Blackbaud
Investor Presentation

TICKER: BLKB

March 1, 2022

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Forward-Looking Statements

This presentation 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. Forward-looking statements in this presentation consist of, among other things, statements regarding future operating results, all of which are based on current expectations, estimates, and forecasts, and the beliefs and assumptions of the Company’s management. Words such as “expects,” “anticipates,” “aims,” “projects,” “intends,” “plans,” “likely,” “will,” “should,” “believes,” “estimates,” “seeks,” variations of such words, and similar expressions are intended to identify such forward-looking statements. These forward-looking statements are subject to risks, uncertainties and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Factors that could cause actual results to differ materially from the Company’s expectations expressed in this presentation include: expectations for continuing to successfully execute the Company’s growth and operational improvement strategies; expectations of future growth in the social good software solutions market, segments within that market and the Company’s total addressable market; expectations that achieving the Company’s goals will extend its competitive advantage and provide improved product quality and innovative solutions for its customers; expectations that centers of excellence and use of best-of-breed platforms will drive increasing operating efficiency and contribute to margin improvement; expectations that the Company’s financial position provides flexibility to fuel future growth through acquisitions or other opportunities; expectations that past acquisitions have expanded the Company’s customer and market opportunities; risks associated with unfavorable media coverage; risks associated with acquisitions; risks inherent in the expansion of our international operations; risks related to the United Kingdom's departure from the European Union; the possibility of reduced growth or amount of charitable giving; uncertainty regarding increased business and renewals from existing customers; risks associated with implementation of software products; the ability to attract and retain key personnel; risks related to the Company’s leverage, credit facility and share repurchase program; lengthy sales and implementation cycles; technological changes that make the Company’s products and services less competitive; risk related to the adequacy of our data security procedures and cybersecurity and data protection risks and related liabilities; the implementation of our new global enterprise resource planning system; uncertainty regarding the COVID-19 disruption and potential legal proceedings involving us and uncertainty regarding existing legal proceedings and the other risk factors set forth from time to time in the Company’s SEC filings. Factors that could cause or contribute to such differences include, but are not limited to, those summarized under Risk Factors in the Company’s most recent annual report on Form 10-K, and any quarterly reports on Forms 10-Q thereafter, copies of which are available free of charge at the SEC’s website at www.sec.gov or upon request from the Company’s investor relations department. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent the Company’s beliefs and assumptions only as of the date of this presentation. Except as required by law, the Company does not intend, and undertakes no obligation, to revise or update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Trademark Usage

Historical Financials and Non-GAAP Financial Measures

Use of Non-GAAP Financial Measures: The Company has provided in this presentation financial information that has not been prepared in accordance with GAAP. The Company uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating the Company's ongoing operational performance. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing its financial results from period to period with other companies in the Company's industry, many of which present similar non-GAAP financial measures to investors. These non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences in the exact method of calculation between companies. The Company believes that these non-GAAP financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparison and analysis of trends in the Company's business. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliations of these non-GAAP measures to their most directly comparable GAAP financial measures.

Blackbaud discusses non-GAAP organic revenue growth measures, including non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis and non-GAAP organic recurring revenue growth, which Blackbaud believes provide useful information for evaluating the periodic growth of its business as well as growth on a consistent basis. Each measure of non-GAAP organic revenue growth excludes incremental acquisition-related revenue attributable to companies acquired in the current fiscal year. For companies acquired in the immediately preceding fiscal year, if any, each measure of non-GAAP organic revenue growth reflects presentation of full year incremental non-GAAP revenue derived from such companies as if they were combined throughout the prior period, and it includes the current period non-GAAP revenue attributable to those companies. In addition, each measure of non-GAAP organic revenue growth excludes prior period revenue associated with divested businesses. The exclusion of the prior period revenue is intended to present the results of the divested businesses within the results of the combined company for the same period of time in both the prior and current periods. Blackbaud believes this presentation provides a more comparable representation of our current business' organic revenue growth and revenue run-rate. In these materials, Blackbaud is presenting the following unaudited information: historical recurring and total revenue for the fiscal years ended December 31, 2021 and 2020 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the twelve month period ended December 31, 2021 and the interim periods therein; and calculations of non-GAAP organic recurring revenue growth, non-GAAP organic revenue growth and non-GAAP organic revenue growth on a constant currency basis for the same periods.

Rule of 40 is defined as non-GAAP organic revenue growth plus non-GAAP adjusted EBITDA margin. Non-GAAP adjusted EBITDA is defined as GAAP net income plus interest, net; income tax provision (benefit); depreciation; amortization of intangible assets from business combinations; amortization of software development costs; stock-based compensation; acquisition-related integration costs; acquisition-related expenses; employee severance; restructuring and other real estate activities; and costs, net of insurance, related to the previously disclosed security incident discovered in May 2020 (the "Security Incident").

Non-GAAP free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, and capital expenditures for property and equipment. In addition, and in order to provide a meaningful basis for comparison, Blackbaud now uses non-GAAP adjusted free cash flow in analyzing its operating performance. Non-GAAP adjusted free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, capital expenditures for property and equipment, and less cash outflows, net of insurance, related to the Security Incident. Blackbaud believes non-GAAP free cash flow and non-GAAP adjusted free cash flow provide useful measures of the company's operating performance. Non-GAAP adjusted free cash flow is not intended to represent and should not be viewed as the amount of residual cash flow available for discretionary expenditures.

Historical Financial Statements Being Presented: In these materials, Blackbaud is presenting the following unaudited historical financial information: historical consolidated balance sheets as of the fiscal years ended December 31, 2021 and 2020 and interim consolidated balance sheets for each of the quarters within fiscal 2021 and 2020; historical consolidated statements of comprehensive income for the fiscal years ended December 31, 2021 and 2020 and interim consolidated statements of comprehensive income for each of the quarters within fiscal 2021 and 2020; historical consolidated statements of cash flows for the fiscal years ended December 31, 2021 and 2020 and interim consolidated statements of cash flows for each of the interim year-to-date periods within fiscal 2021 and 2020; and historical non-GAAP financial information for the fiscal years ended December 31, 2021 and 2020 and for each of the quarters within fiscal 2021 and 2020 as well as reconciliations of the non-GAAP measures to their most directly comparable GAAP measures and related non-GAAP adjustments. Blackbaud is providing this unaudited financial information to allow investors and analysts to more easily access and review the Company's historical consolidated financial data by including such information in one document.

Reconciliation of GAAP to Non-GAAP Financial Measures: Reconciliations of the most directly comparable GAAP measures to non-GAAP financial measures and related adjustments, as well as details of Blackbaud's methodology for calculating non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis, non-GAAP organic recurring revenue growth and Rule of 40 can be found in the Appendix to these materials and on the "Investor Relations" page of the Company's website.

Blackbaud has not reconciled forward-looking non-GAAP financial measures contained in this investor material to their most directly comparable GAAP measures. Such reconciliations would require unreasonable efforts at this time to estimate and quantify with a reasonable degree of certainty various necessary GAAP components, including for example those related to compensation, acquisition transactions and integration, tax items or others that may arise. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.

Key Messages

1

Leader in a large, resilient, and growing global market

2

Multiple levers exist to accelerate revenue growth

3

Revenue growth and scalability drive margin expansion

4

Rapidly innovating for our customers and positioned to capture digital shift

Driving toward our **long-term aspirational goal** to achieve:

High Single-Digit

organic revenue growth

40%+

using a Rule of 40 framework

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Financial Strategy

Social good is a resilient, significant global sector

- ARTS AND CULTURAL ORGANIZATIONS
- COMPANIES
- FAITH COMMUNITIES
- FOUNDATIONS
- HEALTHCARE ORGANIZATIONS
- HIGHER EDUCATION INSTITUTIONS
- INDIVIDUAL CHANGE AGENTS
- K–12 SCHOOLS
- NONPROFITS

Blackbaud is the world's leading cloud software company powering social good

$100B+
raised, granted, and invested in their programming by our customers each year[1]

Millions
of users across 100+ countries[1]

80%
of the most influential nonprofits[2]

1 out of 3
Fortune 500 companies[3]

9 of the top 10
healthcare systems are Blackbaud customers[4]

93%
of higher education institutions with billion-dollar campaigns[5]

25
of the largest Catholic Dioceses in the US[1]

150+
experts dedicated to arts and cultural organizations[1]

1st Place:
Blackbaud Education Management Solutions

Source: (1) Internal Statistics, (2) Top 50 listed by The Street.com featured by MSN, (3) Fortune 500, (4) Definitive Healthcare, (5) Council for Advancement and Support of Education

Driving significant value for our customers

200%

Boost in fundraising, including a $1 million gift, powered by Blackbaud Raiser's Edge NXT®

$400K

Raised through a virtual chili cook-off powered by JustGiving® from Blackbaud® Peer-to-Peer Fundraising

University of Delaware | Community Home Health & Hospice | United Airlines | Archbishop Moeller High School | Charleston Animal Society | Longue Vue — Your House, Your Gardens

43%

Increase in fundraising dollars using data-driven strategy informed by Blackbaud Fundraiser Performance Management™ and donorCentrics®

300K

meals packed by employees for Rise Against Hunger using YourCause® CSRconnect®

100X

reduction in time setting up tuition account with Blackbaud's suite of education management solutions

