minority investors of BlackLine K.K. contain redemption features whereby the interest held by the minority investors are redeemable either (i) at the option of the minority investors or (ii) at the option of the Company, both beginning on the seventh anniversary of the initial capital contribution. If the interest of the minority investors were to be redeemed under these agreements, the Company would be required to redeem the interest based on a prescribed formula derived from the relative revenue of BlackLine K.K. and the Company. The balance of the redeemable non-controlling interest is reported at the greater of the initial carrying amount adjusted for the redeemable non-controlling interest's share of earnings or losses and other comprehensive income or loss, or its estimated redemption value. The resulting changes in the estimated redemption amount (increases or decreases) are recorded with corresponding adjustments against retained earnings or, in the absence of retained earnings, additional paid-in capital. These interests are presented on the consolidated balance sheets outside of equity under the caption "Redeemable non-controlling interest."

Convertible senior notes

The Company accounts for the issued Notes as a liability at face value less unamortized debt issuance costs. The debt issuance costs are being amortized to expense over the respective term of the Notes. To the extent that the Company receives conversion requests prior to the maturity of the Notes, upon settlement of the conversion requests, the difference between the fair value and the amortized book value of the Notes requested for conversion is recorded as a gain or loss on early conversion. The fair value of the Notes are measured based on a similar liability that does not have an associated convertible feature based on the remaining term of the Notes, which requires significant judgment.

Restructuring costs

The Company records a charge for restructuring when management commits to a restructuring plan, the restructuring plan identifies all significant actions, the period of time to complete the restructuring plan indicates that significant changes to the restructuring plan are not likely, and employees who are impacted have been notified of the pending involuntary termination.

Fair value of financial instruments

ASC 820, *Fair Value Measurement,* requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. ASC 820 describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, which are the following:

Level 1: Quoted prices in active markets for identical or similar assets and liabilities.

Level 2: Quoted prices for identical or similar assets and liabilities in markets that are not active or observable inputs other than quoted prices in active markets for identical or similar assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2024 and 2023, the carrying values of cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate their fair values due to the short-term nature of such instruments.

Contingent consideration related to acquisitions is recorded at fair value as a liability on the acquisition date and is remeasured at each reporting date, based on significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy. The valuation of contingent consideration uses assumptions management believes would be made by a market participant. Management assesses these estimates on an ongoing basis as additional data impacting the assumptions becomes available. Changes in the fair value of contingent consideration related to updated assumptions and estimates are recognized within general and administrative expenses in the consolidated statements of operations.

To determine the fair value of the contingent consideration related to the FourQ Acquisition, management utilized a Monte Carlo simulation model to value the earnout based on the likelihood of reaching firm-specific targets. Significant inputs used in the fair value measurement of contingent consideration are the amount and timing of new and incremental combined bookings from FourQ and BlackLine, and revenues from a specified FourQ customer over a three-year period subsequent to the acquisition date, as well as the discount rate.

Certain assets, including goodwill and long-lived assets, are also subject to measurement at fair value on a non-recurring basis if they are deemed to be impaired as a result of an impairment review. Refer to “Impairment of long-lived assets*”* section above for additional information.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of subscription and support services and professional services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company’s agreements do not contain any refund provisions other than in the event of the Company’s non-performance or breach.

The Company determines revenue recognition through the following steps:

- Identification of the contract, or contracts, with a customer;
- Identification of performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to performance obligations in the contract; and
- Recognition of revenue when, or as, performance obligations are satisfied.

The Company recognizes revenue net of any applicable value added or sales tax.

Subscription and support revenue – Customers pay subscription and support fees for access to the Company’s SaaS platform. Our subscription contracts have initial terms of one year to three years with renewal options. Fees are based on a number of factors, including the solutions subscribed for by the customer and the number of users having access to the solutions. Subscription services, which includes support, is recognized on a straight-line basis over the non-cancellable contractual term of the arrangement, generally beginning on the date that the Company’s service is made available to the customer.

Subscription and support revenue also includes software and related maintenance and support fees on perpetual licenses. Revenues from perpetual licenses are recognized immediately at the time the Company provides the customer with a right to use the software as it exists when made available to the customer. Customers may have purchased perpetual licenses or term-based licenses, which provide customers with the same functionality and differ mainly in the duration over which the customer benefits from the software.

Professional services revenue – Professional services consist of implementation and consulting services to assist the Company’s customers as they deploy our solutions. These services are considered distinct performance obligations. Professional services do not result in significant customization of the subscription service. The Company applies the practical expedient to recognize professional services revenue when it has the right to invoice based on time and materials incurred. The Company applies the optional exemption and has excluded the variable consideration from the disclosure of remaining performance obligations.

Contracts with Multiple Performance Obligations – The Company’s contracts with customers often contain multiple performance obligations. For these contracts, the Company accounts for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations on a relative standalone selling price ("SSP") basis. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together, as well as the determination of SSP for each distinct performance obligation, may require significant judgment. The Company typically has more than one SSP for its SaaS solutions and professional services. Additionally, management has determined that there are no third-party offerings reasonably comparable to the Company's solutions. Therefore, the Company determines the SSPs of subscriptions to the SaaS solutions and professional services based on numerous factors including the Company's overall pricing objectives, geography, customer size, number of users, and discounting practices. The Company uses historical maintenance renewal fees to estimate SSP for maintenance and support fees bundled with software licenses. The Company uses the residual method to estimate SSP of software licenses, because license pricing is highly variable and not sold separately from maintenance and support.

Contract balances – Timing of revenue recognition may differ from the timing of invoicing to customers. The Company records an unbilled receivable when revenue is recognized prior to invoicing, and deferred revenue when revenue is recognized subsequent to invoicing. The Company generally invoices customers annually at the beginning of each annual contract period.

Deferred revenue is comprised mainly of billings in advance of revenue being recognized related to the Company's subscription and support services and professional services arrangements.

Changes in deferred revenue for the years ended December 31, 2024, 2023, and 2022 were primarily due to additional billings in the periods, partially offset by revenue recognized of $316.7 million, $274.3 million, and $239.9 million, respectively, that was previously included in the deferred revenue balance at December 31, 2023, 2022, and 2021, respectively.

The transaction price is generally determined by the stated fixed fees in the contract, excluding any related sales taxes. Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized ("contracted not recognized"), which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. Contracted not recognized revenue was $879.4 million at December 31, 2024, of which the Company expects to recognize approximately 57.6% over the next 12 months and the remainder thereafter.

Fees are generally due and payable within 30 days. None of the Company's contracts include a significant financing component.

Assets recognized from the costs to obtain a contract with a customer – The Company recognizes an asset for the incremental and recoverable costs of obtaining a contract with a customer if the Company expects the benefit of those costs to be one year or longer. The Company has determined that certain sales incentive programs to the Company's employees ("deferred customer contract acquisition costs") and its partners ("partner referral fees") meet the requirements to be capitalized. Deferred customer acquisition costs related to new revenue contracts and upsells are deferred and then amortized on a straight-line basis over the expected period of benefit, which the Company has determined to be five years, based upon both the product turnover rate and estimated customer life. The Company enters into partnership arrangements where partner referral fees are paid either on the initial contract or on both the initial contract and renewal of the contract. The Company assesses whether the renewal fee is commensurate with the initial fee. When the renewal fee is commensurate with the initial fee, the Company amortizes the deferred costs over the initial year of the contract. Otherwise, the initial fee is amortized over five years. Deferred customer acquisition costs and partner referral fees are included within other assets on the consolidated balance sheets. There were no impairment losses in relation to the costs capitalized for the periods presented.

Amortization expense related to the asset recognized from the costs to obtain a contract with a customer is included in sales and marketing expenses in the consolidated statements of operations and was $37.0 million, $34.1 million, and $29.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Cost of revenues

Cost of revenues primarily consists of costs related to hosting the Company's cloud-based application suite, salaries and benefits of operations and support personnel, including stock-based compensation, professional fees, and amortization of capitalized internal-use software costs. The Company allocates a portion of overhead, such as rent, information technology costs and depreciation and amortization to cost of revenues. Costs associated with providing professional services are expensed as incurred when the services are performed. In addition, subscription and support cost of revenues includes amortization of acquired developed technology.

Sales and marketing

Sales and marketing expenses consist primarily of compensation and employee benefits, including stock-based compensation, of sales and marketing personnel and related sales support teams, sales and partner commissions, marketing events, advertising costs, computer software-related costs, travel, trade shows, other marketing materials, and allocated overhead. Sales and marketing expenses also include amortization of customer relationship intangible assets, transaction-related costs, and impairment of cloud computing implementation costs. Advertising costs are expensed as incurred and totaled $11.6 million, $11.8 million, and $9.5 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Research and development

Research and development expenses are comprised primarily of salaries, benefits and stock-based compensation associated with the Company's engineering, product and quality assurance personnel. Research and development expenses also include third-party contractors and supplies, computer software-related costs, transaction-related costs, and allocated overhead. Other than software development costs that qualify for capitalization, as discussed above, research and development costs are expensed as incurred.

General and administrative

General and administrative expenses consist primarily of personnel costs associated with the Company's executive, finance, legal, human resources, compliance, and other administrative personnel, as well as accounting and legal professional fees, other corporate-related expenses and allocated overhead. General and administrative expenses also include amortization of covenant not-to-compete and trade name intangible assets, the change in value of the contingent consideration, transaction-related costs, and impairment of cloud computing implementation costs.

Stock-based compensation

The Company accounts for stock-based compensation awards granted to employees and directors based on the awards' estimated grant date fair value. The Company estimates the fair value of its stock options using the Black-Scholes option-pricing model. For awards that vest solely based on continued service ("service-only vesting conditions"), the resulting fair value is recognized on a straight-line basis over the period during which an employee is required to provide service in exchange for the award, usually the vesting period, which is generally four years.

The Company recognizes the fair value of restricted stock units with performance and service conditions based upon the probability of the performance conditions being met, using the graded vesting method. The Company recognizes the fair value of restricted stock units with market and service conditions based upon the achievement of total stockholder return ("TSR") relative to an industry index being met, using the graded vesting method. The Company estimates the fair value of its restricted stock units with market and service conditions using the Monte Carlo simulation valuation model, which requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date corresponding to the length of time remaining in the performance period. The Company accounts for forfeitures when they occur rather than estimating a forfeiture rate.

The Company recognizes the fair value of ESPP shares using the Black-Scholes option valuation model based on the following assumptions:

Expected volatility. The expected volatility is based on a weighted average of the historical volatility of the Company's common stock over the expected term.

Expected term. The expected term represents the amount of time remaining in the offering period.

Risk-free interest rate. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant corresponding to the expected term of the ESPP share.

Estimated dividend yield. The estimated dividend yield is zero, as the Company does not currently intend to declare dividends in the foreseeable future.

Share Repurchase Program

On November 17, 2024, the Board of Directors ("the Board") authorized the repurchase of up to $200.0 million of the Company's common stock. The authorization will expire at the end of the first quarter of fiscal year 2027.

Repurchases may be made from time to time through open market repurchases or through privately-negotiated transactions subject to market conditions, applicable legal requirements and other relevant factors. Open market repurchases may be structured to occur in accordance with the requirements of Rule 10b-18 of the Securities Exchange Act of 1934, as amended. The Company may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of its shares under this authorization. The repurchase program does not obligate the

Company to acquire any particular amount of its common stock, and it may be suspended at any time at the Company's discretion. The timing and actual number of shares repurchased may depend on a variety of factors, including price, general business and market conditions, and alternative investment opportunities.

Income taxes

The Company recognizes deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of operations in the period that includes the enactment date. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized. The Company recognizes interest and penalties accrued with respect to uncertain tax positions, if any, in the provision for income taxes in the consolidated statements of operations.

Net income (loss) per share

Basic net income per share is calculated by dividing net income attributable to BlackLine, Inc. by the weighted average number of shares of common stock outstanding.

For periods where the Company reports net income, the Company will calculate diluted net income per share attributable to BlackLine, Inc. by adjusting the denominator for potentially dilutive common shares, which are based on the weighted average number of shares of common stock underlying stock options and unvested stock awards using the treasury stock method, as well as for the potential impact of our Notes using the if-converted method or the treasury stock method, as applicable. Under the if-converted method, the numerator is adjusted by adding back interest expense, net of any tax impact.

For periods where the Company reports net losses, the Company will calculate diluted net loss per share attributable to BlackLine, Inc. by excluding from the denominator potentially dilutive common shares, which are based on the weighted average number of shares of common stock underlying stock options and unvested stock awards, as well as the potential impact of our Notes, as they are antidilutive. For these periods, basic net loss per share attributable to BlackLine, Inc. is equivalent to diluted net loss per share attributable to BlackLine, Inc.