+61%

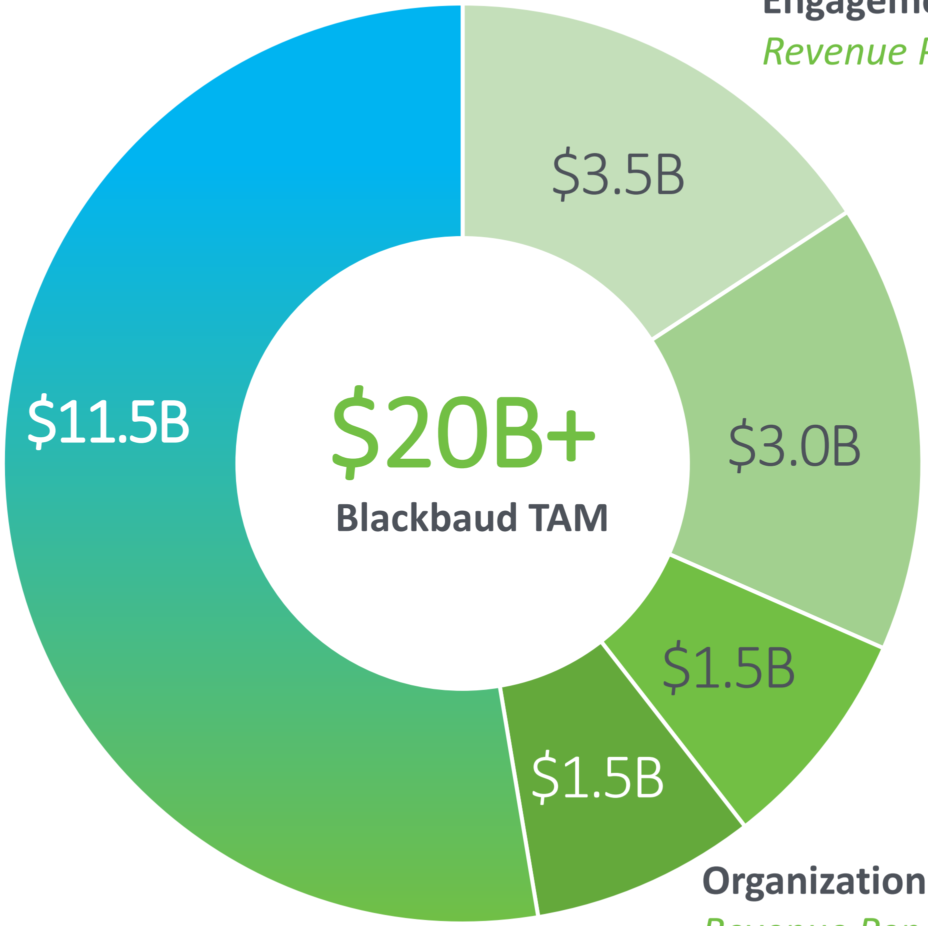
growth in percentage of tickets sold online with implementation of Blackbaud Altru®

Sourced from Blackbaud customer stories

Large and underpenetrated total addressable market (TAM) opportunity

Corporate Social Responsibility and ESG
Revenue Penetration: <5%

2X increase
in Blackbaud's TAM with expanded opportunity in CSR and ESG through recent acquisition of EVERFI



Fundraising, Relationship Management and Engagement
Revenue Penetration: <20%

Payment Services
Revenue Penetration: <10%

Financial Management, Grant and Award Management
Revenue Penetration: <10%

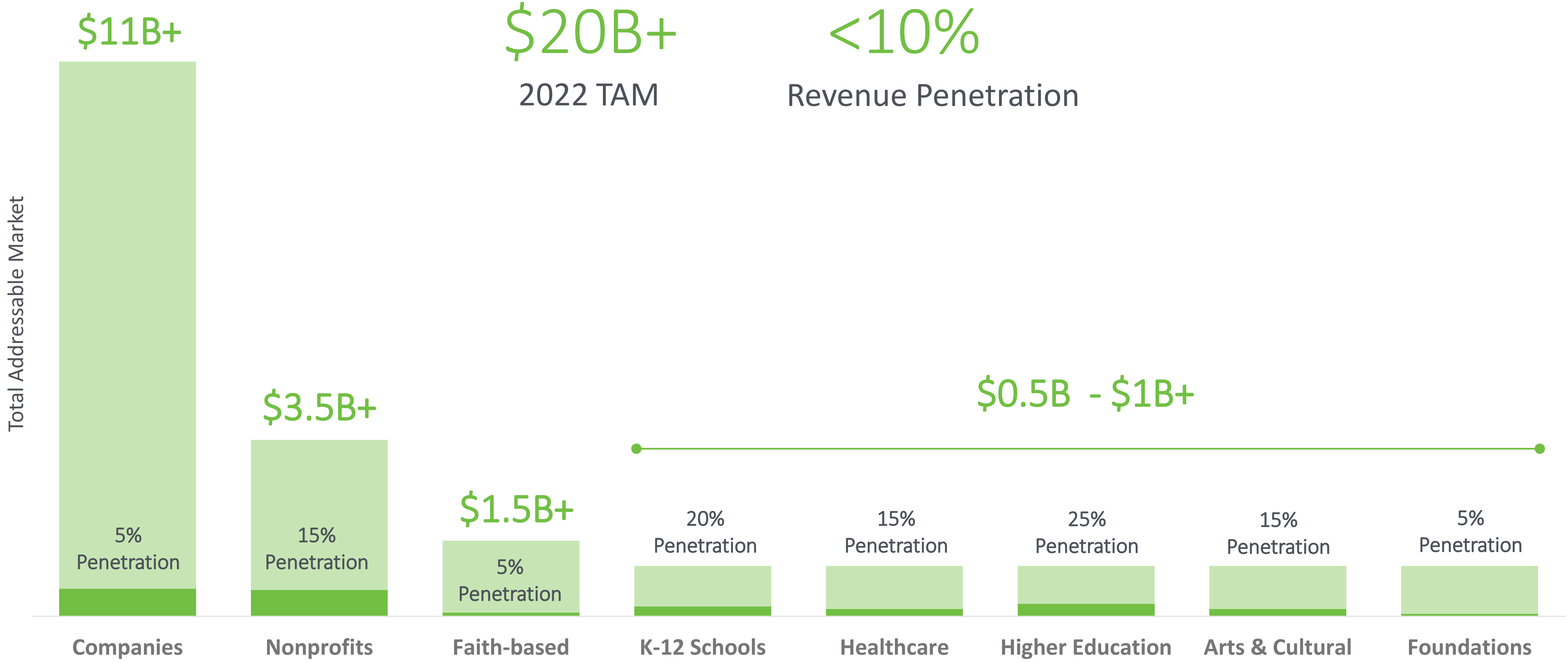
Organizational and Program Management
Revenue Penetration: <10%

Sources: FY 2021 Blackbaud Revenue. Global Blackbaud TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, S&P Global database, Small Business & Entrepreneurship Council, Blackbaud internal data

Opportunity for growth extends across vertical markets

$20B+
2022 TAM

<10%
Revenue Penetration



Sources: FY 2021 Blackbaud Revenue. Global Blackbaud TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, S&P Global database, Small Business & Entrepreneurship Council, Blackbaud internal data

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Financial Strategy

The market's most comprehensive solutions for social good

Blackbaud is the **largest cloud software vendor** focused exclusively on the social good community[1]

Only Blackbaud offers a full portfolio of **purpose-built, integrated solutions**

Highly **fragmented competition** offers single-point solutions

Large customer base with **93% customer retention**

Strong balance sheet and cash flows to support strategic acquisitions and internal product development

blackbaud

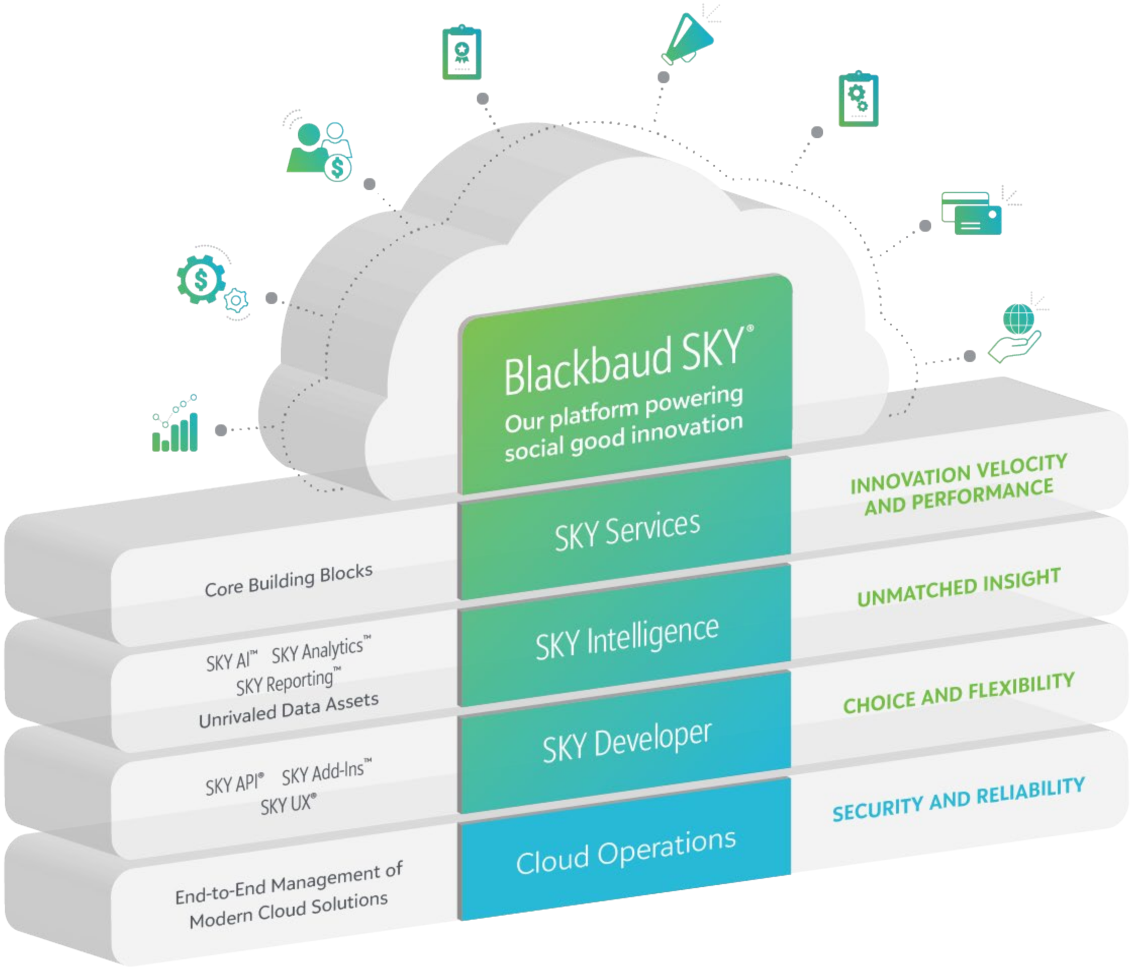
Fundraising & Relationship Management	Marketing & Engagement	Financial Management	Organizational & Program Management	Payment Services	Data Intelligence

OUR COMPETITORS[2]

donorperfect	Constant Contact	Intacct	FOUNDANT technologies	PayPal	WealthEngine
salsa	frontstream	NETSUITE	FACTS	iATS payments	DONOR SEARCH
salesforce.org (and partners)	Classy	abila	ellucian	Authorize.Net	iwave
NEON ONE	Network for Good	intuit quickbooks	Ministry Brands	VANCO	
bloomerang	mailchimp		benevity		

1 IDC Top 40 largest cloud software provider worldwide,2020 2 Informed by internal competitive intelligence and analysis

Built on industry leading cloud technology



Power of the Platform

Common shared components

Continuous innovation and feature deployment

Accelerated time to market

Integrated capabilities

Enables a network effect

We make it simple with one accountable partner

Cloud Software

We build, integrate, and implement vertical-specific solutions purpose-built for the unique needs of our customers.

Expertise

With four decades of experience, we are undisputed industry experts on technology for social good.

Services

We drive impact through dedicated customer support and training, along with strategic and managed services tailored to our customers.

Data Intelligence

Using exclusive data, analytics, and expertise, we deliver unparalleled insight and intelligence to the customers we serve.

A culture built on unmatched commitment to social good

We work as one. | We bring heart. | We invent possibilities. | We expect the best. | We give back.

7 out of 10
employees volunteer logging over 100,000 hours annually

1 out of 5
employees serve on nonprofit boards

600+
engineers; largest R&D investment in the sector

30%
of open job postings filled by existing employees through promotion and growth opportunities

500+
employees worked previously for social good organizations

9 out of 10
employees say that it is important to them that Blackbaud operates in a socially responsible manner

1 out of 3
employees belong to an employee-led affinity group

1 out of 4
employees participate in our matching gift program

Note: Internal Statistics

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Financial Strategy

Growth driven by a four-point strategy

1 Expand total addressable market

Acquiring, building, and partnering into near adjacent markets and expanding existing ones

2 Lead with world class teams and operations

Executing a world-class operating model on a journey to improve company performance as measured by ‘Rule of 40’

3 Delight customers with innovative cloud solutions

Comprehensive, purpose-built cloud solutions – backed by service to deliver differentiated value

4 Focus on employees, culture, and ESG initiatives

Continue to evolve our focus on people, culture, and corporate initiatives

STRATEGY 1

Expand total addressable market

Acquiring, building, and partnering into near adjacent markets

2014 - Acquisition	WhippleHill
2014 - Acquisition	MicroEdge
2015 - Acquisition	SMART TUITION
2016 - Acquisition	Attentive.ly
2017 - Acquisition	academicworks
2017 - Acquisition	JustGiving
2018 - Acquisition	Reeher
2018 - New Solution	Blackbaud Church Management™
2018 - New Solution	Blackbaud Education Management
2019 - Acquisition	YourCause
2021 - Acquisition	EVERFI

$14B+

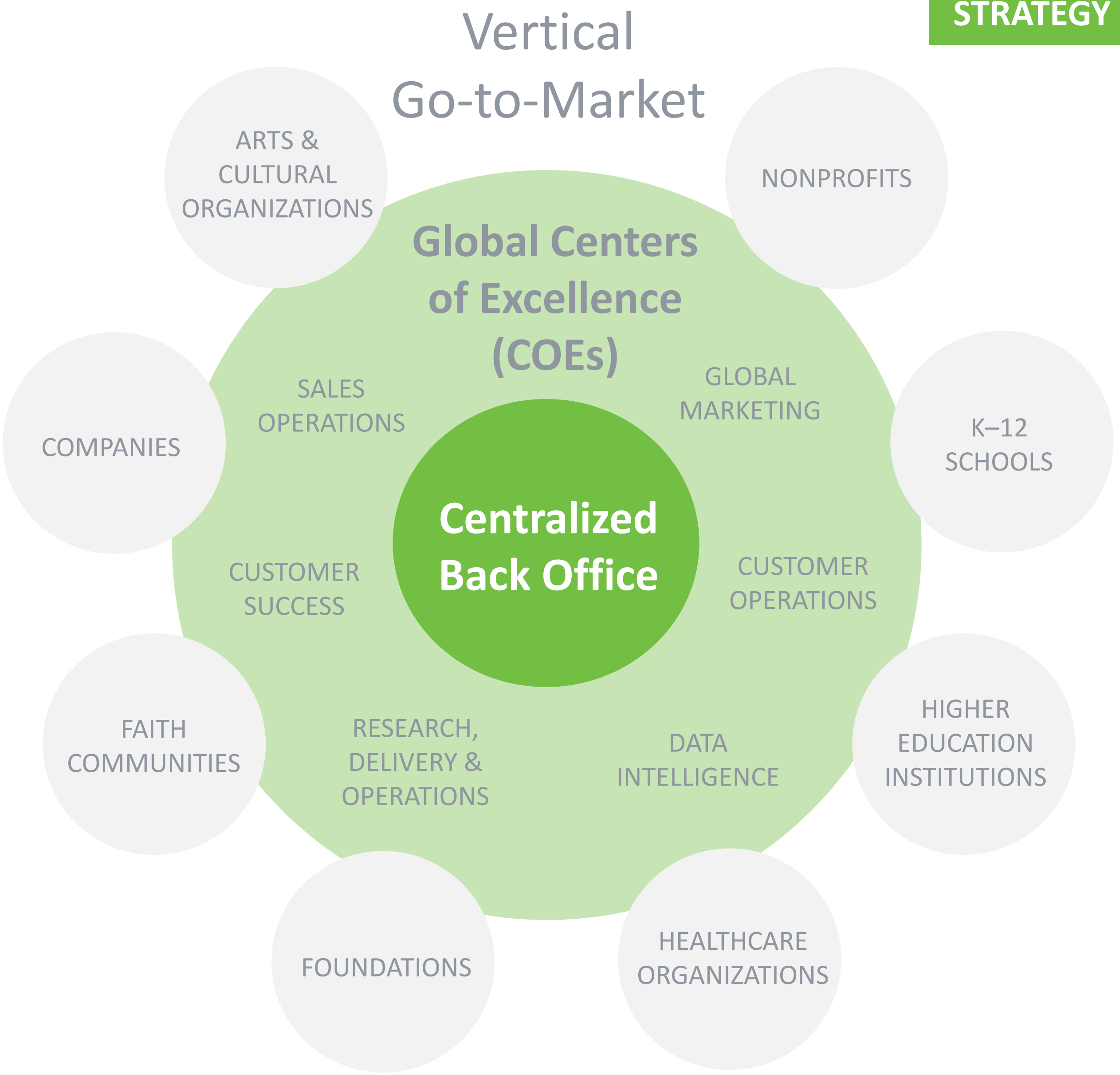
in TAM added through acquisitions and new solution builds

Lead with world class teams and operations

Vertical Go-to-market
focus on customer needs and solution selling

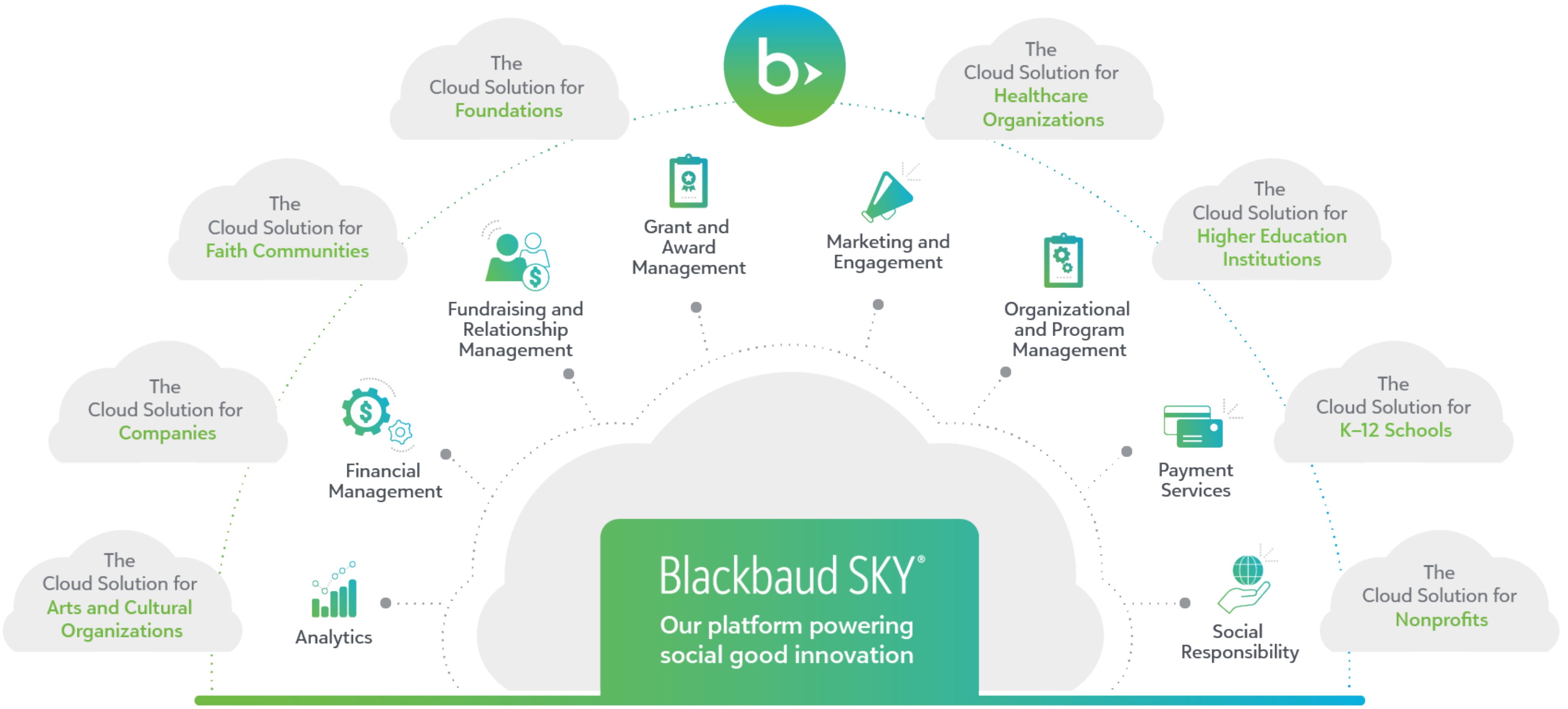
Centers of Excellence
support functions with common systems, metrics, and measurement

Productivity Improvement
continuous improvement across all functions of the organization



STRATEGY 3

Delight customers with innovative cloud solutions



STRATEGY 4

Focus on employees, culture and ESG initiatives

Vision: Drive long-term sustainable value for all our stakeholders by living out our higher purpose of "helping good take over" in the way we operate all facets of our business through a world class ESG program

ENVIRONMENTAL

Substantially reduced global office footprint and business travel

Currently pursuing carbon neutrality

Announced multi-year philanthropic commitment to Project Drawdown's climate initiatives

SOCIAL

Attract and retain top talent regardless of location with remote-first workforce strategy

Building diverse teams through inclusive culture and focus on employee well-being with robust resources and support