Foreign currency

The Company's functional currency for its foreign subsidiaries is the U.S. Dollar ("USD"), with the exception of its BlackLine K.K. subsidiary, for which the Japanese Yen is the functional currency. The foreign exchange impacts of remeasuring the local currency of the foreign subsidiaries to the functional currency is recorded in general and administrative expenses in the Company's consolidated statements of operations. Monetary assets and liabilities of foreign operations are remeasured at balance sheet date exchange rates, non-monetary assets and liabilities and equity are remeasured at the historical exchange rates, while results of operations are remeasured at average exchange rates in effect for the period. Foreign currency transaction gains and losses consist of both realized and unrealized gains and losses. Foreign currency transaction losses totaled $3.6 million for the year ended December 31, 2024, foreign currency transaction gains totaled $0.9 million for the year ended December 31, 2023, and foreign currency transaction losses totaled $2.1 million for the year ended December 31, 2022. The financial statements of BlackLine K.K. are translated to USD using balance sheet date exchange rates for monetary assets and liabilities, historical rates of exchange for non-monetary assets and liabilities and equity, and average exchange rates in the period for revenues and expenses. Translation gains and losses are recorded in accumulated other comprehensive income (loss) as a component of stockholders' equity in the consolidated balance sheets.

Recently-adopted accounting pronouncements

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures*. This standard expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. For public business entities, it is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted the standard for the year ended December 31, 2024. Refer to “Note 3 - Segment Information” for additional information.

Recently-issued accounting pronouncements not yet adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”), and in January 2025, the FASB issued *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"). ASU 2024-03 requires public companies to disclose, in interim and reporting periods, additional information about certain expenses in the financial statements. For public business entities, ASU 2024-03, as clarified by ASU 2025-01, is effective for the first annual reporting period beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption of ASU 2024-03 is permitted. The Company is currently evaluating the impact that the updated standard will have on our disclosures within our consolidated financial statements. The Company does not intend to early adopt.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740)*, *Improvements to Income Tax Disclosures*, which requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The amendment in the ASU is intended to enhance the transparency and decision usefulness of income tax disclosures. For public business entities, it is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the impact that the updated standard will have on our disclosures within our consolidated financial statements.

Note 3 – Segment Information

Management has determined that the Company has one operating and reportable segment. The Company provides subscription and support services that consist of a cloud-based platform designed to unify, automate, and streamline accounting and finance operations, and also provides professional services that consist of implementation and consulting services. The technology used in the subscription and support services is based on a single software platform that is deployed to and implemented by customers. The Company manages the business activities on a consolidated basis, and operating segments have not been aggregated. The accounting policies of the operating segment are the same as those described in the summary of significant accounting policies.

Our CODM assesses performance for the operating segment and decides how to allocate resources based on the review of net income (loss). The CODM uses net income (loss), among other measures, for budgeting and resource allocation purposes. Expenses significant to the segment were determined to be cost of revenues, sales and marketing expenses, research and development expenses, general and administrative expenses, interest expense, and the provision for (benefit from) income taxes, which are all presented in the consolidated statements of operations for the years ended December 31, 2024, 2023, and 2022. Other significant expenses include depreciation expense of $30.5 million, $29.5 million, and $23.1 million for the years ended December 31, 2024, 2023, and 2022, respectively, as well as amortization expense of $19.9 million, $20.6 million, and $19.7 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The Company’s intra-entity sales are eliminated upon consolidation.

The Company disaggregates its revenue from contracts with customers by geographic location, as it believes it best depicts how the nature, amount, timing, and uncertainty of its revenues and cash flows are affected by economic factors.

The following table sets forth the Company’s revenues by geographic region (in thousands):

	Year Ended December 31,		
	2024	2023	2022
United States	$ 457,955	$ 422,192	$ 373,423
International	195,381	167,804	149,515
	$ 653,336	$ 589,996	$ 522,938

No countries outside the U.S. represented 10% or more of total revenues.

The measure of segment assets is reported on the consolidated balance sheets as total consolidated assets. The following table sets forth the Company's long-lived assets, which consist of property and equipment, net, and operating lease ROU assets by geographic region (in thousands):

	December 31,	
	2024	2023
United States	$ 18,399	$ 21,831
International	16,213	12,209
	$ 34,612	$ 34,040

Note 4 – Redeemable Non-Controlling Interest

In September 2018, the Company entered into an agreement with Japanese Cloud Computing and M30 LLC (the "Investors") to engage in the investment, organization, management, and operation of BlackLine K.K. that is focused on the sale of the Company's products in Japan. The Company initially contributed approximately $4.5 million in cash in exchange for 51% of the outstanding common stock of BlackLine K.K. and subsequently invested a further $2.3 million, maintaining the Company's majority ownership of 51%. As the Company continues to control a majority stake in BlackLine K.K., the entity has been consolidated.

All of the common stock held by the Investors is callable by the Company or puttable by the Investors upon certain contingent events. Should the call or put option be exercised, the redemption value will be determined based upon a prescribed formula derived from the discrete revenues of BlackLine K.K. and the Company, and may be settled, at the Company's discretion, with Company stock or cash. As a result of the put right available to the Investors in the future, the redeemable non-controlling interest in BlackLine K.K. is classified outside of permanent equity in the Company's consolidated balance sheets, and the balance is reported at the greater of the initial carrying amount adjusted for the redeemable non-controlling interest's share of earnings, or its estimated redemption value. The resulting changes in the estimated redemption amount are recorded within retained earnings or, in the absence of retained earnings, additional paid-in capital.

Activity in the redeemable non-controlling interest was as follows (in thousands):

	December 31,		
	2024	2023	2022
Balance at beginning of period	$ 30,063	$ 23,895	$ 28,699
Net income (loss) attributable to redeemable non-controlling interest (excluding adjustment to non-controlling interest)	1,952	892	(369)
Foreign currency translation	(171)	(58)	(304)
Adjustment to redeemable non-controlling interest	4,639	5,334	(4,131)
Balance at end of period	$ 36,483	$ 30,063	$ 23,895

Note 5 – Business Combinations

Acquisition of Data Interconnect

On September 12, 2023, the Company completed the DI Acquisition for cash consideration of $11.4 million, which was paid at the closing of the acquisition. The DI Acquisition enhances the Company's existing accounts receivable automation solution capabilities through EIPP. Transaction-related costs, which include, but are not limited to, accounting, legal, and advisory fees related to the transaction, incurred by the Company totaling approximately $1.2 million were expensed as incurred during the year ended December 31, 2023.

The Company accounted for the transaction as a business combination using the acquisition method of accounting. The total purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date. The purchase price allocation was finalized as of the filing date of the Annual Report on Form 10-K for the year ended December 31, 2023.

The purchase consideration and major classes of assets and liabilities to which the Company allocated the total fair value of purchase consideration of $11.4 million were as follows (in thousands):

Cash consideration	$ 11,394
Post-acquisition working capital adjustment	9
Total cash purchase consideration	$ 11,403

Cash and cash equivalents	$ 27
Accounts receivable, net	916
Prepaid expenses and other current assets	893
Property and equipment, net	49
Intangible assets, net	8,800
Goodwill	5,104
Operating lease right-of-use assets	402
Other assets	58
Accounts payable	(665)
Accrued expenses and other current liabilities	(1,570)
Deferred revenue, current	(98)
Operating lease liabilities	(402)
Deferred tax liabilities, net	(2,111)
Total consideration	$ 11,403

The Company believes the amount of goodwill resulting from the acquisition is primarily attributable to increased offerings to customers and enhanced opportunities for growth and innovation. The goodwill resulting from the acquisition is not tax deductible.

To determine the estimated fair value of intangible assets acquired, the Company engaged a third-party valuation specialist to assist management. All estimates, key assumptions, and forecasts were either provided by, or reviewed by, the Company. While the Company chose to utilize a third-party valuation specialist for assistance, the fair value analysis and related valuations reflect the conclusions of the Company and not those of any third party. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement as defined in ASC 820. The acquired intangible asset categories, fair value, and amortization periods, were as follows:

	Amortization Period (in years)	Fair Value (in thousands)
Developed technology	5	$ 8,110
Customer relationships	3	690
		$ 8,800

The weighted average lives of intangible assets at the acquisition date was 4.8 years.

The estimated fair value of developed technology and customer relationships acquired of $8.1 million and $0.7 million, respectively, was determined through the use of a third-party valuation firm using the cost approach methodology. The cost approach considers the cost to replace (or reproduce) the assets and the effects on the assets' values of functional and/or economic obsolescence that has occurred with respect to the asset. The direct transaction costs of the acquisition were accounted for separately from the business combination and expensed as incurred.

The revenue and earnings of the acquired business were included in the Company’s results since the acquisition date and have not been presented separately using pro forma revenues and results of operations as its impact is not material to the Company’s consolidated financial statements for the periods presented.

FourQ Systems, Inc.

On January 26, 2022, the Company completed the FourQ Acquisition for cash consideration of $160.2 million payable at the closing of the acquisition. In addition, the Company agreed to pay a maximum of $73.2 million of contingent consideration if certain earnout conditions were met. At January 26, 2022, the fair value of the contingent consideration liability was $55.9 million and was included in contingent consideration on the accompanying consolidated balance sheet. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and the Company is no longer obligated to pay the contingent consideration of

$73.2 million. See “Note 16 - Contingent Consideration” for additional information regarding the valuation of the contingent consideration at December 31, 2024.

The FourQ Acquisition enhances the Company's existing intercompany accounting automation capabilities by driving end-to-end automation of traditionally manual intercompany accounting processes. The Company incurred transaction-related costs, which include, but are not limited to, fees for accounting, legal, and advisory services of $3.4 million during the year ended December 31, 2022. The transaction-related costs were expensed as incurred.

The Company accounted for the transaction as a business combination using the acquisition method of accounting. The total purchase price was allocated to the tangible and identifiable intangible assets acquired and liabilities assumed based on their respective estimated fair values on the acquisition date.

The purchase consideration and major classes of assets and liabilities to which the Company allocated the total fair value of purchase consideration of $214.2 million are considered final. The following table presents the final allocation of the purchase price (in thousands):

Cash consideration	$	160,224
Post-acquisition working capital adjustment		(635)
Contingent consideration		55,947
Less: One-time expense related to accelerated vesting		(1,322)
Purchase consideration	$	214,214

Cash and cash equivalents	$	1,164
Accounts receivable, net		1,853
Prepaid expenses and other current assets		410
Other assets		143
Property and equipment		659
Intangible assets		74,400
Goodwill		154,151
Accounts payable		(1,537)
Accrued liabilities		(2,585)
Deferred revenue		(231)
Deferred tax liabilities, net		(14,213)
Total consideration	$	214,214

The Company believes the amount of goodwill resulting from the acquisition is primarily attributable to increased offerings to customers, and enhanced opportunities for growth and innovation. The goodwill resulting from the acquisition is not tax deductible.

To determine the estimated fair value of intangible assets acquired, the Company engaged a third-party valuation specialist to assist management. All estimates, key assumptions, and forecasts were either provided by, or reviewed by the Company. While the Company chose to utilize a third-party valuation specialist for assistance, the fair value analysis and related valuations reflect the conclusions of the Company and not those of any third party. The fair value measurements of the intangible assets were based primarily on significant unobservable inputs and thus represent a Level 3 measurement as defined in ASC 820. The acquired intangible asset categories, fair value, and amortization periods, were as follows:

	Amortization Period (in years)		Fair Value (in thousands)
Developed technology	7	$	64,900
Customer relationships	3		9,500
		$	74,400

The weighted average lives of intangible assets at the acquisition date was 6.5 years.

The identified intangible assets, developed technology and customer relationships, were valued as follows:

Developed technology – The Company valued the finite-lived developed technology using the multi-period excess earnings model under the income approach. This method estimates an intangible asset’s value based on the present value of the incremental after-tax cash flows attributable to the intangible asset. The Company applied judgment which involves the use of significant assumptions with respect to the discount rate, obsolescence rate, revenue forecasts, research and development costs for future technology, and EBITDA forecasts.

Customer relationships – The Company valued the finite-lived customer relationships using the differential cash flow (with-and-without) model, an income approach. This method assumes that the value of the intangible asset is equal to the difference between the present value of the prospective cash flows with the intangible asset in place and the present value of the prospective cash flows without the intangible asset. The Company applied judgment, which involved the use of significant assumptions with respect to the discount rate and the customer ramp-up rate.