Strong culture of giving back through corporate philanthropy and employee volunteer support

GOVERNANCE

Joined UN Global Compact in 2021

Created ESG Steering Committee with CEO sponsorship and board of director's oversight

Focus on increasing level of disclosure on targets and metrics

Maintain formalized policies and procedures to be responsible and ethical custodians of personal data

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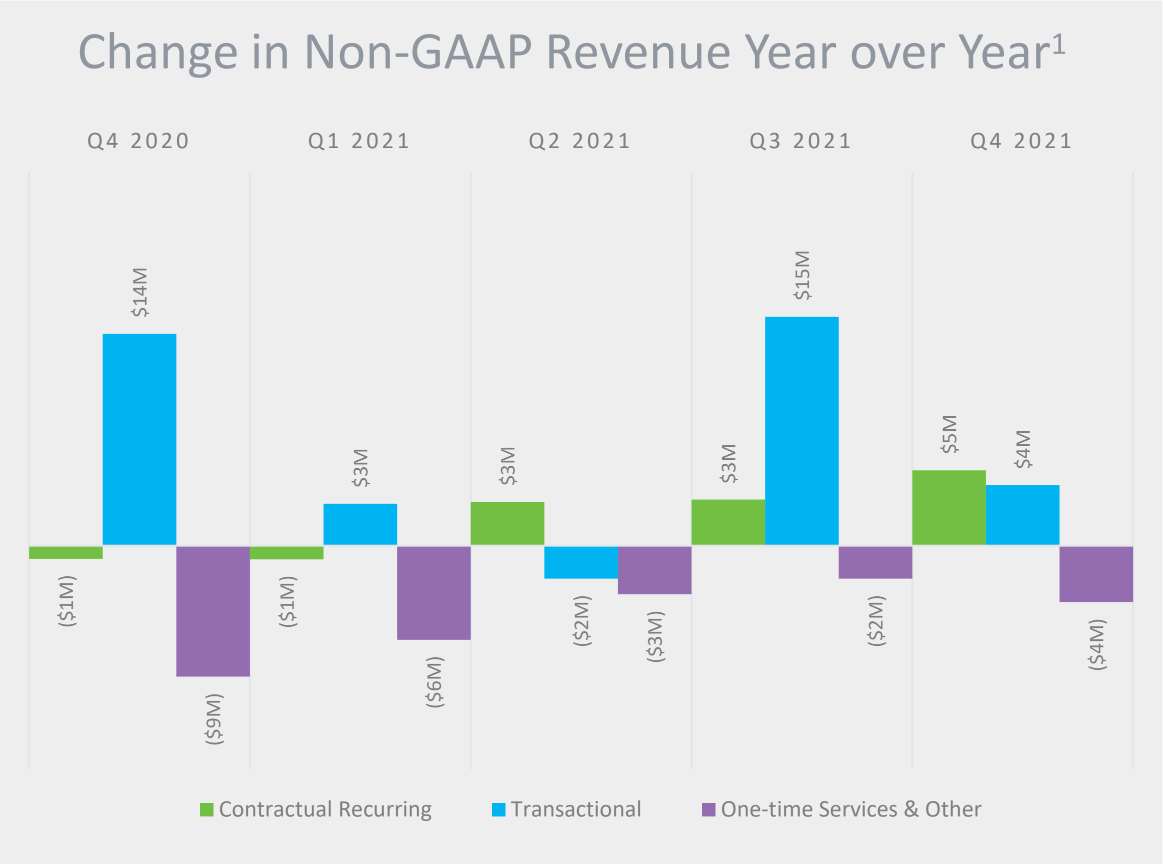
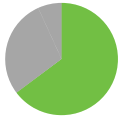
Financial Strategy

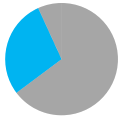
Strong Q4 2021 Revenue Performance as Pandemic-related Variability Begins to Subside





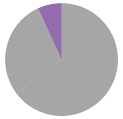
Contractual Recurring Revenue

- Strong customer retention of 93%
- Continued strength in renewals and bookings trends with year-over-year improvement in sales productivity per rep



Transactional Revenue

- Benefiting from accelerated shift toward online giving, the return of in-person events, and strong year-end giving

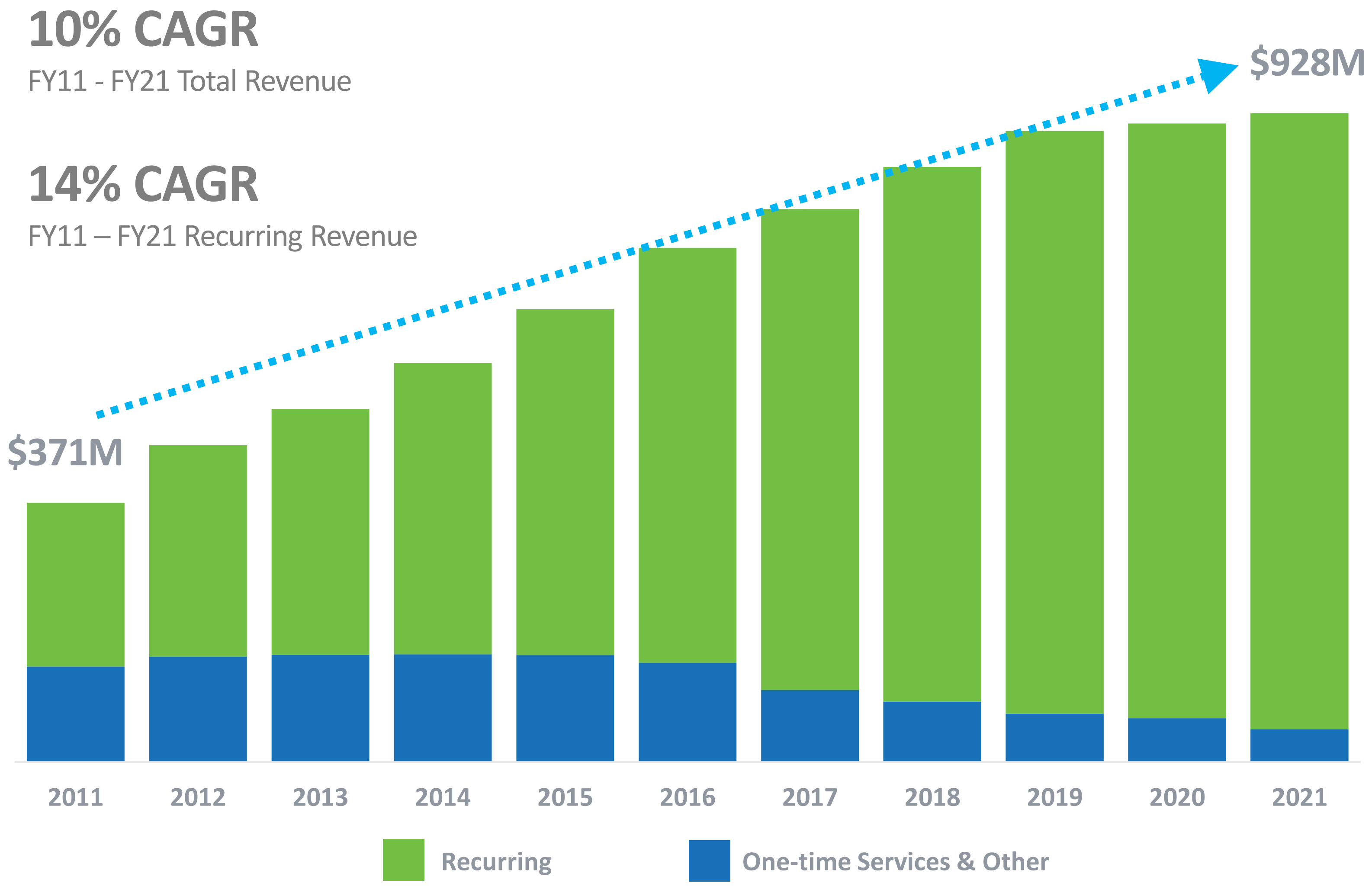


One-time Services & Other Revenue

- Declined 29% vs. Q4 2020, consistent with prior years and in line with strategy
- Decline in one-time services expected to bottom in 2022

[1] Non-GAAP Revenue through 12/31/2021

Proven history of double-digit revenue growth inclusive of M&A



- Recurring 95% of total revenue in 2021
- History of double-digit growth despite one-time services drag
- Execution of successful M&A strategy grows the revenue base and accelerates growth and shift to the cloud
- Multiple levers to drive meaningful growth going forward

Non-GAAP Revenue. Beginning with 2016, results reflect adoption of ASC 606.

Acquisitions grow the revenue base and accelerate growth

2016 SMART TUITION

2017 academicworks JustGiving

2018 Reeher

2019 YourCause

2021 EVERFI

~$285M

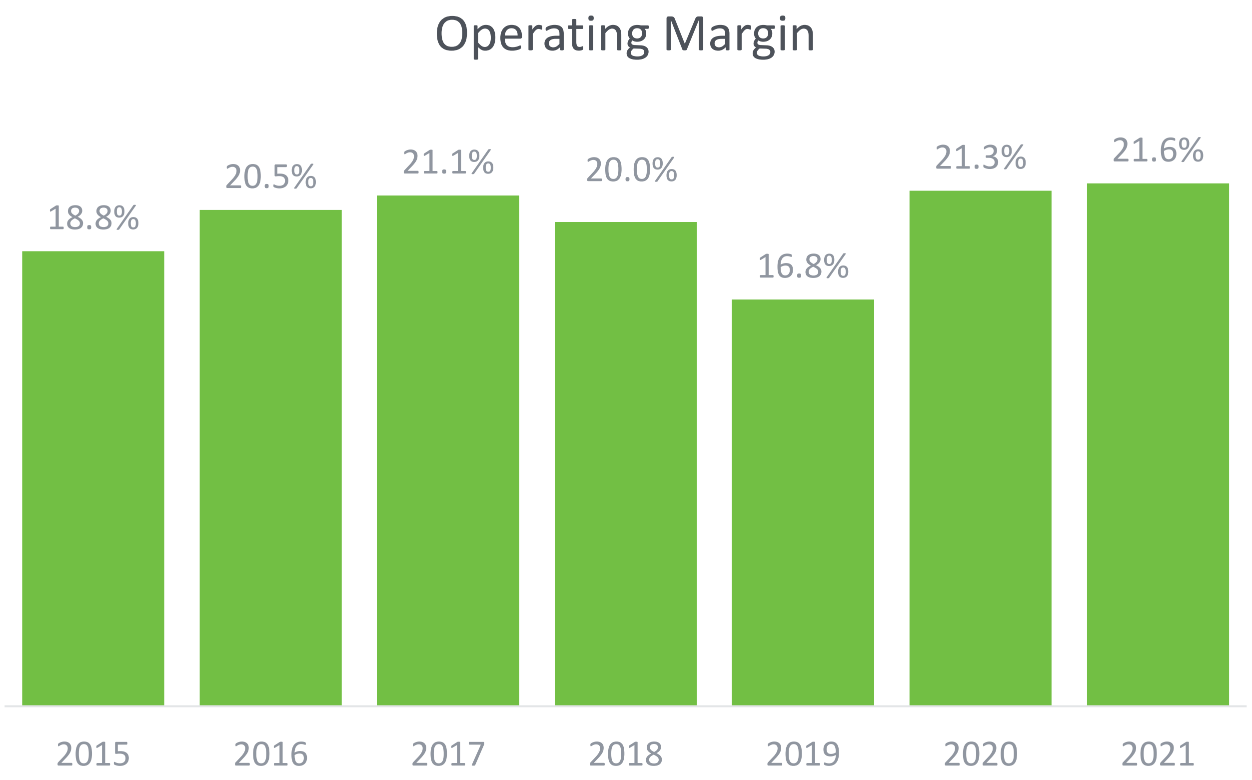
Estimated recurring revenue contribution from recent acquisitions

Acquisition Strategy:

- Expand TAM into near adjacencies
- Accelerate shift to the cloud
- Accelerate revenue growth
- Accretive to operating margin

Non-GAAP recurring revenue from acquisitions of Smart Tuition, AcademicWorks, JustGiving, Reeher, YourCause and EVERFI (closed on December 31, 2021 and based on Non-GAAP guidance issued on 2/22/22); acquisition criteria calls for investments to be accretive to operating margins over time.

Revenue growth and scalability drive strong profitability with future margin expansion opportunity



Operating Margin

Leverage opportunities for future expansion:

Go-to-Market Efficiency
Focusing on digital first lead generation, market coverage and sales velocity

Engineering and Innovation
Invest in innovative cloud solutions

Migration to Public Cloud Infrastructure
Enhanced scalability and security

Operational Scale and Efficiency
Continuous simplification, automation and efficiency gains

Non-GAAP operating margin. Beginning with 2016, results reflect adoption of ASC 606.

Leverage opportunities exist within gross and operating margin

Dilutive — **TOTAL COMPANY GROSS MARGIN** — **Accretive**

One-time Services & Other

Payments

Contractual Recurring

Other Transactional

Dilutive — **TOTAL COMPANY OPERATING MARGIN** — **Accretive**

One-time Services & Other

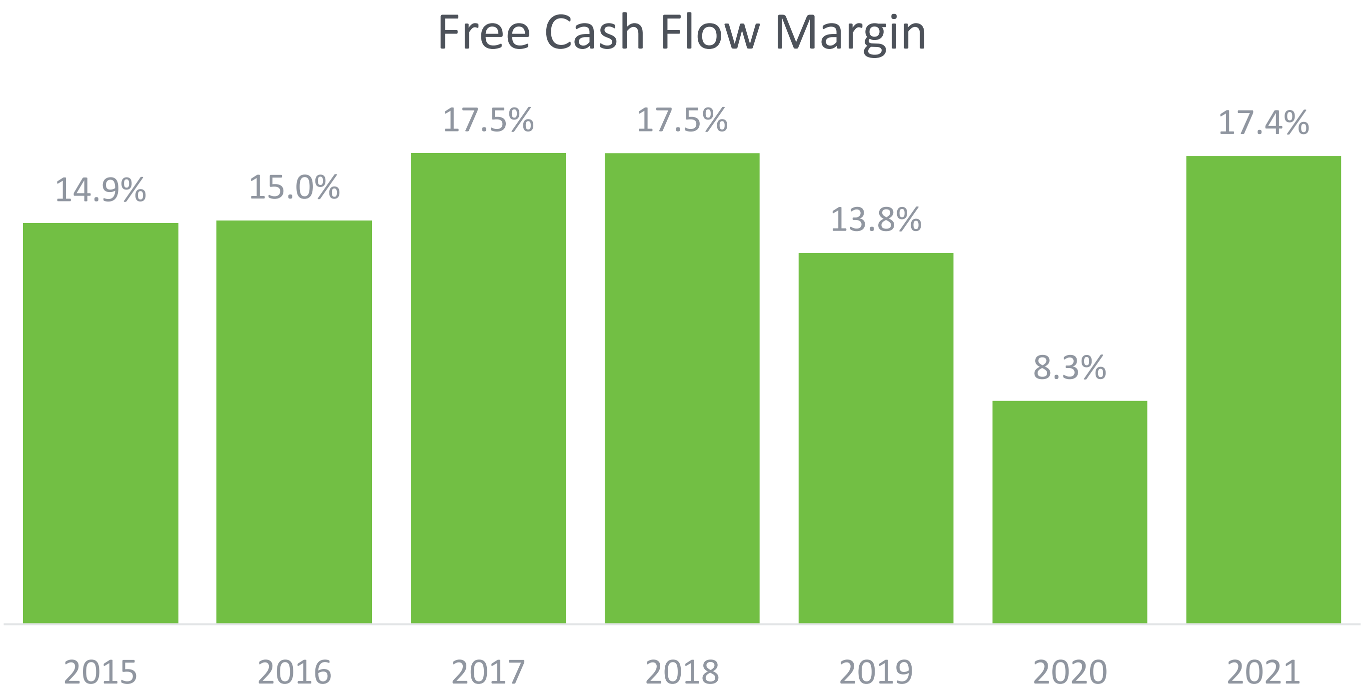
Payments

Contractual Recurring

Other Transactional

2021 Non-GAAP gross margin and operating margin.

Strong free cash flow generation



	2015	2016	2017	2018	2019	2020	2021
Capital Investments	$34M	$44M	$39M	$52M	$58M	$72M	$52M

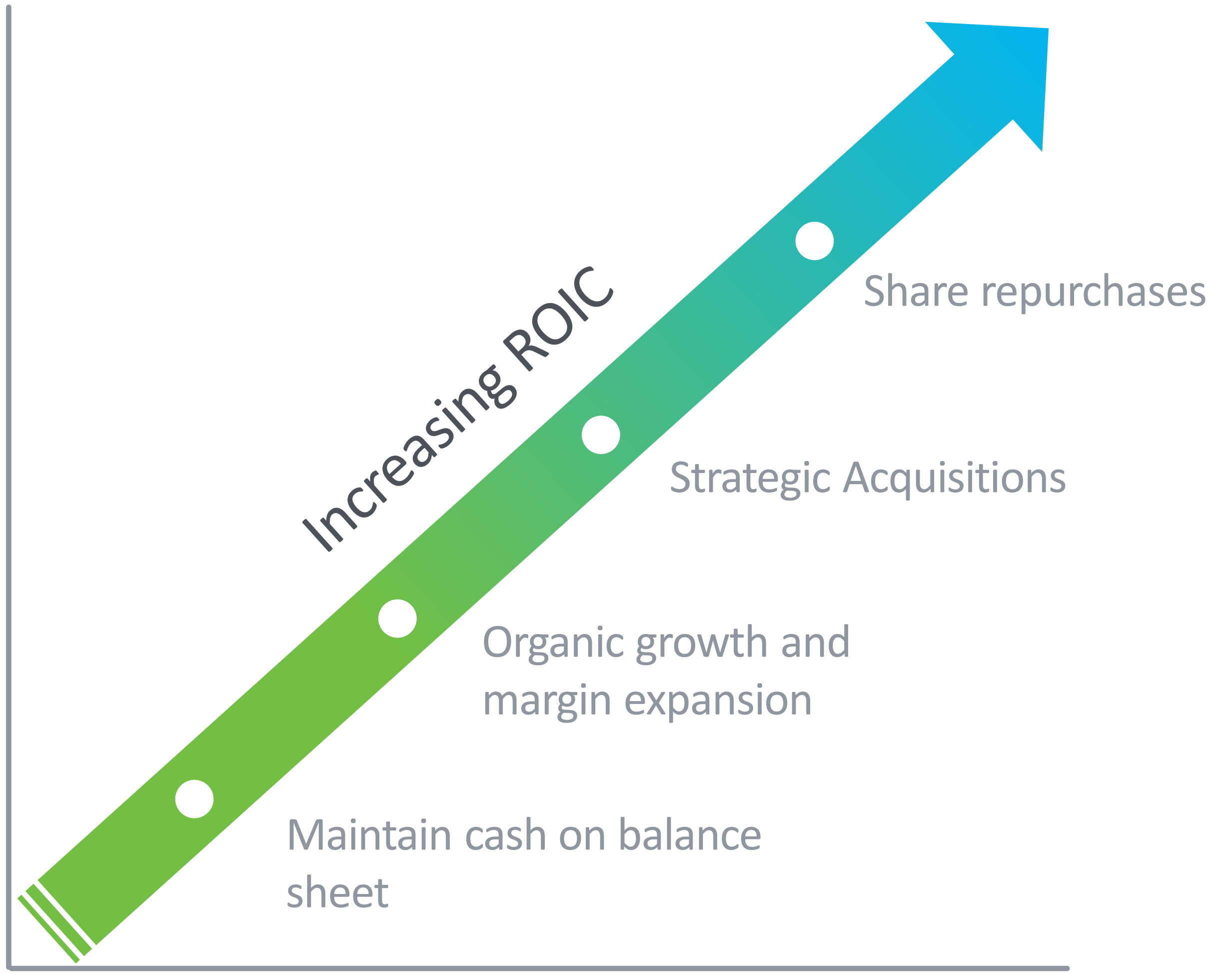
Free Cash Flow Highlights

Free cash flow margins inclusive of investments:

- Focused on go-to-market model
- Innovation and new solution builds
- Security and cloud infrastructure
- Global workplace strategy

Non-GAAP free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, and capital expenditures for property and equipment.