Note 6 – Intangible Assets and Goodwill

The carrying value of intangible assets was as follows (in thousands):

	December 31, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 15,977	$ (15,977)	$ —
Developed technology	137,718	(80,284)	57,434
Customer relationships	26,779	(25,528)	1,251
Defensive patent	2,333	(1,498)	835
	$ 182,807	$ (123,287)	$ 59,520

	December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Trade name	$ 15,977	$ (15,977)	$ —
Developed technology	137,368	(66,900)	70,468
Customer relationships	26,779	(19,342)	7,437
Defensive patent	2,333	(1,182)	1,151
	$ 182,457	$ (103,401)	$ 79,056

Amortization expense is included in the following functional statements of operations expense categories. Amortization expense was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cost of revenues	$ 13,370	$ 12,438	$ 11,315
Sales and marketing	6,201	6,791	6,505
General and administrative	315	1,379	1,911
	$ 19,886	$ 20,608	$ 19,731

The following table presents the Company’s estimate of remaining amortization expense for each of the five succeeding fiscal years and thereafter for finite-lived intangible assets at December 31, 2024 (in thousands):

2025	$ 14,128
2026	13,713
2027	13,178
2028	12,412
2029	2,615
Thereafter	3,474
	$ 59,520

The following table represents the changes in goodwill (in thousands):

Balance at December 31, 2022	$ 443,861
Additions from acquisitions	5,104
Balance at December 31, 2023	448,965
Additions from acquisitions	—
Balance at December 31, 2024	$ 448,965

Note 7 – Balance Sheet Components

Investments in Marketable Securities

The Company had no marketable securities at December 31, 2024.

At December 31, 2023, investments in marketable securities presented within current assets on the consolidated balance sheets consisted of the following (in thousands):

	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable securities				
U.S. treasury securities	$ 523,344	$ 737	$ (107)	$ 523,974
Commercial paper	241,428	1	—	241,429
U.S. government agencies	168,078	2	(128)	167,952
	$ 932,850	$ 740	$ (235)	$ 933,355

The Company recognized accretion on its marketable securities in interest income, and also recognized net gains and losses related to maturities of marketable securities that were reclassified from accumulated other comprehensive loss in interest income, which totaled $18.4 million, $33.9 million, and $8.9 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Net gains and losses are determined using the specific identification method. During the years ended December 31, 2024, 2023, and 2022, there were nominal realized gains and losses related to sales of marketable securities recognized in the Company's accompanying consolidated statements of operations.

Marketable securities in a continuous loss position for less than 12 months had an estimated fair value of $286.6 million, and unrealized losses of $0.2 million at December 31, 2023. There were no marketable securities in a continuous loss position for greater than 12 months at December 31, 2023.

The Company's marketable securities were considered to be of high credit quality and accordingly, there was no allowance for credit losses related to marketable securities as of December 31, 2023.

Other Assets

Deferred customer contract acquisition costs are included in other assets in the accompanying consolidated balance sheets and totaled $86.1 million and $89.9 million at December 31, 2024 and 2023, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were comprised of the following (in thousands):

	December 31,	
	2024	2023
Accrued salaries and employee benefits	$ 41,833	$ 33,344
Accrued income and other taxes payable	11,297	9,408
Accrued restructuring costs	—	1,569
Other accrued expenses and current liabilities	18,444	15,369
	$ 71,574	$ 59,690

Note 8 – Fair Value Measurements

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis by level, within the fair value hierarchy. Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement (in thousands):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 809,906	$ —	$ —	$ 809,906
Total assets	$ 809,906	$ —	$ —	$ 809,906
Liabilities				
Contingent consideration	$ —	$ —	$ —	$ —
Total liabilities	$ —	$ —	$ —	$ —

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Cash equivalents				
Money market funds	$ 148,298	$ —	$ —	$ 148,298
Commercial paper	—	38,926	—	38,926
U.S. government agencies	—	19,987	—	19,987
Marketable securities				
U.S. treasury securities	523,974	—	—	523,974
Commercial paper	—	241,429	—	241,429
U.S. government agencies	—	167,952	—	167,952
Total assets	$ 672,272	$ 468,294	$ —	$ 1,140,566
Liabilities				
Contingent consideration	$ —	$ —	$ —	$ —
Total liabilities	$ —	$ —	$ —	$ —

The following table summarizes the changes in the contingent consideration liability (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Beginning fair value	$ —	$ 41,549	$ 20,732
Additions in the period	—	—	55,947
Payments in the period	—	(8,000)	—
Change in fair value	—	(33,549)	(35,130)
Ending fair value	$ —	$ —	$ 41,549

The Company classified the marketable debt securities as available-for-sale debt securities at the time of purchase and reevaluated such classification as of each balance sheet date. The valuation techniques used to measure the fair values of our instruments that were classified as Level 1 were derived from quoted market prices for identical instruments in active markets. The valuation techniques used to measure the fair values of Level 2 instruments were derived from broker reports that utilized quoted market prices for similar instruments.

As a condition of the FourQ Acquisition that occurred on January 26, 2022, the Company agreed to pay additional cash consideration if FourQ realized certain firm-specific targets, including the amount and timing of new and incremental combined bookings from FourQ and BlackLine, and revenues from a specified FourQ customer over a three-year period subsequent to the acquisition date. The maximum cash consideration to be distributed is $73.2 million. Changes in the significant inputs used in the fair value measurement, specifically a change in new and incremental actual and forecasted combined bookings from FourQ and the Company, can significantly impact the fair value of the contingent consideration liability. At December 31, 2024, the related liability for the FourQ Acquisition was zero. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and the Company is no longer obligated to pay the contingent consideration of $73.2 million.

Increases and decreases in the fair value of contingent consideration are recorded as expense or reversals of expense, respectively, within general and administrative expenses in the consolidated statements of operations.

Note 9 – Property and Equipment

Property and equipment, net consisted of the following (in thousands):

	December 31, 2024	December 31, 2023
Computers and equipment	$ 23,354	$ 22,396
Purchased software	13,990	14,007
Furniture and fixtures	4,511	4,197
Leasehold improvements	16,316	16,198
Data center equipment - finance lease	1,297	1,231
Building - finance lease	1,521	1,219
Construction in progress	2,638	—
Property and equipment, gross	63,627	59,248
Less: accumulated depreciation and amortization	(51,787)	(44,381)
Property and equipment, net	$ 11,840	$ 14,867

Depreciation and amortization expense related to property and equipment was $7.9 million, $10.4 million, and $9.5 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Note 10 – Leases

The Company has entered into various operating and finance lease agreements for office space and data centers. As of December 31, 2024, the Company had 18 leased properties with remaining lease terms of less than one year to ten years, some of which include options to extend or terminate the leases.

The components of the lease expense recorded in the consolidated statements of operations were as follows (in thousands):

	Year Ended December 31, 2024	2023	2022
Finance lease cost:			
Amortization of assets	$ 1,007	$ 1,020	$ 652
Interest on lease liabilities	19	45	44
Operating lease cost	7,519	6,663	5,767
Short-term lease cost	532	378	388
Variable cost	1,343	1,237	1,190
Total lease cost	$ 10,420	$ 9,343	$ 8,041

Cash flow and other information related to leases was as follows (in thousands, except percentages):

	Year Ended December 31, 2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities			
Financing cash flows from finance leases	$ 1,046	$ 1,036	$ 662
Operating cash flows from operating lease liabilities	$ 7,899	$ 7,467	$ 5,338
Weighted average remaining lease term at end of period (in years):			
Finance leases	2.6	0.8	1.7
Operating leases	6.2	4.2	3.9
Weighted average discount rate:			
Finance leases	7.8 %	3.5 %	3.7 %
Operating leases	7.4 %	5.7 %	2.8 %

Maturities of lease liabilities at December 31, 2024, for each of the five succeeding fiscal years and thereafter, were (in thousands):

	Finance Leases	Operating Leases
2025	$ 72	$ 4,800
2026	16	6,126
2027	16	5,318
2028	16	4,285
2029	12	1,994
Thereafter	—	8,057
Total lease payments	132	30,580
Less imputed interest	(13)	(6,772)
Total lease obligations	$ 119	$ 23,808

Refer to “Note 9 - Property and Equipment” for additional information on finance leases.

Note 11 – Convertible Senior Notes

2029 Notes

On May 24, 2024 and June 5, 2024, the Company issued $600.0 million aggregate principal amount, and an additional aggregate principal amount in connection with the initial purchasers’ option of $75.0 million, respectively, of 1.00% Convertible Senior Notes due in 2029 (the “2029 Notes” and, together with the 0.125% Convertible Senior Notes due in 2024 (the “2024 Notes”) and the 0.00% Convertible Senior Notes due in 2026 (the “2026 Notes”), the “Notes”), in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933 (the “Securities Act”). The 2029 Notes were sold to the initial purchasers pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act. The 2029 Notes were issued pursuant to an indenture (the “2029 Indenture”), by and between the Company and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

Interest on the 2029 Notes is payable semi-annually in cash at a rate of 1.00% per annum on June 1 and December 1 of each year, beginning on December 1, 2024. The 2029 Notes will mature on June 1, 2029, unless redeemed, repurchased, or converted prior to such date in accordance with their terms.

The initial conversion rate of the 2029 Notes is 14.6047 shares of common stock per $1,000 principal amount of the 2029 Notes, equivalent to an initial conversion price of approximately $68.47 per share of common stock.

The conversion rate is subject to adjustment for certain events. Upon conversion, the Company will pay, or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election. It is the Company’s current intent to settle conversions of the 2029 Notes through “combination settlement”, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares, cash, or a combination for any further value.

Prior to the close of business on the business day immediately preceding March 1, 2029, the 2029 Notes will be convertible only under the following circumstances:

(1) during any calendar quarter and only during such calendar quarter, if the last reported sale price of the Common Stock for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2029 Notes on each applicable trading day;

(2) during the five business-day period after any five consecutive trading-day period in which the trading price per $1,000 principal amount of 2029 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the Common Stock and the conversion rate on each such trading day;

(3) if the Company calls any or all of the 2029 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

(4) upon the occurrence of specified corporate events set forth in the 2029 Indenture.

If the Company undergoes a fundamental change, as described in the 2029 Indenture, prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2029 Notes for cash at a price equal to

100% of the principal amount of the 2029 Notes to be repurchased, plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The 2029 Notes are the Company's senior unsecured obligations and will rank senior in right of payment to any of the Company's indebtedness that is expressly subordinated in right of payment to the 2029 Notes; equal in right of payment to any of the Company's unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company's secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The 2029 Indenture contains customary events of default with respect to the 2029 Notes and provides that upon certain events of default occurring and continuing, the Trustee may, and the Trustee at the request of holders of at least 25% in principal amount of the 2029 Notes shall, declare all principal and accrued and unpaid interest, if any, of the 2029 Notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization, involving the Company, all of the principal of, and accrued and unpaid interest on the 2029 Notes will automatically become due and payable.

The 2029 Notes consisted of the following (in thousands):

	December 31 2024
Liability:	
Principal	$ 675,000
Unamortized debt issuance costs	(11,494)
Net carrying amount	$ 663,506

The effective interest rate of the 2029 Notes, excluding the conversion option, was 1.40% at December 31, 2024.

The Company carries the 2029 Notes at face value less unamortized debt issuance costs on the accompanying consolidated balance sheets and presents the fair value for disclosure purposes only. The estimated fair value was determined based on the actual bids and offers of the 2029 Notes in an over-the-counter market on the last trading day of the period. The estimated fair value of the 2029 Notes, based on a market approach at December 31, 2024, was approximately $729.4 million, which represents a Level 2 valuation.

During the year ended December 31, 2024, the Company recognized $1.5 million of interest expense related to the amortization of debt issuance costs and $4.1 million of coupon interest expense.

The 2029 Notes were not convertible at December 31, 2024.

2026 Notes

In March 2021, the Company issued $1.150 billion aggregate gross proceeds, which included the initial purchasers' option of $150.0 million aggregate principal amount, of the 2026 Notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The 2026 Notes were sold to the initial purchasers pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(a)(2) of the Securities Act. The 2026 Notes were issued pursuant to an indenture (the "2026 Indenture"), by and between the Company and the Trustee.

The 2026 Notes do not bear regular interest, and the principal amount of the 2026 Notes does not accrete. The 2026 Notes may bear special interest under specified circumstances related to the Company's failure to comply with its reporting obligations under the 2026 Indenture or if the 2026 Notes are not freely tradeable as required by the 2026 Indenture. The 2026 Notes will mature on March 15, 2026, unless redeemed, repurchased, or converted prior to such date in accordance with their terms.

The initial conversion rate of the 2026 Notes is 6.0156 shares of common stock per $1,000 principal amount of the 2026 Notes, equivalent to an initial conversion price of approximately $166.23 per share of common stock.

The conversion rate is subject to adjustment for certain events. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election. It is the Company's current intent to settle conversions of the 2026 Notes through "combination settlement", which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of its common stock.

Prior to the close of business on the business day immediately preceding December 15, 2025, the 2026 Notes will be convertible only under the following circumstances:

(1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2021, and only during such calendar quarter, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) in a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price for the 2026 Notes on each applicable trading day;

(2) during the five business-day period after any five consecutive trading-day period in which the trading price per $1,000 principal amount of 2026 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of the common stock and the conversion rate on each such trading day;

(3) if the Company calls any or all of the 2026 Notes for redemption, at any time prior to the close of business on the second scheduled trading day immediately preceding the redemption date; or

(4) upon the occurrence of specified corporate events set forth in the 2026 Indenture.