Capital strategy increases shareholder value



1 Maintain liquidity and access to capital

- Oct 2020 amended, extended and expanded credit facility to $900M, Dec 2021 exercised accordion feature for incremental term loan of $250M
- Maximum allowable leverage: 4.0x

2 Accelerate performance in Rule of 40 framework

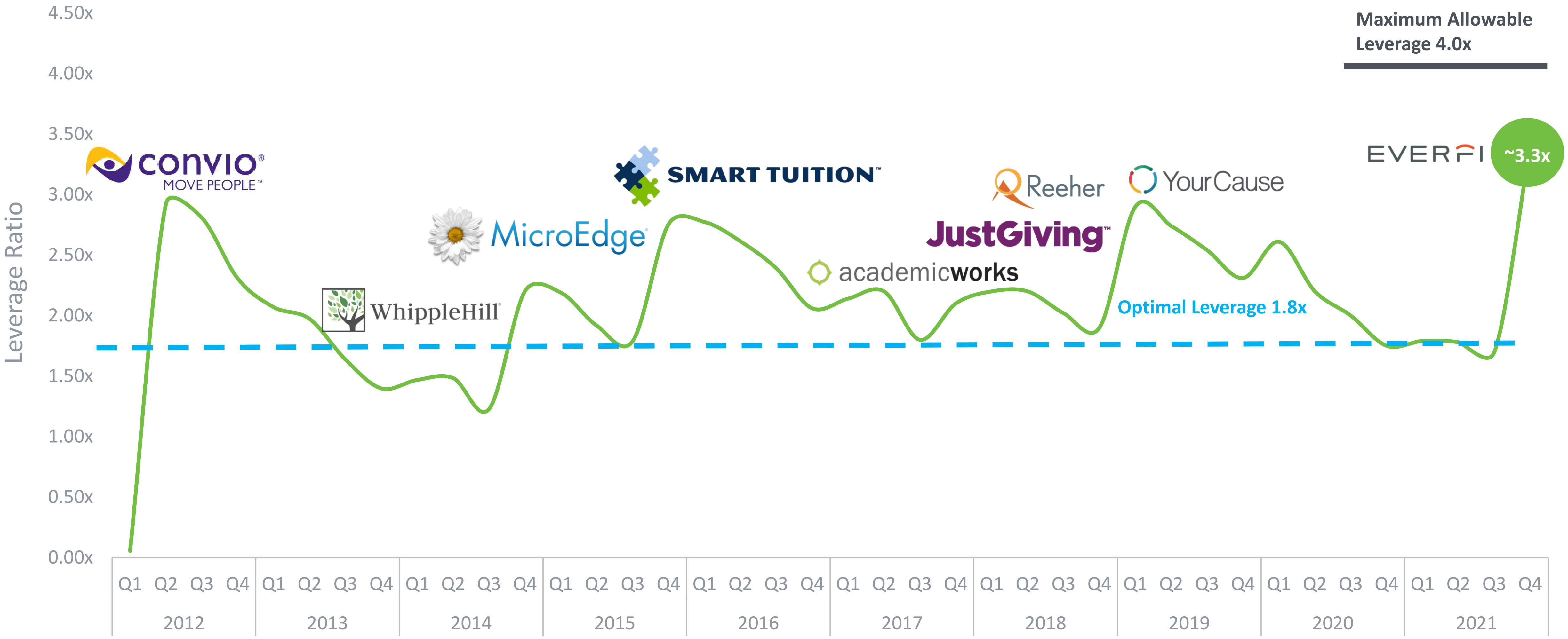
- Capital investments consistent with solution roadmap and strategy
- Constant pursuit of operational efficiencies
- Drives future cash generation

3 Return capital to shareholders

- Pursue share repurchases when internal estimates determine the company's shares are undervalued by the market and adequate capital is available
- November 2020 expanded share repurchase authorization from $50M to $250M; ~$149M repurchased since November 2020
- Dec 2021 Board re-authorized and replenished share repurchase program for up to an additional $250M

Current covenant for leverage ratio is less than or equal to 4.0x through Q4 2023, then drops to 3.75x through maturity. Shares repurchased through 12/31/2021. Details on our share repurchases can be found in our most recent SEC filings.

Proven history of rapid deleveraging post-acquisition



Note: Current covenant for leverage ratio is less than or equal to 4.0x through Q4 2023, then drops to 3.75x through maturity. Calculation of debt over TTM EBITDA is based on credit agreement in place at the end of the respective reporting quarter.

Generating strong returns on invested capital

Strong Returns	
2021 WACC: 8.0% 2021 ROIC(1): 17.6%	2.2x

19%
2013-2021
avg ROIC

Driving shareholder value through strong ROIC…

12%
2013-2021
CAGR

…on a significantly larger invested capital base…

…with potential for increased returns driven by Rule of 40 performance.

(1) See appendix for detailed ROIC calculation

Financial performance exceeded expectations in 2021

	Downside Scenario	**Original Best Estimate**	Upside Scenario	**FY 2021 Actuals**
Total Revenue	$870-$890M	$900M+	$910-$920M	**$928M**
Adjusted EBITDA Margin		25%+		**26.5%**
Free Cash Flow		$100M+ floor		**$162M**

Non-GAAP Revenue, non-GAAP adjusted EBITDA margin and non-GAAP free cash flow. Non-GAAP Revenue estimates shown on constant currency basis. 2021 estimates provided on 2/9/2021 and updated as of 11/3/2021.

Blackbaud + EVERFI: A Powerful Combination for Social Good

Advances Blackbaud's position as a leading technology partner in the large and fast-growing environmental, social and governance (ESG) and corporate social responsibility (CSR) spaces

Category-creating Impact-as-a-Service™ leader with substantial growth synergy driven by cross-sell opportunity with YourCause™

Shared sense of purpose and complementary missions retaining founders and leadership team

Doubles Blackbaud's total addressable market (TAM) opportunity to $20B+ underpinned by long-term ESG growth trends and strong enterprise corporate relationships

Blackbaud + EVERFI: 2022 Financial Profile

	Blackbaud FY 2021	Assumptions at mid-point of 2022 Financial Guidance	
		Blackbaud FY 2022 (excludes EVERFI)	EVERFI FY 2022
Total Revenue	$928M	~$965M	~$120M
Total Revenue Growth	1.6%	~4%	~15%
Adjusted EBITDA	$246M	~$250M	~$13M
Rule of 40[1]	27%	~30%	~26%

- **EVERFI will be immediately accretive to organic revenue growth**, accelerating Blackbaud's long-term financial goals to achieve mid to high single digit growth in 2022
- **EVERFI is profitable with potential for material margin upside** as integration work is completed and through the pursuit of both revenue and cost synergies
- **EVERFI expected to be accretive to Blackbaud's Rule of 40 in the coming years** through the combination of sustainable double-digit revenue growth and improving margin profile

[1]Rule of 40 measured by non-GAAP organic revenue growth on constant currency basis plus non-GAAP adjusted EBITDA margin on constant currency basis.

Non-GAAP. Guidance issued 2/22/2022. Mid-point presented for illustration only, not as a prediction of 2022 performance.

2022 Total Company Guidance

		Mid-Point
Total Revenue	$1,075M – $1,095M	$1,085M
Adjusted EBITDA Margin	24% – 24.5%	24.3%
Diluted EPS	$2.63 – $2.82	$2.73
Adjusted Free Cash Flow	$165M – $175M	$170M

- Anticipating total revenue growth rate in the mid to high-teens
- Expect organic total revenue growth in the mid-single digits – accelerates timeline for original mid-term goal by several years
- Targeting ~30% on the Rule of 40 at constant currency which is a 250bps improvement over 2021

Non-GAAP. Guidance issued 2/22/2022. Mid-point presented for illustration only, not as a prediction of 2022 performance. Assumptions included in full year 2022 financial guidance: Non-GAAP annualized effective tax rate of 20%; Interest expense for the year of $30M - $33M; Fully diluted shares for the year in the range of 52M - 53.5M; Capital expenditures for the year in the range of $60M - $70M, including $45M to $55M of capitalized software development costs

In order to provide a meaningful basis for comparison, Blackbaud now uses non-GAAP adjusted free cash flow in analyzing its operating performance. Non-GAAP adjusted free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software development, capital expenditures for property and equipment, and less cash flow, net of insurance, related to the previously disclosed Security Incident discovered in May 2020 (the "Security Incident"). For full year 2022, Blackbaud currently expects net cash outlays of $25 million to $35 million for ongoing legal fees related to the Security Incident. In line with the Company's policy, all associated costs due to third-party service providers and consultants, including legal fees, are expensed as incurred. As of December 31 2021, Blackbaud has not recorded a loss contingency related to the Security Incident as it is unable to reasonably estimate the possible amount or range of such loss. Please refer to the section below titled "Non-GAAP Financial Measures" for more information on Blackbaud's use of non-GAAP financial measures.

Accelerating financial goals within Rule of 40 framework

- Substantial acceleration in near-term organic revenue growth profile and Rule of 40 performance
- Mid to high single-digit organic revenue growth moves from aspirational target to mid-term expectation
- Increased line of sight into long-term goal of achieving Rule of 40 with elevated organic revenue growth profile

	Near-Term		Mid-Term		Long-Term	
	Current	*Prior*	*Current*	*Prior*	*Current*	*Prior*
	FY 2022 Guidance	**FY 2021**	**2024-2025**	**3-4 Years Post-Pandemic**	**2027-2028**	**Aspirational**
Non-GAAP Organic Revenue Growth	**~4% - 6%**	Variable	**Mid to High Single-Digit Annually**	Mid Single-Digit Annually	**High Single-Digit Annually**	Mid to High Single-Digit Annually
Rule of 40[1]	**~28% - 31%**	25%+	**35%+**	35%+	**40%+**	40%+

[1]Rule of 40 measured by non-GAAP organic revenue growth + non-GAAP Adjusted EBITDA margin. Financial goals represent full year targets. Non-GAAP adjusted EBITDA is defined as GAAP net income plus interest, net; income tax provision; depreciation; amortization of intangible assets from business combinations; amortization of software development costs; acquisition-related deferred revenue write-down; stock-based compensation; acquisition-related integration costs; acquisition-related expenses; employee severance; and restructuring and other real estate activities. Please refer to the appendix of this presentation.

Multiple organic growth drivers going forward

High Single-Digit Organic Growth

Near-term Growth Drivers	1. Bookings return to pre-pandemic levels 2. Return of in-person events began in 2021 and expected to continue in 2022 3. Capitalize on accelerated shift to online payments 4. Drag from one-time services bottoms in 2022 - ~200bps drag on 2021 total revenue growth
Capture New Pricing Opportunities	5. Bring proven international pricing innovation to the U.S. 6. Pricing in line with market – two programs underway
Execute Current Growth Initiatives	7. Accelerate bookings performance through increased sales velocity and productivity 8. Capture land and expand opportunity created by growing product portfolio 9. Maximize value from partner program 10. Improve on already strong retention rates

Revenue growth and scalability drive margin expansion

Rule of 40

Go-To-Market Efficiency	1. Reduce customer acquisition cost and improve payback period 2. Increase sales velocity
Innovation and Infrastructure	3. Innovation in the cloud drives lower cost operating structure 4. Shift to third-party cloud infrastructure
Operational Scale and Efficiency	5. Remote-first workforce strategy drives real estate savings 6. Pricing optimization 7. Continuous simplification, automation, and efficiency gains

Maximizing shareholder value

Large, resilient and growing global markets allow for multiple levers to accelerate revenue growth

Committed to a clear strategy focused on achieving "Rule of 40"

Rapidly **innovating for our customers** and positioned to capture **digital shift** in our markets

Executing a proven capital allocation strategy to **increase shareholder value**

Appendix

Return on Invested Capital (ROIC) Calculation

(dollars in millions)

	2021
Total Assets	$2,972
Less: Restricted cash and customer funds receivable	(598)
Less: Non-interest bearing current liabilities	(401)
Add: Accumulated depreciation	58
Add: Accumulated amortization of software development	75
Add: Accumulated amortization of ROU assets[1]	24
Add: Accumulated amortization of intangibles	213
Less: Purchase price of 2021 acquisition[2]	(723)
Add: Research & development (excluding stock-based compensation) 3Y Expense[3]	274
Invested Capital	**$1,894**
Income from Operations	25
Add: Rent/Lease expense	11
Add: Depreciation	14
Add: Amortization of software development	33
Add: Amortization of intangibles	37
EBITDA[4]	120
Add: Stock-based compensation	120
Add: R&D Exp (excl SBC)	97
Adjusted EBITDA[4]	338
Less: Implied taxes (assumes 20% tax rate)	(5)
Adjusted NOPAT[4]	$333
Return on invested capital (ROIC)	**17.6%**

(1) With adoption of ASC842 and subsequent addition of right-of-use assets on the balance sheet, value of leased assets is replaced
(2) EVERFI acquired on 12/31/21
(3) Sum of previous three years R&D expense excluding any stock-based compensation
(4) Non-GAAP EBITDA, Adjusted EBITDA, Adjusted NOPAT

Historical Reconciliations of GAAP and Non-GAAP Organic Revenue Growth (Unaudited)

(dollars in thousands)	Years ended		Three months ended				Year ended	Three months ended			
	12/31/2021	12/31/2020	12/31/2021	09/30/2021	06/30/2021	03/31/2021	12/31/2020	12/31/2020	09/30/2020	06/30/2020	03/31/2020
GAAP revenue	$ 927,740	$ 913,219	$ 247,891	$ 231,218	$ 229,440	$ 219,191	$ 913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
GAAP revenue growth	**1.6 %**		**2.2 %**	**7.5 %**	**(1.1)%**	**(2.0)%**					
Add: Non-GAAP acquisition-related revenue (1)	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP organic revenue (2)	$ 927,740	$ 913,219	$ 247,891	$ 231,218	$ 229,440	$ 219,191	$ 913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
Non-GAAP organic revenue growth	**1.6 %**		**2.2 %**	**7.5 %**	**(1.1)%**	**(2.0)%**					
Non-GAAP organic revenue (2)	$ 927,740	$ 913,219	$ 247,891	$ 231,218	$ 229,440	$ 219,191	913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
Foreign currency impact on Non-GAAP organic revenue (3)	(9,162)	—	(770)	(2,049)	(4,390)	(1,953)	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis (3)	$ 918,578	$ 913,219	$ 247,121	$ 229,169	$ 225,050	$ 217,238	$ 913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
Non-GAAP organic revenue growth on constant currency basis	**0.6 %**		**1.9 %**	**6.6 %**	**(3.0)%**	**(2.9)%**					
GAAP recurring revenue	880,850	850,745	238,584	218,530	216,986	206,750	850,745	229,516	200,102	216,260	204,867
GAAP recurring revenue growth	**3.5 %**		**4.0 %**	**9.2 %**	**0.3 %**	**0.9 %**					
Add: Non-GAAP acquisition-related recurring revenue (1)	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP organic recurring revenue	$ 880,850	$ 850,745	$ 238,584	$ 218,530	$ 216,986	$ 206,750	$ 850,745	$ 229,516	$ 200,102	$ 216,260	$ 204,867
Non-GAAP organic recurring revenue growth	**3.5 %**		**4.0 %**	**9.2 %**	**0.3 %**	**0.9 %**					

(1) Non-GAAP acquisition-related revenue excludes incremental acquisition-related revenue calculated in accordance with GAAP that is attributable to companies acquired in the current fiscal year. For companies acquired in the immediately preceding fiscal year, non-GAAP acquisition-related revenue reflects presentation of full-year incremental non-GAAP revenue derived from such companies, as if they were combined throughout the prior period.

(2) Non-GAAP organic revenue for the prior year periods presented herein may not agree to non-GAAP organic revenue presented in the respective prior period quarterly financial information solely due to the manner in which non-GAAP organic revenue growth is calculated.

(3) To determine non-GAAP organic revenue growth on a constant currency basis, revenues from entities reporting in foreign currencies were translated to U.S. Dollars using the comparable period's quarterly weighted average foreign currency exchange rates. The primary foreign currencies creating the impact are the Australian Dollar, British Pound, Canadian Dollar and EURO.

Reconciliations of Non-GAAP Organic Revenue Growth and Rule of 40 (Unaudited)

(dollars in thousands)	Three months ended 12/31/2021	Three months ended 12/31/2020	Years ended 12/31/2021	Years ended 12/31/2020
GAAP net income	$ (7,057)	$ (13,621)	$ 5,698	$ 7,717
Non-GAAP adjustments:				
Add: Interest, net	3,751	4,976	17,611	15,627
Add: GAAP income tax (benefit) provision	(3,561)	6,949	1,385	13,897
Add: Depreciation(1)	3,200	3,731	12,686	14,589
Add: Amortization of intangibles from business combinations	8,762	9,829	37,039	41,883
Add: Amortization of software development costs(2)	8,743	7,712	32,811	32,540
Subtotal	20,895	33,197	101,532	118,536
Non-GAAP EBITDA	$ 13,838	$ 19,576	$ 107,230	$ 126,253
Non-GAAP EBITDA margin	5.6 %		11.6 %	
Non-GAAP adjustments:				
Add: Stock-based compensation expense	30,899	32,701	120,379	87,257
Add: Employee severance	—	282	1,510	4,875
Add: Acquisition-related integration costs	(9)	(16)	(124)	(134)
Add: Acquisition-related expenses	2,982	65	3,178	353
Add: Restructuring and other real estate activities	12,515	16,273	12,102	23,290
Add: Security Incident-related costs, net of insurance(3)	493	—	1,814	—
Subtotal	46,880	49,305	138,859	115,641
Non-GAAP adjusted EBITDA	$ 60,718	$ 68,881	$ 246,089	$ 241,894
Non-GAAP adjusted EBITDA margin	**24.5 %**		**26.5 %**	
Rule of 40(4)	**26.7 %**		**28.1 %**	
Non-GAAP adjusted EBITDA	60,718	68,881	246,089	241,894
Foreign currency impact on Non-GAAP adjusted EBITDA(5)	(294)	(111)	(3,622)	716
Non-GAAP adjusted EBITDA on constant currency basis(5)	$ 60,424	$ 68,770	$ 242,467	$ 242,610
Non-GAAP adjusted EBITDA margin on constant currency basis	**24.5 %**		**26.4 %**	
Rule of 40 on constant currency basis(6)	**26.4 %**		**27.0 %**	

(1) During the third quarter of 2020 and the fourth quarter of 2021, we reduced the estimated useful lives of our operating lease right-of-use assets for certain of our office locations we expected to exit. For these same office locations, we also reduced the estimated useful lives of certain facilities-related fixed assets, which resulted in increases in depreciation expense. The accelerated portions of the fixed asset depreciation expense related to these activities of $1.7 million and $3.2 million for the three months ended December 31, 2021 and 2020, respectively, and $1.7 million and $4.6 million for the twelve months ended December 31, 2021 and 2020, respectively, was presented in the "Restructuring and other real estate activities" line of the reconciliation of GAAP to non-GAAP financial measures. Total depreciation expense was $4.9 million and $6.9 million, for the three months ended December 31, 2021 and 2020, respectively, and $14.4 million and $19.2 million for the twelve months ended December 31, 2021 and 2020, respectively.

(2) Includes amortization expense related to software development costs and amortization expense from capitalized cloud computing implementation costs.

(3) Includes Security Incident-related costs incurred, net of probable insurance recoveries. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

(4) Measured by non-GAAP organic revenue growth plus non-GAAP adjusted EBITDA margin. See Non-GAAP organic revenue growth table on prior slide.

(5) To determine non-GAAP adjusted EBITDA on a constant currency basis, non-GAAP adjusted EBITDA from entities reporting in foreign currencies were translated to U.S. Dollars using the comparable prior period's quarterly weighted average foreign currency exchange rates. The primary foreign currencies creating the impact are the Australian Dollar, British Pound, Canadian Dollar and EURO.

(6) Measured by non-GAAP organic revenue growth on constant currency basis plus non-GAAP adjusted EBITDA margin on constant currency basis.