If the Company undergoes a fundamental change, as described in the 2026 Indenture, prior to the maturity date, holders may require the Company to repurchase all or a portion of the 2026 Notes for cash at a price equal to 100% of the principal amount of the 2026 Notes to be repurchased, plus any accrued and unpaid special interest, if any, to, but excluding, the fundamental change repurchase date.

The 2026 Notes are the Company’s senior unsecured obligations and will rank senior in right of payment to any of the Company’s indebtedness that is expressly subordinated in right of payment to the 2026 Notes; equal in right of payment to any of the Company’s unsecured indebtedness that is not so subordinated; effectively junior in right of payment to any of the Company’s secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities (including trade payables) of current or future subsidiaries of the Company.

The 2026 Indenture contains customary events of default with respect to the 2026 Notes and provides that upon certain events of default occurring and continuing, the Trustee may, and the Trustee at the request of holders of at least 25% in principal amount of the 2026 Notes shall, declare all principal and accrued and unpaid interest, if any, of the 2026 Notes to be due and payable. In case of certain events of bankruptcy, insolvency or reorganization, involving the Company, all of the principal of, and accrued and unpaid interest on the 2026 Notes will automatically become due and payable.

Prior to the adoption of ASU 2020-06 on January 1, 2022, in accounting for the issuance of the 2026 Notes, management allocated the proceeds of the 2026 Notes between liability and equity components. To estimate the fair value of the liability component, management measured the fair value of a similar liability that did not have an associated conversion feature by discounting the contractual cash flows of the 2026 Notes at an estimated interest rate for a comparable non-convertible note. The Company applied judgment to determine the interest rate of 5.65%, which was estimated based on the credit spread implied by the 2026 Notes issuance. Significant inputs used in the model to determine the applicable interest rate include implied volatility over the term of the 2026 Notes. The equity component representing the conversion option was determined by deducting the fair value of the liability component from the principal amount of the 2026 Notes. The difference between the principal amount of the 2026 Notes and the equity component totaling $276.3 million was recorded as a debt discount. In addition, the Company incurred $21.2 million of transaction costs related to the 2026 Notes, of which $16.1 million and $5.1 million, respectively, was allocated to the liability and equity components of the 2026 Notes. Transaction costs allocated to the equity component were recorded as additional debt discount. The equity component of the 2026 Notes was not remeasured as it continued to meet the conditions for equity classification. The debt discount was amortized to interest expense over the term of the 2026 Notes using the effective interest method. Additionally, the Company recorded, through equity, a deferred tax liability of $2.4 million, net of the related change in the valuation allowance, related to the debt issuance costs on the 2026 Notes.

In connection with the adoption of ASU 2020-06 on January 1, 2022, the Company reclassified the remaining balance of the conversion feature of $271.2 million from additional paid-in capital to convertible debt for $233.4 million and retained earnings for $37.8 million. Accordingly, the Company no longer carries an equity component of the Notes, and no longer incurs non-cash interest expense related to the accretion of the debt discount associated with the embedded conversion option.

In connection with the issuance of the 2029 Notes, the Company used approximately $662.6 million of the net proceeds from the offering of the 2029 Notes, as well as liquid investments on hand of $185.9 million to repurchase $919.8 million aggregate principal amount of the 2026 Notes. The difference between the consideration paid and the carrying value of the repurchased 2026 Notes, inclusive of any unamortized debt issuance costs, was recognized as a gain on extinguishment of $65.1 million in other income in the consolidated statement of operations for the year ended December 31, 2024.

The 2026 Notes consisted of the following (in thousands):

	December 31	
	2024	2023
Liability:		
Principal	$ 230,196	$ 1,150,000
Unamortized debt issuance costs	(1,027)	(9,392)
Net carrying amount	$ 229,169	$ 1,140,608

The effective interest rate of the 2026 Notes, excluding the conversion option, remained unchanged at 0.37% for December 31, 2024 and 2023.

The Company carries the 2026 Notes at face value less unamortized debt issuance costs on the accompanying consolidated balance sheets and presents the fair value for disclosure purposes only. The estimated fair value was determined based on the actual bids and offers of the 2026 Notes in an over-the-counter market on the last trading day of the period. The estimated fair value of the 2026 Notes, based on a market approach at December 31, 2024, was approximately $212.9 million, which represents a Level 2 valuation.

During the years ended December 31, 2024 and 2023, the Company recognized $2.2 million and $4.2 million of interest expense related to the amortization of debt issuance costs, respectively.

The 2026 Notes were not convertible at December 31, 2024.

2024 Notes

In August 2019, the Company issued the 2024 Notes for aggregate gross proceeds of $500.0 million, which included the initial purchasers' option of $65.0 million aggregate principal amount, in a private placement in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act").

In connection with the issuance of the 2026 Notes (as defined above) in March 2021, the Company used approximately $432.2 million of the net proceeds to repurchase $250.0 million aggregate principal amount of the 2024 Notes.

On August 1, 2024, the scheduled maturity date, the Company repaid the total outstanding $250.0 million aggregate principal amount and related $0.2 million of accrued interest pursuant to the terms of the 2024 Notes with cash on hand. The 2024 Notes consisted of the following (in thousands):

	December 31,
	2023
Liability:	
Principal	$ 250,000
Unamortized debt issuance costs	(767)
Net carrying amount[1]	$ 249,233

[1] Net carrying amount as of December 31, 2023 presented within total current liabilities on the consolidated balance sheet.

The effective interest rate of the 2024 Notes, excluding the conversion option, remained unchanged at 0.65% through the maturity date of August 1, 2024 and December 31, 2023.

The Company carried the 2024 Notes at face value less unamortized debt issuance costs on the accompanying consolidated balance sheets.

During the year ended December 31, 2024, the Company recognized $0.8 million of interest expense related to the amortization of debt issuance costs and $0.2 million of coupon interest expense. During the year ended December 31, 2023, the Company recognized $1.3 million of interest expense related to the amortization of debt issuance costs and $0.3 million of coupon interest expense.

2029 Capped Calls

In connection with the offering of the 2029 Notes, the Company entered into capped call transactions (the "2029 Capped Calls" and together with the 2024 and 2026 Capped Calls, the "Capped Calls") with certain counterparties at a cost of approximately $59.7 million, which was recorded as a reduction of the Company's additional paid-in capital in the accompanying consolidated financial statements.

Under the 2029 Capped Calls, the Company purchased capped call options that initially cover in the aggregate the total number of shares of the Company's common stock that initially underlie the 2029 Notes, with an exercise price equal to the initial conversion price of the 2029 Notes, and a cap price of $92.17 per share of common stock, subject to certain adjustments under the terms of the 2029 Capped Calls.

By entering into the 2029 Capped Calls, the Company expects to reduce the potential dilution to its common stock upon any conversion of the 2029 Notes (or, in the event a conversion of the 2029 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2029 Notes, the market value per share of its common stock exceeds the conversion price of the 2029 Notes, with such reduction subject to the cap price.

The cost of the 2029 Capped Calls is not expected to be tax deductible as the Company did not elect to integrate the 2029 Capped Calls into the 2029 Notes for tax purposes.

As of December 31, 2024, all of the 2029 Capped Calls remained outstanding.

2026 Capped Calls

In connection with the offering of the 2026 Notes, the Company entered into privately-negotiated capped call transactions (the "2026 Capped Calls") with certain counterparties covering, subject to anti-dilution adjustments, approximately 6.9 million shares of our common stock and are generally expected to offset the potential economic dilution of our common stock up to the initial cap price. The 2026 Capped Calls have an initial strike price of $166.23 per share - subject to certain adjustments, which corresponds to the initial conversion price of the 2026 Notes - and an initial cap price of $233.31 per share, subject to certain adjustments.

The Company entered into the 2026 Capped Calls at a cost of approximately $102.4 million, which was recorded as a reduction of the Company's additional paid-in capital in the accompanying consolidated financial statements. By entering into the 2026 Capped Calls, the Company expects to reduce the potential dilution to its common stock upon any conversion of the 2026 Notes (or, in the event a conversion of the 2026 Notes is settled in cash, to reduce its cash payment obligation) in the event that at the time of conversion of the 2026 Notes, the market value per share of its common stock exceeds the conversion price of the 2026 Notes, with such reduction subject to the cap price. The cost of the 2026 Capped Calls is not expected to be tax deductible as the Company did not elect to integrate the 2026 Capped Calls into the 2026 Notes for tax purposes.

As of December 31, 2024, all of the 2026 Capped Calls remained outstanding.

2024 Capped Calls

In connection with the offering of the 2024 Notes, the Company entered into privately-negotiated capped call transactions (the "2024 Capped Calls"). All remaining 2024 Capped Calls expired upon the maturity of the 2024 Notes on August 1, 2024.

Note 12 – Restructuring Costs

Fiscal 2023 Restructuring Program

On August 23, 2023, the Company announced its intention to reduce its global workforce by approximately 9%, or approximately 166 total positions. The actions were designed to support the Company's growth, scale and profitability objectives. The actions were substantially completed in the fourth quarter of fiscal year 2023 subject to local law and consultation requirements.

During the years ended December 31, 2024 and 2023, the Company recorded $1.7 million and $9.8 million, respectively, primarily for severance and other termination benefits, which occurred in the U.S. and various international locations. The charges were recorded as one-time termination benefits pursuant to ASC 420, *Exit or Disposal Cost Obligations*. The Company does not anticipate incurring additional expenses.

Fiscal 2022 Restructuring Program

On December 7, 2022, the Company announced its intention to reduce its global workforce by approximately 5%, or approximately 95 total positions. The actions were primarily in response to cost reduction initiatives to focus on key growth priorities. The actions were substantially completed in the fourth quarter of fiscal year 2022 subject to local law and consultation requirements.

During the years ended December 31, 2024, 2023, and 2022 the Company recorded zero, $1.1 million, and $3.8 million, respectively, primarily for severance and other termination benefits, which occurred in the U.S. and various international locations. The charges were recorded as one-time termination benefits pursuant to ASC 420. The Company does not anticipate incurring additional expenses.

The liability for the fiscal 2023 and 2022 restructuring programs was included in accrued expenses and other current liabilities in the consolidated balance sheet, and the following tables summarize the related activity for the respective plans for the years ended December 31, 2024 and 2023 (in thousands):

	Year Ended December 31, 2024		
	Restructuring Program		
	Fiscal 2023	Fiscal 2022	Total
Accrual balance as of December 31, 2023	$ 1,562	$ 7	$ 1,569
Restructuring charges	1,720	—	1,720
Cash payments and adjustments	(3,282)	(7)	(3,289)
Accrual balance as of December 31, 2024	$ —	$ —	$ —

	Year Ended December 31, 2023		
	Restructuring Program		
	Fiscal 2023	Fiscal 2022	Total
Accrual balance as of December 31, 2022	$ —	$ 1,737	$ 1,737
Restructuring charges	9,815	1,149	10,964
Cash payments and adjustments	(8,253)	(2,879)	(11,132)
Accrual balance as of December 31, 2023	$ 1,562	$ 7	$ 1,569

Restructuring charge adjustments were changes in estimates whereby increases and decreases in charges were generally recorded to operating expenses in the periods of adjustments.

Note 13 – Equity Awards

2014 and 2016 Plans

On March 3, 2014, the Company adopted the 2014 Stock Incentive Plan (the “2014 Plan”). In November 2016, upon the completion of the Company’s initial public offering, the Company adopted the 2016 Equity Incentive Plan (the “2016 Plan”) and determined that it will no longer grant any additional awards under the 2014 Plan. However, the 2014 Plan continues to govern the terms and conditions of the outstanding awards previously granted under the 2014 plan. Upon the adoption of the 2016 Plan, the maximum number of shares issuable was 6.2 million, plus a number of shares equal to the number of shares subject to outstanding awards granted under the 2014 Plan after the date the 2014 Plan is terminated without having been exercised in full. The Company’s Board may grant stock options and restricted stock units to employees, directors and consultants under the 2016 Plan. The aggregate number of shares available under the 2016 Plan and the number of shares subject to outstanding options automatically adjusts for any changes in the Company’s outstanding common stock by reason of any recapitalization, spin-off, reorganization, reclassification, stock dividend, stock split, reverse stock split, or similar transaction. Stock options and restricted stock units generally vest over three to four years and have contractual terms of ten years.

At December 31, 2024, 20.4 million shares were available for issuance under the 2016 Plan.

Stock options - service-only vesting conditions

The following table summarizes activity for awards that contain service-only vesting conditions:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
	(in thousands)		(in years)	(in thousands)
Outstanding at December 31, 2023	1,693	$ 45.67	4.6	$ 37,077
Exercised	(396)	$ 19.61		
Forfeited/canceled	(60)	$ 107.89		
Outstanding at December 31, 2024	1,237	$ 50.96	4.1	$ 18,242
Exercisable at December 31, 2024	1,229	$ 50.56		

There were no stock options granted during the years ended December 31, 2024, 2023, and 2022. The aggregate intrinsic value of options exercised that contain service only vesting conditions during the years ended December 31, 2024, 2023, and 2022 was $14.3 million, $15.2 million, and $13.4 million, respectively. Cash received from the exercise of stock options for the years ended December 31, 2024, 2023, and 2022 was $7.6 million, $19.8 million, and $4.7 million, respectively.

Unrecognized compensation expense relating to stock options that contain service only vesting conditions was $0.3 million at December 31, 2024, which is expected to be recognized over a weighted-average period of 0.6 years.

Restricted stock units - service-only vesting conditions

The following table summarizes activity for restricted stock units that contain service-only vesting conditions:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Nonvested at December 31, 2023	2,208	$ 68.82
Granted	1,905	$ 62.87
Vested	(1,004)	$ 70.13
Forfeited/canceled	(298)	$ 68.11
Nonvested at December 31, 2024	2,811	$ 64.40

At December 31, 2024, the intrinsic value of service-based nonvested restricted stock units was $170.8 million. At December 31, 2024, total unrecognized compensation cost related to nonvested restricted stock units was $154.5 million and was expected to be recognized over a weighted-average period of 2.7 years.

Restricted stock units - performance and service conditions

Grants of performance and service-based restricted stock units vest over a three-year period. The total fair value of the grants made during the year ended December 31, 2024 was $12.5 million.

The following table summarizes activity for restricted stock units with performance and service vesting conditions with grant dates (in thousands):

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Nonvested at December 31, 2023	113	$ 67.17
Granted	206	$ 60.43
Performance adjustment	(62)	$ 67.17
Vested	(51)	$ 67.17
Forfeited/canceled	(8)	$ 58.57
Nonvested at December 31, 2024	198	$ 60.51

The following table summarizes activity for restricted stock units with performance and service vesting conditions with no grant dates established (in thousands):

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Nonvested at December 31, 2023	235	N/A
Granted (legal grant with no grant date established)	147	N/A
Granted (accounting grant date established)	(133)	N/A
Forfeited/canceled	(5)	N/A
Nonvested at December 31, 2024	244	N/A

At December 31, 2024, the intrinsic value of performance and service-based nonvested restricted stock units with established grant dates was $12.0 million. At December 31, 2024, total unrecognized compensation cost related to performance and service-based nonvested restricted stock units with established grant dates was $0.8 million and was expected to be recognized over a weighted-average period of 0.2 years.

At December 31, 2024, the intrinsic value of performance and service-based nonvested restricted stock units with no grant dates established was $14.8 million.

Restricted stock units - market and service conditions

Grants of market and service-based restricted stock units vest subject to the achievement of TSR relative to an industry index over a three-year period. The total fair value of the grants made during the year ended December 31, 2024 was $19.0 million.

The following table summarizes activity for restricted stock units with market and service-based conditions:

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
	(in thousands)	
Nonvested at December 31, 2023	—	N/A
Granted	202	$ 93.89
Vested	—	N/A
Forfeited/canceled	—	N/A
Nonvested at December 31, 2024	202	$ 93.89

At December 31, 2024, the intrinsic value of market and service-based nonvested restricted stock units was $12.3 million. At December 31, 2024, total unrecognized compensation cost related to market and service-based nonvested restricted stock units was $14.6 million and was expected to be recognized over a weighted-average period of 2.2 years.

Employee Stock Purchase Plan

Under the Company's 2018 Employee Stock Purchase Plan ("ESPP"), eligible employees are granted the right to purchase shares at the lower of 85% of the fair value of the stock at the time of grant or 85% of the fair value at the time of exercise. The right to purchase shares is granted twice yearly for six month offering periods in May and November and exercisable on or about the succeeding November and May, respectively, of each year. Under the ESPP, 0.6 million shares remained available for issuance at December 31, 2024. The Company recognized stock-based compensation expense related to the ESPP of $3.2 million, $3.3 million, and $3.3 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The fair value of ESPP shares granted was estimated using the Black-Scholes option pricing model with the following weighted-average assumptions:

	Year Ended December 31,		
	2024	2023	2022
Risk-free interest rate	4.4% - 5.4%	4.5% - 5.4%	1.4% - 4.5%
Expected term (in years)	0.5 - 1	0.5 - 1	0.5 - 1
Volatility	33.4% - 41.5%	39.8% - 58.5%	39.3% - 65.5%

At December 31, 2024, total unrecognized compensation cost related to the 2018 ESPP was $2.1 million and was expected to be recognized over a weighted-average period of approximately one year.

Stock-based compensation expense

Stock-based compensation expense recorded in the Company's consolidated statements of operations was as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Cost of revenues	$ 10,501	$ 10,342	$ 8,595
Sales and marketing	25,428	24,152	26,310
Research and development	13,345	13,095	14,382
General and administrative	33,977	30,381	26,597
	$ 83,251	$ 77,970	$ 75,884

Stock-based compensation capitalized as an asset was $4.5 million, $3.5 million, and $2.4 million during the years ended December 31, 2024, 2023, and 2022, respectively.

The Company recorded $0.8 million of foreign tax provisions attributable to equity awards for the year ended December 31, 2024, and $0.1 million and $0.1 million of foreign tax benefits attributable to equity awards for the years ended December 31, 2023 and 2022, respectively.

Note 14 – Income Taxes

The components of loss before income taxes were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
United States	$ 126,341	$ 62,745	$ (41,534)
International	(1,643)	(2,236)	(5,877)
	$ 124,698	$ 60,509	$ (47,411)

The components of the total provision for (benefit from) income taxes were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Current			
Federal	$ 4,474	$ 272	$ —
State	3,872	859	316
Foreign	3,361	1,844	564
Total current tax expense	11,707	2,975	880
Deferred			
Federal	(35,071)	202	(12,709)
State	(17,791)	100	(1,503)
Foreign	(1,912)	(1,827)	(188)
Total deferred tax provision	(54,774)	(1,525)	(14,400)
Total provision for (benefit from) income taxes	$ (43,067)	$ 1,450	$ (13,520)

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate for the years ended December 31, 2024, 2023, and 2022 was as follows:

	Year Ended December 31,		
	2024	2023	2022
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State tax, net of federal benefit	(11.8)%	2.7 %	(1.2)%
Federal tax credits	(2.5)%	(9.8)%	10.0 %
De-recognized tax credit carryforwards	2.6 %	— %	— %
Unrecognized tax benefit remeasurement	4.3 %	— %	— %
Change in valuation allowance	(53.2)%	(13.8)%	(1.8)%
Foreign tax differential	0.9 %	2.0 %	(2.3)%
Windfall tax benefits, net related to stock-based compensation	1.8 %	4.1 %	1.1 %
Nondeductible officer compensation	3.9 %	6.8 %	(11.1)%
Nondeductible transaction costs	— %	0.3 %	(1.5)%
Contingent consideration	— %	(11.6)%	15.7 %
Nondeductible meals and entertainment	0.5 %	0.7 %	(1.1)%
Foreign-derived intangible income tax benefit	(1.8)%	— %	— %
Other	(0.2)%	— %	(0.3)%
	(34.5)%	2.4 %	28.5 %

Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2024	2023
Deferred tax assets		
Net operating loss carryforwards	$ 14,906	$ 55,779
Research and other credits	17,288	39,248
Capitalized R&D	40,131	28,455
Stock-based compensation	7,570	7,811
Operating and finance leases	3,382	3,343
Accrued expenses and other current liabilities	7,300	5,445
Other	2,962	779
Total deferred tax assets	93,539	140,860
Less: valuation allowance	(4,677)	(92,079)
Deferred tax assets, net of valuation allowance	88,862	48,781
Deferred tax liabilities		
Intangible assets	(13,801)	(18,698)
Prepaid expenses	(23,194)	(24,861)
Operating lease right-of-use and finance lease assets	(3,191)	(2,973)
Accretion on investment	—	(8,253)
Other	—	(245)
Total deferred tax liabilities	(40,186)	(55,030)
Net deferred taxes	$ 48,676	$ (6,249)

ASC 740, *Income Taxes*, requires that the tax benefit of net operating losses, temporary differences, and credit carryforwards be recorded as an asset to the extent that management assesses that realization is "more likely than not." A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. Realization of future tax benefits is dependent on the Company's ability to generate sufficient taxable income within the carryforward period. During the quarter ended December 31, 2024, the Company determined that the $89.1 million U.S. deferred tax asset valuation allowance was no longer required. This determination was based on an evaluation of positive and negative factors, including, but not limited to, the Company's achievement of adjusted pre-tax income resulting in a three-year cumulative income position as of December 31, 2024, the Company's full utilization of its federal net operating loss carryforward during 2024, and the Company's projections of future pre-tax income. Based on available objective evidence, the Company has recorded a valuation allowance against certain foreign deferred tax assets at December 31, 2024.

The changes in the valuation allowance were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Valuation allowance, at beginning of year	$ 92,079	$ 99,476	$ 32,279
Increase (decrease) in valuation allowance recorded through earnings	(87,402)	(7,063)	2,880
Increase (decrease) in valuation allowance recorded through equity	—	(334)	64,317
Valuation allowance, at end of year	$ 4,677	$ 92,079	$ 99,476

The decrease in valuation allowance recorded through equity of $0.3 million during the year ended December 31, 2023 is related to unrealized gains reported in other comprehensive income. The increase in valuation allowance recorded through equity of $64.3 million during the year ended December 31, 2022 resulted from the adoption of ASU 2020-06, which required the reversal of deferred tax liabilities associated with the Company's 2024 and 2026 Notes.

The decrease in valuation allowance recorded through earnings of $87.4 million during the year ended December 31, 2024 resulted primarily from the release of valuation allowance previously recorded against its U.S. deferred tax assets, partially offset by an increase in valuation allowance recorded against certain foreign deferred tax assets.

The decrease in valuation allowance recorded through earnings of $7.1 million for the year ended December 31, 2023 resulted primarily from the utilization of federal and state net operating loss carryforwards due to domestic profitability, along with the valuation allowance decrease associated with net deferred tax liabilities from the DI Acquisition, which are a source of taxable income to support the recognition of existing UK deferred tax assets. The valuation allowance release resulted in a UK deferred tax benefit of $1.7 million for the year ended December 31, 2023.

The increase in valuation allowance recorded through earnings of $2.9 million for the year ended December 31, 2022 resulted primarily from the effects of the capitalization and amortization of research and development expenses as required by the 2017 Tax Cuts and Job Act, partially offset by the valuation allowance decrease associated with net deferred tax liabilities acquired from FourQ which are a source of taxable income to support the recognition of existing BlackLine deferred tax assets. The Company elected to consider the recoverability of the acquired deferred tax assets before existing BlackLine deferred tax assets. The valuation allowance release associated with the acquired FourQ net deferred tax liabilities resulted in a U.S. deferred tax benefit of $14.2 million for the year ended December 31, 2022.

The Company did not provide for U.S. income taxes on the undistributed earnings and other outside temporary differences of foreign subsidiaries as they are considered indefinitely reinvested outside the U.S. At December 31, 2024 and 2023, the amount of temporary differences related to undistributed earnings and other outside temporary differences upon which U.S. income taxes have not been provided is immaterial to these consolidated financial statements.

At December 31, 2024, the Company had consolidated state net operating loss carryforwards available to offset future taxable income of approximately $68.0 million. The state losses will begin to expire between 2031 and 2041, depending on the jurisdiction. The Company has federal research and development credits of $5.9 million, which begin to expire in 2043. The Company has state research and development credits of $10.7 million, which are indefinite in expiration. Pursuant to Internal Revenue Code Section 382, use of the Company's net operating loss carryforwards may be limited if the Company experiences a cumulative change in ownership of more than 50% over a three-year period.

The following is a rollforward of the Company's total gross unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Beginning gross unrecognized tax benefits	$ 7,104	$ 5,513	$ 4,266
Increases related to prior year tax positions	9,243	274	162
Increases related to current year tax positions	2,351	1,317	1,085
Ending gross unrecognized tax benefits	$ 18,698	$ 7,104	$ 5,513

At December 31, 2024, included in the balance of unrecognized tax benefits is $18.7 million, that if recognized, would affect the effective tax rate. The Company recorded less than $0.1 million interest and penalties in its provision for income taxes for the years ended December 31, 2024, 2023, and 2022, respectively, and less than $0.1 million was accrued in interest and penalties at December 31, 2024, 2023, and 2022, respectively.

The Company files U.S. federal, various state, and foreign income tax returns. In the normal course of business, the Company is subject to examination by taxing authorities. The tax years from 2013 forward remain subject to examination for federal purposes. Generally, state and foreign tax authorities may examine the Company's tax returns for four years and five years, respectively, from the date an income tax return is filed. However, the taxing authorities may continue to examine the Company's federal and state net operating loss carryforwards until the statute of limitations closes on the tax years in which the federal and state net operating losses are utilized.

The Company regularly evaluates any necessary changes to their uncertain tax positions. During 2024 the Company remeasured their uncertain tax position reserve which resulted in an increase to prior year positions of $9.2 million. The Company does not anticipate material changes in the total amount or composition of its unrecognized tax benefits within 12 months of the reporting date.

Note 15 – Net Income (Loss) per Share

The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share amounts):

	Year Ended December 31,		
	2024	2023	2022
Basic net income (loss) per share			
Numerator:			
Net income (loss) attributable to BlackLine, Inc.	$ 161,174	$ 52,833	$ (29,391)
Denominator:			
Weighted average shares	62,129	60,849	59,539
Basic net income (loss) per share attributable to BlackLine, Inc.	$ 2.59	$ 0.87	$ (0.49)
Diluted net income (loss) per share			
Numerator:			
Net income (loss) attributable to BlackLine, Inc.	$ 161,174	$ 52,833	$ (29,391)
Interest expense, net of taxes	7,804	5,716	—
Gain on extinguishment of convertible senior notes, net of taxes	(62,147)	—	—
Net income (loss) attributable to BlackLine, Inc. for diluted calculation	$ 106,831	$ 58,549	$ (29,391)
Denominator:			
Weighted average shares	62,129	60,849	59,539
Dilutive effect of securities	691	872	—
Dilutive effect of convertible senior notes	10,683	10,324	—
Shares used to calculate diluted net income (loss) per share	73,503	72,045	59,539
Diluted net income (loss) per share attributable to BlackLine, Inc.	$ 1.45	$ 0.81	$ (0.49)

The Company computes basic earnings per share attributable to BlackLine, Inc. using the weighted average number of common shares outstanding. The Company computes diluted earnings per share attributable to BlackLine, Inc. using the weighted average number of common shares outstanding plus the effect of potentially dilutive shares, which is based on the weighted-average shares of common stock underlying stock options and unvested stock awards using the treasury stock method, and the effect of the convertible senior notes using the if-converted method.

The weighted average impact of potentially dilutive securities that were excluded from the diluted per share calculations because they were anti-dilutive were as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Stock options - service-only vesting conditions	330	1,062	2,431
Restricted stock units - service-only vesting conditions	1,813	1,834	2,202
Restricted stock units - performance and service conditions	55	16	207
Restricted stock units - market and service conditions	153	—	—
Restricted stock units - performance, market, and service conditions	—	73	189
Total shares excluded from net income (loss) per share	2,351	2,985	5,029

The denominator for diluted net income per share attributable to BlackLine, Inc. does not include any effect from the Capped Calls as this effect would be anti-dilutive. In the event of conversion of the Notes, shares delivered to the Company under the Capped Calls would offset the dilutive effect of the shares that the Company would issue under the Notes. Refer to “Note 11 - Convertible Senior Notes” for additional information on the Notes and the related Capped Calls.

Note 16 – Contingent Consideration

As a condition of the FourQ Acquisition that occurred on January 26, 2022, the Company agreed to pay additional cash consideration if FourQ realized certain firm-specific targets, including the amount and timing of new and incremental combined bookings from FourQ and BlackLine, and revenues from a specified FourQ customer over a three-year period subsequent to the acquisition date. The maximum cash consideration to be distributed is $73.2 million. Changes in the significant inputs used in the fair value measurement, specifically a change in new and incremental actual and forecasted combined bookings from FourQ and the Company, can significantly impact the fair value of the contingent consideration liability. As of December 31, 2024, the FourQ contingent consideration was zero. As of the filing date of this Annual Report on Form 10-K, the financial performance milestones were not met, and the Company is no longer obligated to pay the contingent consideration of $73.2 million. Refer to "Note 2 - Basis of Presentation, Significant Accounting Policies, and Recently-Issued Accounting Pronouncements" for additional information regarding the valuation of the contingent consideration.

In conjunction with the 2013 Acquisition, option holders of BlackLine Systems were allowed to cancel their stock option rights and receive a cash payment equal to the amount of calculated gain (less applicable expense and other items) had they exercised their stock options and then sold their common shares as part of the 2013 Acquisition. As a condition of the 2013 Acquisition, the Company was obligated to pay additional cash consideration to certain equity holders since the Company realized taxable income for the year ended December 31, 2022. The maximum contingent cash consideration of $8.0 million was paid during the year ended December 31, 2023, which reduced the liability to zero.

Increases and decreases in the fair value of contingent consideration are recorded as expense or reversals of expense, respectively, within general and administrative expenses in the consolidated statements of operations.

Note 17 – Commitments and Contingencies

Litigation—From time to time, the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business. The Company is not currently a party to any legal proceedings, nor is it aware of any pending or threatened litigation that would have a material adverse effect on the Company's business, operating results, cash flows, or financial condition should such litigation be resolved unfavorably.

Indemnification—In the ordinary course of business, the Company may provide indemnification of varying scope and terms to customers, vendors, investors, directors, and officers with respect to certain matters, including, but not limited to, losses arising out of its breach of such agreements, services to be provided by the Company, or from intellectual property infringement claims made by third parties. These indemnification provisions may survive termination of the underlying agreement and the maximum potential amount of future payments the Company could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments the Company could be required to make under these indemnification provisions is indeterminable. The Company has never paid a material claim, nor has it been sued in connection with these indemnification arrangements. At December 31, 2024 and 2023, the Company has not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements was not probable or reasonably estimable.

Note 18 – Defined Contribution Plan

The Company sponsors a defined contribution retirement plan (the "Plan") that covers substantially all domestic employees. The Company makes matching contributions of 100% of each $1 of the employee's contribution up to the first 3% of the employee's semi-monthly compensation and 50% of each $1 of the employee's contribution up to the next 2% of the employee's semi-monthly compensation. Matching contributions to the Plan recorded in the Company's consolidated statements of operations totaled $7.2 million, $7.6 million, and $7.4 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Note 19 – Subsequent Events

On February 12, 2025, the Compensation Committee approved restricted stock unit grants to employees totaling 0.1 million shares. Each restricted stock unit entitles the recipient to receive one share of common stock upon vesting of the award. The restricted stock units are service-based and will vest as to one-fourth of the total number of units awarded on the first anniversary of February 20, 2025 and quarterly thereafter for 12 consecutive quarters.

On February 12, 2025, the Compensation Committee approved the performance metrics for the 2025 performance period, resulting in the establishment of accounting grant dates for the third tranche of the 2023 and second tranche of the 2024 performance and service-based restricted stock units totaling 0.2 million target shares.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or “the Exchange Act” means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC’s rules and forms; and that such information is accumulated and communicated to the company’s management, including its principal executive officers and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Our management, with the participation of our principal executive officers and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures at December 31, 2024, the last day of the period covered by this Annual Report. Based on this evaluation, our principal executive officers and principal financial officer have concluded that, at December 31, 2024, our disclosure controls and procedures were effective at a reasonable assurance level.

Limitations on the Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures and internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures and internal control over financial reporting must reflect the fact that there are resource constraints and our management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. The design of any disclosure controls and procedures and internal control over financial reporting also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Management’s Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act).

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in “Internal Control - Integrated Framework” (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company’s internal control over financial reporting was effective at December 31, 2024. The effectiveness of the Company’s internal control over financial reporting as of December 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act that occurred during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

On December 6, 2024, Mark Partin, our Chief Financial Officer, adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale, from time to time, of an aggregate of up to 260,660 shares of our common stock, and was intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until December 8, 2025, or earlier if all transactions under the trading arrangement have been completed.

On November 21, 2024, Thomas Unterman, our Lead Independent Director, adopted a "Rule 10b5-1 trading arrangement" as defined in Regulation S-K Item 408. The trading arrangement provides for the sale, from time to time, of an aggregate of up to 9,100 shares of our common stock, and was intended to satisfy the affirmative defense in Rule 10b5-1(c). The duration of the trading arrangement is until November 21, 2025, or earlier if all transactions under the trading arrangement have been completed.

No other officers or directors, as defined in Rule 16a-1(f), adopted, modified, or terminated a Rule10b5-1 trading arrangement as defined in Regulation S-K Item 408, during the last fiscal quarter.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not Applicable.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The Company has adopted an insider trading policy applicable to our directors, officers, and employees, that we believe is reasonably designed to promote compliance with insider trading laws, rules, and regulations, as well as applicable listing standards. A copy of our insider trading policy is filed as Exhibit 19 to this Annual Report on Form 10-K. From time to time, we may engage in transactions in our own securities. We comply with all applicable securities laws when engaging in transactions in our securities.

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission, or the SEC, within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

Item 11. *Executive Compensation*

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

Securities Authorized for Issuance under Equity Compensation Plan

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

Item 14. *Principal Accountant Fees and Services*

Our independent registered public accounting firm is PricewaterhouseCoopers LLP, Los Angeles, CA.

The information required by this item will be included in our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024, and is incorporated herein by reference.

With the exception of the information incorporated in Items 10, 11, 12, 13, and 14 of this Annual Report on Form 10-K, our Definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2024 is not deemed “filed” as part of this Annual Report on Form 10-K.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Documents filed as part of this report are as follows:

1. Consolidated Financial Statements:

   Our Consolidated Financial Statements are listed in the "Index to Consolidated Financial Statements" under Part II, Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules:

   Financial Statement Schedules have been omitted as information required is inapplicable or the information is presented in the consolidated financial statements and the related notes.

3. Exhibits:

   The documents listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Index

		Incorporated by Reference			
Exhibit Number	**Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**
2.1	Agreement and Plan of Merger, by and among SLS Breeze Holdings, Inc., SLS Breeze Intermediate Holdings, Inc., SLS Breeze Merger Sub, Inc. and BlackLine Systems, Inc., dated as of August 9, 2013.	S-1	333-213899	2.1	September 30, 2016
3.1	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the Registrant, effecting a one-for-five reverse stock split.	S-1/A	333-213899	3.2	October 17, 2016
3.2	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	001-37924	3.2	December 12, 2016
3.3	Amended and Restated Bylaws of the Registrant.	8-K	001-37924	3.1	March 13, 2023
4.1	Specimen Common Stock Certificate of the Registrant.	S-1	333-213899	4.1	September 30, 2016
4.2	Description of Registrant's Securities.	10-K	001-37924	4.2	February 23, 2023
4.3	Amended and Restated Stockholders' Agreement, by and among the Registrant, Silver Lake Sumeru, Iconiq, Therese Tucker and Mario Spanicciati.	10-Q	001-37924	4.2	December 12, 2016
4.4	Amended and Restated Registration Rights Agreement, by and among the Registrant, Silver Lake Sumeru, Iconiq, Therese Tucker and Mario Spanicciati.	10-Q	001-37924	4.3	December 12, 2016
4.5	Indenture, dated May 15, 2021, between BlackLine, Inc. and U.S. National Association.	8-K	001-37924	4.1	March 15, 2021
4.6	Indenture, dated May 24, 2024, between BlackLine, Inc. and U.S. Bank Trust Company, National Association.	8-K	001-37924	4.1	May 24, 2024
4.7	Form of 0.00% Convertible Senior Note due 2026 (included in Exhibit 4.1).	8-K	001-37924	4.2	March 15, 2021
4.8	Form of 1.00% Convertible Senior Note due 2029 (included in Exhibit 4.1).	8-K	001-37924	4.2	May 24, 2024
10.1^	Software Development Cooperation Agreement, by and between the Company and SAP AG, effective as of October 1, 2013.	S-1	333-213899	10.1	September 30, 2016
10.2	Amendment No. 1 to Software Development Cooperation Agreement, by and between the Company and SAP AG, effective as of October 31, 2018.	10-K	001-37924	10.2	February 28, 2019
10.3+	2014 Equity Incentive Plan and form of equity agreements thereunder.	S-1	333-213899	10.6	September 30, 2016
10.4+	Amendment No. 1 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.7	September 30, 2016
10.5+	Amendment No. 2 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.8	September 30, 2016

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
10.6+	Amendment No. 3 to the 2014 Equity Incentive Plan.	S-1	333-213899	10.9	September 30, 2016
10.7+	2016 Equity Incentive Plan and the form of equity award agreements thereunder.	S-1/A	333-213899	10.10	October 17, 2016
10.8+	Employee Incentive Compensation Plan of the Company.	S-1	333-213899	10.11	September 30, 2016
10.9+	2018 Employee Stock Purchase Plan.	10-Q	001-37924	10.2	August 8, 2018
10.10+	Form of Change of Control and Severance Policy.	S-1	333-213899	10.13	September 30, 2016
10.11+	Executive Employment Agreement, by and between the Registrant and Therese Tucker, effective as of January 1, 2016.	S-1	333-213899	10.14	September 30, 2016
10.12+	Employment Offer Letter, by and between the Company and Karole Morgan-Prager, dated as of May 4, 2015.	S-1	333-213899	10.16	September 30, 2016
10.13+	Confirmatory Offer Letter, by and between the Registrant and Karole Morgan-Prager, dated as of September 29, 2016.	S-1	333-213899	10.18	September 30, 2016
10.14+	Employment Offer Letter, by and between the Company and Mark Partin, dated as of December 25, 2014.	S-1	333-213899	10.19	September 30, 2016
10.15+	Confirmatory Offer Letter, by and between the Registrant and Mark Partin, dated as of September 29, 2016.	S-1	333-213899	10.20	September 30, 2016
10.16+	Employment Agreement between the Company and Therese Tucker, signed March 5, 2023.	8-K	001-37924	10.1	March 6, 2023
10.17+	Employment Agreement between the Company and Owen Ryan, signed March 5, 2023.	8-K	001-37924	10.2	March 6, 2023
10.18+	Form of Indemnification Agreement between the Registrant and each of its directors and executive officers.	S-1	333-213899	10.22	September 30, 2016
10.19^	Office Lease, by and between the Company and Douglas Emmet 2008, LLC, dated November 22, 2010.	S-1	333-213899	10.25	September 30, 2016
10.20^	First Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated August 14, 2012.	S-1	333-213899	10.26	September 30, 2016
10.21^	Second Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated December 26, 2013.	S-1	333-213899	10.27	September 30, 2016
10.22^	Third Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated June 24, 2014.	S-1	333-213899	10.28	September 30, 2016
10.23	Fourth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated January 29, 2015.	S-1	333-213899	10.29	September 30, 2016
10.24	Fifth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated October 6, 2016.	S-1/A	333-217981	10.26	May 22, 2017
10.25	Sixth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated May 10, 2017.	S-1/A	333-217981	10.27	May 22, 2017
10.26	Seventh Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated May 18, 2017.	S-1/A	333-217981	10.28	May 22, 2017
10.27	Eighth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated May 26, 2021.	10-K	001-37924	10.29	February 23, 2024
10.28	Ninth Amendment to Office Lease, by and between the Company and Douglas Emmett 2008, LLC, dated June 15, 2023.	10-Q	001-37924	10.1	August 9, 2023
10.29	Form of Capped Call Confirmation.	8-K	001-37924	10.2	March 15, 2021
10.30	Form of Capped Call Confirmation.	8-K	001-37924	10.2	May 24, 2024

Exhibit Number	Description	Incorporated by Reference			
		Form	File No.	Exhibit	Filing Date
19**	BlackLine, Inc. Insider Trading Policy.				
21.1**	List of subsidiaries of the Company.				
23.1**	Consent of Independent Registered Public Accounting Firm.				
24.1**	Power of Attorney (included in signature pages hereto).				
31.1**	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2**	Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.3**	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1†	Certifications of Chief Executive Officers and Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1+	Registrant's Compensation Recovery Policy dated November 7, 2023.	10-K	001-37924	97.1	February 23, 2024
101.INS**	Inline XBRL Instance Document				
101.SCH**	Inline XBRL Taxonomy Extension Schema Document				
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)				

^ Portions of this exhibit (such portions indicated by "[***]") have been omitted as the Company has determined the omitted information (i) is not material and (ii) would be competitively harmful to Registrant if publicly disclosed.

** Filed herewith.

+ Indicates management contract or compensatory plan.

† The certifications attached as Exhibit 32.1 that accompany this Annual Report on Form 10-K are deemed furnished and not filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of BlackLine, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

Item 16. ***Form 10-K Summary***

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized, on February 21, 2025.

BLACKLINE, INC.

By:	/s/ Therese Tucker
Name:	Therese Tucker
Title:	Co-Chief Executive Officer
By:	/s/ Owen Ryan
Name:	Owen Ryan
Title:	Co-Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Therese Tucker, Owen Ryan, and Mark Partin, and each of them, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Therese Tucker Therese Tucker	Co-Chief Executive Officer and Director (Co-Principal Executive Officer)	February 21, 2025
/s/ Owen Ryan Owen Ryan	Co-Chief Executive Officer and Director (Co-Principal Executive Officer)	February 21, 2025
/s/ Mark Partin Mark Partin	Chief Financial Officer (Principal Financial Officer)	February 21, 2025
/s/ Patrick Villanova Patrick Villanova	Chief Accounting Officer (Principal Accounting Officer)	February 21, 2025
/s/ Camille Drummond Camille Drummond	Director	February 21, 2025
/s/ David Henshall David Henshall	Director	February 21, 2025
/s/ Brunilda Rios Brunilda Rios	Director	February 21, 2025
/s/ Thomas Unterman Thomas Unterman	Director	February 21, 2025
/s/ Sophia Velastegui Sophia Velastegui	Director	February 21, 2025
/s/ William Wagner William Wagner	Director	February 21, 2025
/s/ Barbara Whye Barbara Whye	Director	February 21, 2025
/s/ Mika Yamamoto Mika Yamamoto	Director	February 21, 2025

Exhibit 19

INSIDER TRADING POLICY

Version 2.0

Effective January 21, 2025

INTRODUCTION

Over the course of your involvement with BlackLine, Inc. ("**BlackLine**" or the "**Company**"), you may be provided with confidential information regarding many aspects of our business, as well as the businesses of our customers, vendors, and partners. Unauthorized disclosure or use of that information, including misuse in securities trading, is illegal, and will result in disciplinary action, up to and including termination of your involvement with BlackLine. We have adopted this Insider Trading Policy ("**Policy**") to comply with the laws governing (i) trading in BlackLine securities while in possession of material nonpublic information concerning BlackLine and (ii) tipping or disclosing material nonpublic information to outsiders. Because we place the highest priority on maintaining our integrity, and because we want to help you avoid situations that could put you at risk, this Policy also provides guidelines for preventing even the appearance of improper trading or tipping.

BlackLine reserves the right to prohibit any transaction from being completed, if necessary, to enforce compliance with this Policy.

The trading prohibitions and restrictions in this Policy will be superseded by any greater prohibitions or restrictions prescribed by federal or state securities laws and regulations, or contractual restrictions on the sale of securities.

This Policy will be delivered to all directors, officers, employees and agents of the Company when they begin service with the Company. In addition, this Policy (or a summary of this Policy) is available on our intranet. Each director, officer, employee and agent of the Company is required to acknowledge that he or she understands, and agrees to comply with, this Policy.

BlackLine reserves the right to amend this Policy at any time, for any reason, subject to applicable law.

1. **Who does this policy apply to?**

This Policy applies to all officers, directors, employees, consultants, contractors and advisors of BlackLine ("**BlackLiners**" or "**you**") worldwide. References in this Policy to "we," "our," "BlackLine" or the "Company" refer to BlackLine and its subsidiaries.

Not only are you responsible for complying with this Policy; you are also responsible for making sure that the following people comply:

- Members of your immediate family;
- People sharing your household;
- Your dependents;
- Any other individuals or entities whose securities transactions you influence, direct, or control.

Do my obligations under this Policy change if I leave BlackLine?
No. As long as you hold BlackLine securities or possess any BlackLine material nonpublic information, you must comply with this Policy. If you leave BlackLine, you must continue to abide by any applicable trading restrictions for as long as you have material nonpublic information. If you're subject to a trading blackout at the time you cease to be affiliated with BlackLine, you must abide by the applicable trading restrictions until at least the end of the blackout period.

2. **What types of transactions are covered by this Policy?**

This Policy applies to all direct or indirect transactions involving the securities of BlackLine, including purchases, sales, gifts, distributions and other transfers of common stock, options, warrants, debt securities and other securities, as well as transactions in derivative securities (such as exchange-traded put or call options), hedging transactions, short sales and certain decisions with respect to participation in benefit plans. This Policy also applies to any transactions made on your behalf by money managers, and any offers with respect to the transactions listed above.

Are very small transactions still subject to this Policy? What about transactions that don't result in a profit?

This policy applies to all trades, no matter how small in monetary value or number of shares, and regardless of whether the trade results in a profit.

3. What is BlackLine's Policy on Insider Trading?

(a) Do not trade using material nonpublic information.

You may not, directly or through others, engage in any transaction involving BlackLine securities while you are aware of material nonpublic information about BlackLine. Similarly, f you become aware of material nonpublic information through your service with BlackLine that could be expected to affect the trading price of the securities of another company, you cannot use that information to engage in transactions in the securities of that company, directly or indirectly. For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with a BlackLine customer, vendor, or partner. If information about that transaction constitutes material nonpublic information for that company, you are prohibited from engaging in transactions involving the securities of that company. It is important to note that "materiality" can be different for different companies, and that the kind of information that is not material for BlackLine may nonetheless be material for another company. When in doubt, talk to a Compliance Officer.

Who are our Compliance Officers?

Our Compliance Officers are our Chief Legal and Administrative Officer and our Chief Financial Officer.

(b) Do not disclose material nonpublic information.

Nonpublic information about BlackLine is subject to your Employee Confidential Information and Inventions Assignment Agreement, and you may not disclose it to friends, family members or any other person or entity who is not authorized to receive such information. Any material nonpublic information you learn in the course of your work with BlackLine may only be used for legitimate BlackLine business purposes. In addition, you are required to handle the material nonpublic information of others in accordance with the terms of any relevant nondisclosure agreements, and limit your use of material nonpublic information to the purpose for which it was disclosed.

Can I anonymously post opinions or recommendations about our stock on social media?

No, and the same holds true for the stock of any other company about which you may have material nonpublic information. This includes posting on chat rooms or message boards, whether you do so anonymously or not, and even if you don't derive any profit or other personal benefit from it.

(c) Do not respond to outside inquiries for information.

If you receive an inquiry for material nonpublic information or other confidential information from someone outside of BlackLine, such as a stock analyst, you should refer the inquiry to a Compliance Officer or a member of our communications team. Responding to a request yourself is a violation of this Policy and, in some circumstances, may be a violation of the law. Please also refer to our External Communications Policy, the most recent version of which is available on Bullhorn.

(d) Take personal responsibility

The ultimate responsibility for complying with this Policy and applicable laws rests with you. As in all aspects of your work with BlackLine, please use your best judgment at all times and consult a Compliance Officer if you have questions.

4. What does "material nonpublic information" mean?

Information is "material" if a reasonable investor would consider it important in making a decision to buy, sell or retain securities. Both positive and negative information may be material. Information is "nonpublic" until it has been widely disseminated to the public (through, for example, a press conference or release) and the public has had a chance to absorb and evaluate it.

Examples of information that could be regarded as "material" include the following, although the list is not exclusive:

- financial results, financial condition, projections or forecasts;
- known but unannounced future earnings or losses;
- plans to launch new products or features, or other market initiatives of a significant nature;
- the status of BlackLine's progress toward achieving significant goals;
- significant developments involving business relationships with customers or other business partners;
- site challenges, such as infrastructure stability or technical scalability issues;
- significant corporate events, such as a pending or proposed acquisition;
- new equity or debt offerings;
- positive or negative developments in outstanding litigation or regulatory matters; or
- changes in senior management;
- data breaches or other cybersecurity events; or
- material updates regarding any prior disclosure.

Financial information is particularly sensitive. For example, nonpublic information about the results of our operations for even a portion of a quarter might be material in helping an analyst predict our results of operations for the quarter.

Information is "nonpublic" until it has been widely disseminated to the public market and the public has had a chance to absorb and evaluate it. Unless you have seen material information publicly disseminated, you should assume the information is nonpublic.

When in doubt, you should assume that information is material and nonpublic. If you have any questions about whether information should be considered "material" or "nonpublic," you should ask a Compliance Officer.

5. What types of transactions in BlackLine stock are subject to restrictions?

- **Open orders.** Open orders are not allowed because they could result in the execution of a trade of BlackLine stock during a blackout period. This includes "limit orders" to buy or sell at a specific price or higher, as well as "stop orders" to buy or sell at the market price once the stock reaches a specified price. It also includes open orders placed on behalf of your immediate family members, household members, economic dependents, or any entity whose transactions in securities you influence, direct, or control.

- **Short sales.** Short sales are not allowed because they could signal to the market possible bad news about BlackLine, or a general lack of confidence in our prospects. This is true of both traditional short sales, where securities must be borrowed, and short sales “against the box,” where delivery is delayed.

- **Trading in derivatives or hedging transactions.** Trading in publicly traded options, such as puts and calls, and other BlackLine related derivative securities is not allowed, except for stock options and other compensatory equity awards issued to you by BlackLine. This prohibition includes any hedging or similar transaction designed to decrease the risks associated with holding BlackLine securities.

- **Using BlackLine stock as collateral.** Pledging BlackLine securities as collateral for loans is not allowed.

- **Holding BlackLine stock in margin accounts.** Holding BlackLine stock in margin accounts is not allowed because it could result in your broker selling our stock during a blackout period.

6. When am I allowed to trade in BlackLine stock?

Even if you are not in possession of any material nonpublic information, you may only trade in BlackLine stock under the following circumstances:

(a) Open trading window

You may only engage in transactions involving BlackLine stock during an open trading window. Our trading window usually opens at the start of the second full trading day after our quarterly financial results are publicly disclosed, and continues until the 15th day of the third month of the quarter. In addition to regular quarterly blackout periods, there may be additional special blackout periods, and we will notify you if a special blackout period that applies to you goes into effect.

(b) 10b5-1 Plans

The Securities and Exchange Commission (the “SEC”) has enacted rules that provide an affirmative defense against alleged violations of insider trading laws for transactions made pursuant to trading plans that meet certain requirements, commonly referred to as 10b5-1 trading plans. These trading plans must be entered into when you are not aware of material nonpublic information, must meet the requirements set forth in Rule 10b5 1 of the Securities Exchange Act of 1934 (“Rule 10b5-1”), as well as any other guidelines established by the Company. Transactions made pursuant to a 10b5-1 trading plan that has been pre-approved and filed with a Compliance Officer are not subject to the restrictions in this Policy, even if you are aware of material nonpublic information at the time of the transaction or a blackout period is in effect.

Officers and directors are strongly encouraged, should they wish to trade in BlackLine stock, to do so via a 10b5-1 Plan. Anyone else desiring to trade via such a plan may also do so.

Trading plans must be pre-approved by and filed with a Compliance Officer and be accompanied by an executed certificate stating that the trading plan complies with Rule 10b5 1 and any other criteria established by BlackLine. Information regarding trading plans may be publicly disclosed, if required by law.

Please also see “Section 8. Are there any exceptions to this Policy?”

7. When are our blackout periods?

To limit the likelihood of trading at times when there is a significant risk of insider trading exposure, BlackLine has instituted quarterly trading blackout periods and may institute special trading blackout periods from time to time. Whether or not a blackout period is in effect, you must comply with this Policy and may not trade on the basis of material nonpublic information. If a quarterly or special blackout period applies to you, it also covers your immediate family members, household members, economic dependents, and any entity whose transactions in securities you influence, direct or control.

(a) Quarterly blackout periods

Except as discussed in Section 8 ("Are there any exceptions to this Policy?"), you may not engage in transactions involving BlackLine securities during quarterly blackout periods. Quarterly blackout periods begin on the 15th day of the third month of each fiscal quarter and end at the start of the second full trading day following the date of public disclosure of the financial results for that fiscal quarter. This period is a particularly sensitive time for transactions involving BlackLine securities from the perspective of compliance with applicable securities laws due to the fact that, during this period, individuals may often possess or have access to material nonpublic information relevant to the expected financial results for the quarter.

(b) Special blackout periods

In addition to quarterly blackout periods, we may implement additional blackout periods when, in the judgment of a Compliance Officer, a trading blackout is warranted. We will generally impose special blackout periods when there are material developments known to us that have not yet been disclosed to the public. Special blackout periods may be declared for any reason, but some specific examples include a special blackout period in anticipation of announcing interim earnings guidance or a significant transaction or business development.

We will notify you if you are subject to a special blackout period. If you receive this notification, you may not disclose to others the fact that you are subject to the special blackout period and may not engage in any transaction involving BlackLine securities until approved by one of our Compliance Officers.

8. Are there any exceptions to this Policy?

There are limited exceptions to this Policy, which are described below. Please note that there may be instances where you suffer financial harm or other hardship or are otherwise required to forgo a planned transaction because of the restrictions imposed by this Policy. Personal financial emergency or other personal circumstances are not mitigating factors under securities laws and will not excuse a failure to comply with this Policy.

(a) Stock Option Exercises and Restricted Stock Units

The trading restrictions under this Policy do not apply to the receipt or vesting of stock options, restricted stock or stock appreciation rights, or the exercise of stock options for cash or net exercise of stock options in a stock-for-stock transaction directly with the company under our option plans, in each case where there is no associated market activity. However, this Policy does apply to any open market sale of underlying shares acquired pursuant to the exercise of an option or upon: (i) vesting of other equity awards; (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise; or (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

(b) Employee Stock Purchase Plan

This Policy does not apply to purchases of BlackLine's common stock under our Employee Stock Purchase Plan ("ESPP") resulting from your periodic contribution of money to the ESPP pursuant to the election you made at the time of your enrollment in the ESPP. However, this Policy does apply to any open market sale of shares of our stock purchased pursuant to the ESPP.

(c) Stock splits, stock dividends and similar transactions

The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

(d) Inheritance, or change in form of ownership

The trading restrictions under this Policy do not apply to transfers by will or the laws of descent and distribution or transfers for tax planning purposes in which your beneficial ownership and pecuniary interest in the transferred BlackLine securities does not change. Some transactions that involve merely a change in the form in which you own securities may be permitted.

(e) Tax withholding

The trading restrictions under this Policy do not apply to transfers due to:

Net share withholding with respect to equity awards where shares are withheld by the Company in order to satisfy tax withholding requirements, (x) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award; or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information.

Sell-to-cover transactions where shares are sold on your behalf upon vesting of equity awards in order to satisfy tax withholding requirements, (x) as required by either the Company's board of directors (or a committee thereof) or the award agreement governing such equity award; or (y) as you elect, if permitted by the Company, so long as the election is irrevocable and made in writing at a time when a trading blackout is not in place and you are not in possession of material nonpublic information. This exception does not apply to any other market sale for the purpose of paying required withholding.

(f) Transactions pursuant to 10b5-1 trading plans

The trading restrictions under this Policy do not apply to transactions made pursuant to a valid 10b5-1 trading plan approved by the Company (see "Section 6(b). 10b5-1 Trading Plans" above).

(g) Other exceptions

Any other exception from this Policy must be approved by a Compliance Officer.

Please be aware that even if a transaction falls within one of the exceptions described above, you will still need to separately assess whether the transaction complies with applicable law. If you have any questions, please talk to a Compliance Officer.

9. Special restrictions for Designated Insiders

The restrictions outlined in this section apply to all members of our Board of Directors, all Section 16 Officers (including former Section 16 Officers, for a period of six months following termination of their Section 16 status), and any other person who is determined to be an insider by the Board of Directors or Compliance Officers because of their regular access to insider information. A list of these "**Designated Insiders**" is jointly maintained by our Compliance Officers, and may be revised by them at any time. You will be notified in writing if you become a Designated Insider.

BlackLine's Section 16 Officers are our directors, our executive officers, and anyone who is directly or indirectly a beneficial owner of over 10% of our stock.

All Section 16 Officers and Designated Insiders must receive pre-clearance from a Compliance Officer, and each Compliance Officer must receive pre-clearance from the other Compliance Officer, in order to trade in BlackLine securities. These restrictions apply even during open trading windows. To request pre-clearance, please use our online Pre-Clearance Request Form, which can be accessed on the Legal Bullhorn Page and the Accounting and Finance Bullhorn Page, no less than two business days before your proposed transaction. Pre-clearance approval is generally valid for ten business days, unless you become aware of material nonpublic information during that time.

Even with pre-clearance authorization, no one can trade in BlackLine stock while in possession of material nonpublic information, and the Compliance Officers may reject any transaction submitted for pre-clearance. Other legal and tax consequences may apply for transactions involving the purchase or sale of our stock by Section 16 Officers. BlackLine is not responsible for the failure to comply with Section 16 requirements, or any other laws applicable to such transactions, and Section 16 Officers are encouraged to consult their own advisors.

10. What are the consequences of insider trading and tipping?

Penalties for violating insider trading and tipping laws can include:

- paying back any profit made or loss avoided by trading;
- paying the loss suffered by the persons who purchased securities from, or sold securities to the insider;
- civil and/or criminal penalties;
- jail time.

The Company and/or supervisors of the person violating the rules may also be required to pay civil or criminal penalties and could be subject to private lawsuits.

Giving someone an illegal stock tip puts them at risk too. While a stock tip might be given with good intentions, both the tipper and the person who trades on that tip could be subject to substantial fines, or even jail time.

A violation of this Policy may not necessarily be a violation of law. In fact, for reasons explained in this Policy, it is not necessary for us to wait for the filing or conclusion of any civil or criminal action against an alleged violator before taking disciplinary action as your employer. In addition, please remember that we may prohibit a transaction from being completed in order to enforce compliance with this Policy.

Being suspected of insider trading has reputational costs. Even if you're never prosecuted for insider trading, just the fact that you've been investigated by the SEC can damage your reputation. Regulators examine trades with 20/20 hindsight, so it's best to avoid even the appearance of wrongdoing.

11. Who do I contact with questions and concerns?

You can always talk to a Compliance Officer, the Stock Plan Administrator, or the Legal Department if you have any questions about this Policy. You should note, however, that the ultimate responsibility for complying with this Policy is yours alone, so it's important to use your best judgment.

If you know of or even suspect a violation of this Policy, you should report it to a Compliance Officer. You may also report through our Reporting Hotline at http://blackline.ethicspoint.com/, or 844-229-8515. BlackLine strictly prohibits retaliation against anyone making a good faith complaint about actual or suspected wrongdoing. For more information, see our Whistleblower Policy, the most recent version of which is available on Bullhorn.

Nothing in this Policy, or any related guidelines or other documents or information provided in connection with this Policy, is in any way intended to limit or prohibit you from engaging in any of the protected activities described in our Whistleblower Policy, as amended from time to time.

Exhibit 21.1

LIST OF SUBSIDIARIES OF THE COMPANY

Name of Subsidiary	Jurisdiction of Incorporation
BlackLine Systems, Inc.	California
BlackLine Intermediate, Inc.	Delaware
FourQ Systems Inc.	Delaware
FourQ Systems International LLC	Delaware
BlackLine Systems Pty Ltd.	Australia
BlackLine Systems, Ltd.	Canada
BlackLine Systems S.A.R.L.	France
BlackLine Systems Germany GmbH	Germany
BlackLine Systems Development & Services Private Limited	India
BlackLine K.K.	Japan
BlackLine Modern Accounting Solutions, S. de R.L. de C.V.	Mexico
BlackLine C.V.	Netherlands
BlackLine Holdings B.V.	Netherlands
BlackLine International B.V.	Netherlands
BlackLine Sp. z.o.o.	Poland
BlackLine Systems SRL	Romania
BlackLine Systems Pte. Ltd.	Singapore
BlackLine Systems Limited	United Kingdom
Data Interconnect Ltd.	United Kingdom
Rimilia Holdings Ltd.	United Kingdom

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-214309, 333-217985, 333-223528, 333-226818, 333-229968, 333-236715, 333-253522, 333-263045, 333-269957 and 333-277328) and Form S-3 (No. 333-221500) of BlackLine, Inc. of our report dated February 21, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
February 21, 2025

Exhibit 31.1

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Therese Tucker, certify that:

1. I have reviewed this Annual Report on Form 10-K of BlackLine, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

BLACKLINE, INC.

By:	/s/ Therese Tucker
Name:	Therese Tucker
Title:	Co-Chief Executive Officer (Co-Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Owen Ryan, certify that:

1. I have reviewed this Annual Report on Form 10-K of BlackLine, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

BLACKLINE, INC.

By:	/s/ Owen Ryan
Name:	Owen Ryan
Title:	Co-Chief Executive Officer (Co-Principal Executive Officer)

Exhibit 31.3

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark Partin, certify that:

1. I have reviewed this Annual Report on Form 10-K of BlackLine, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a–15(f) and 15d–15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 21, 2025

BLACKLINE, INC.

By:	/s/ Mark Partin
Name:	Mark Partin
Title:	Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATIONS OF PRINCIPAL EXECUTIVE OFFICERS AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Therese Tucker, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of BlackLine, Inc. for the fiscal year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of BlackLine, Inc.

Date: February 21, 2025	By:	/s/ Therese Tucker
	Name:	Therese Tucker
	Title:	Co-Chief Executive Officer (Co-Principal Executive Officer)

I, Owen Ryan, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of BlackLine, Inc. for the fiscal year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of BlackLine, Inc.

Date: February 21, 2025	By:	/s/ Owen Ryan
	Name:	Owen Ryan
	Title:	Co-Chief Executive Officer (Co-Principal Executive Officer)

I, Mark Partin, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of BlackLine, Inc. for the fiscal year ended December 31, 2024 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of BlackLine, Inc.

Date: February 21, 2025	By:	/s/ Mark Partin
	Name:	Mark Partin
	Title:	Chief Financial Officer (Principal Financial Officer)