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31, 2021									
(in thousands, except per share amounts)	GAAP	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring and Other Real Estate Activities	Security Incident-related costs, net of insurance[(1)]	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue										
Recurring	$ 238,584	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 238,584
One-time services and other	9,307	—	—	—	—	—	—	—	—	9,307
Total revenue	**247,891**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**247,891**
Cost of revenue										
Cost of recurring	111,680	(3,505)	(7,823)	—	—	—	—	—	(11,328)	100,352
Cost of one-time services and other	12,379	(1,589)	(386)	—	—	—	—	—	(1,975)	10,404
Total cost of revenue	**124,059**	**(5,094)**	**(8,209)**	**—**	**—**	**—**	**—**	**—**	**(13,303)**	**110,756**
Gross profit	**123,832**	**5,094**	**8,209**	**—**	**—**	**—**	**—**	**—**	**13,303**	**137,135**
Recurring gross margin	*53.2 %*								*4.7 %*	*57.9 %*
One-time services and other gross margin	*(33.0)%*								*21.2 %*	*(11.8)%*
Total gross margin	***50.0 %***								***5.3 %***	***55.3 %***
Operating expenses										
Sales, marketing and customer success	47,366	(5,235)	—	—	—	—	—	—	(5,235)	42,131
Research and development	33,606	(7,355)	—	—	—	—	—	—	(7,355)	26,251
General and administrative	48,934	(13,215)	—	—	9	(2,982)	(12,515)	(493)	(29,196)	19,738
Amortization	553	—	(553)	—	—	—	—	—	(553)	—
Restructuring	—	—	—	—	—	—	—	—	—	—
Total operating expenses	**130,459**	**(25,805)**	**(553)**	**—**	**9**	**(2,982)**	**(12,515)**	**(493)**	**(42,339)**	**88,120**
Income from operations	**(6,627)**	**30,899**	**8,762**	**—**	**(9)**	**2,982**	**12,515**	**493**	**55,642**	**49,015**
Total operating margin	***(2.7)%***								***22.5 %***	***19.8 %***
Net (loss) income	**$ (7,057)**									**$ 36,019**
Shares used in computing diluted (loss) earnings per share	46,990									48,106
Diluted (loss) earnings per share	**$ (0.15)**									**$ 0.75**

(1) Includes Security Incident-related costs incurred, net of probable insurance recoveries. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

	Year Ended December 31, 2021									
(in thousands, except per share amounts)	GAAP	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring and Other Real Estate Activities	Security Incident-related costs, net of insurance[1]	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue										
Recurring	$ 880,850	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 880,850
One-time services and other	46,890	—	—	—	—	—	—	—	—	46,890
Total revenue	**927,740**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**927,740**
Cost of revenue										
Cost of recurring	390,803	(12,405)	(33,132)	—	—	—	—	—	(45,537)	345,266
Cost of one-time services and other	52,392	(7,547)	(1,680)	(29)	—	—	—	—	(9,256)	43,136
Total cost of revenue	**443,195**	**(19,952)**	**(34,812)**	**(29)**	**—**	**—**	**—**	**—**	**(54,793)**	**388,402**
Gross profit	**484,545**	**19,952**	**34,812**	**29**	**—**	**—**	**—**	**—**	**54,793**	**539,338**
Recurring gross margin	*55.6 %*								*5.2 %*	*60.8 %*
One-time services and other gross margin	*(11.7)%*								*19.7 %*	*8.0 %*
Total Gross Margin	***52.2 %***								***5.9 %***	***58.1 %***
Operating expenses										
Sales, marketing and customer success	186,314	(20,283)	—	(1,342)	—	—	—	—	(21,625)	164,689
Research and development	124,573	(27,080)	—	(36)	—	—	—	—	(27,116)	97,457
General and administrative	146,262	(53,064)	—	(103)	124	(3,178)	(11,839)	(1,814)	(69,874)	76,388
Amortization	2,227	—	(2,227)	—	—	—	—	—	(2,227)	—
Restructuring	263	—	—	—	—	—	(263)	—	(263)	—
Total operating expenses	**459,639**	**(100,427)**	**(2,227)**	**(1,481)**	**124**	**(3,178)**	**(12,102)**	**(1,814)**	**(121,105)**	**338,534**
Income from operations	**24,906**	**120,379**	**37,039**	**1,510**	**(124)**	**3,178**	**12,102**	**1,814**	**175,898**	**200,804**
Total Operating Margin	***2.7 %***								***18.9 %***	***21.6 %***
Net Income	**$ 5,698**									**$ 146,384**
Shares used in computing diluted earnings per share	48,230									48,230
Diluted earnings per share	**$ 0.12**									**$ 3.04**

(1) Includes Security Incident-related costs incurred, net of probable insurance recoveries. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

	Three Months Ended December 31, 2020								
(in thousands, except per share amounts)	GAAP	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring and Other Real Estate Activities	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue									
Recurring	$ 229,516	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 229,516
One-time services and other	13,090	—	—	—	—	—	—	—	13,090
Total revenue	**242,606**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**242,606**
Cost of revenue									
Cost of recurring	104,509	(2,564)	(9,546)	(86)	—	—	—	(12,196)	92,313
Cost of one-time services and other	15,067	(3,687)	413	(8)	—	—	—	(3,282)	11,785
Total cost of revenue	**119,576**	**(6,251)**	**(9,133)**	**(94)**	**—**	**—**	**—**	**(15,478)**	**104,098**
Gross profit	**123,030**	**6,251**	**9,133**	**94**	**—**	**—**	**—**	**15,478**	**138,508**
Recurring gross margin	*54.5 %*							*5.3 %*	*59.8 %*
One-time services and other gross margin	*(15.1)%*							*25.1 %*	*10.0 %*
Total Gross Margin	***50.7 %***							***6.4 %***	***57.1 %***
Operating expenses									
Sales, marketing and customer success	50,613	(5,429)	—	(57)	—	—	—	(5,486)	45,127
Research and development	27,491	(7,282)	—	(134)	—	—	—	(7,416)	20,075
General and administrative	45,023	(13,739)	—	3	16	(65)	(16,216)	(30,001)	15,022
Amortization	696	—	(696)	—	—	—	—	(696)	—
Restructuring	57	—	—	—	—	—	(57)	(57)	—
Total operating expenses	**123,880**	**(26,450)**	**(696)**	**(188)**	**16**	**(65)**	**(16,273)**	**(43,656)**	**80,224**
Income from operations	**(850)**	**32,701**	**9,829**	**282**	**(16)**	**65**	**16,273**	**59,134**	**58,284**
Total Operating Margin	***(0.4)%***							***24.4 %***	***24.0 %***
Net (loss) income	**$ (13,621)**								**$ 41,970**
Shares used in computing diluted (loss) earnings per share	48,190								49,097
Diluted (loss) earnings per share	**$ (0.28)**								**$ 0.85**

Reconciliation of GAAP to Non-GAAP Consolidated Statements of Operations (Unaudited)

	Year Ended December 31, 2020								
(in thousands, except per share amounts)	GAAP	Stock-based Compensation Expense	Amortization of Intangibles from Business Combinations	Employee Severance	Acquisition-related Integration Costs	Acquisition-related Expenses	Restructuring and Other Real Estate Activities	Non-GAAP Adjustments Subtotal	Non-GAAP
Revenue									
Recurring	$ 850,745	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 850,745
One-time services and other	62,474	—	—	—	—	—	—	—	62,474
Total revenue	**913,219**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**913,219**
Cost of revenue									
Cost of recurring	369,681	(5,793)	(36,835)	(436)	—	—	—	(43,064)	326,617
Cost of one-time services and other	58,384	(7,581)	(2,133)	(471)	—	—	—	(10,185)	48,199
Total cost of revenue	**428,065**	**(13,374)**	**(38,968)**	**(907)**	**—**	**—**	**—**	**(53,249)**	**374,816**
Gross profit	**485,154**	**13,374**	**38,968**	**907**	**—**	**—**	**—**	**53,249**	**538,403**
Recurring gross margin	*56.5 %*							*5.1 %*	*61.6 %*
One-time services and other gross margin	*6.5 %*							*16.3 %*	*22.8 %*
Total Gross Margin	***53.1 %***							***5.9 %***	***59.0 %***
Operating expenses									
Sales, marketing and customer success	209,762	(15,514)	—	(1,958)	—	—	—	(17,472)	192,290
Research and development	100,146	(18,527)	—	(821)	—	—	—	(19,348)	80,798
General and administrative	134,852	(39,842)	—	(1,189)	134	(353)	(23,054)	(64,304)	70,548
Amortization	2,915	—	(2,915)	—	—	—	—	(2,915)	—
Restructuring	236	—	—	—	—	—	(236)	(236)	—
Total operating expenses	**447,911**	**(73,883)**	**(2,915)**	**(3,968)**	**134**	**(353)**	**(23,290)**	**(104,275)**	**343,636**
Income from operations	**37,243**	**87,257**	**41,883**	**4,875**	**(134)**	**353**	**23,290**	**157,524**	**194,767**
Total Operating Margin	***4.1 %***							***17.2 %***	***21.3 %***
Net Income	**$ 7,717**								**$ 143,311**
Shares used in computing diluted earnings per share	48,696								48,696
Diluted earnings per share	**$ 0.16**								**$ 2.94**

Historical Consolidated Balance Sheets (Unaudited)

(in thousands)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Assets								
Current assets:								
Cash and cash equivalents	$ 24,972	$ 30,531	$ 30,563	$ 35,750	$ 27,753	$ 28,288	$ 27,591	$ 55,146
Restricted cash due to customers	232,250	421,915	203,660	609,219	255,158	434,567	216,122	596,616
Accounts receivable, net of allowance	89,191	129,675	96,830	95,404	83,333	119,270	105,873	102,726
Customer funds receivable	1,205	1,284	4,901	321	945	5,390	6,076	977
Prepaid expenses and other current assets	81,004	83,699	76,761	78,366	98,095	103,493	102,319	95,506
Total current assets	428,622	667,104	412,715	819,060	465,284	691,008	457,981	850,971
Property and equipment, net	35,661	36,539	109,469	105,177	105,124	104,914	103,346	111,428
Operating lease right-of-use assets	100,568	95,575	30,218	22,671	20,055	22,630	19,652	53,883
Software development costs, net	105,594	106,044	108,891	111,827	113,624	116,562	118,860	121,377
Goodwill	631,033	630,687	632,840	635,854	637,113	637,510	635,912	1,058,640
Intangible assets, net	303,097	292,187	284,414	277,506	269,118	260,072	249,494	698,052
Other assets	66,346	68,673	72,617	72,639	74,022	70,666	69,699	77,266
Total assets	$ 1,670,921	$ 1,896,809	$ 1,651,164	$ 2,044,734	$ 1,684,340	$ 1,903,362	$ 1,654,944	$ 2,971,617
Liabilities and stockholders' equity								
Current liabilities:								
Trade accounts payable	$ 44,510	$ 41,029	$ 31,775	$ 27,836	$ 35,274	$ 30,605	$ 38,388	$ 22,067
Accrued expenses and other current liabilities	45,781	52,893	48,380	52,228	53,013	55,808	58,579	100,096
Due to customers	233,455	423,199	207,356	608,264	254,947	438,633	220,785	594,273
Debt, current portion	10,351	9,194	10,305	12,840	12,875	12,911	12,948	18,697
Deferred revenue, current portion	288,682	332,570	322,452	312,236	290,025	339,670	329,426	374,499
Total current liabilities	622,779	858,885	620,268	1,013,404	646,134	877,627	660,126	1,109,632
Debt, net of current portion	520,576	478,919	497,953	518,193	537,924	531,973	514,418	937,483
Deferred tax liability	43,286	45,108	46,989	54,086	54,444	56,227	56,144	148,465
Deferred revenue, net of current portion	1,715	4,626	5,803	4,678	4,495	5,749	4,528	4,247
Operating lease liabilities, net of current portion	91,235	86,586	25,706	17,357	15,744	17,173	13,470	53,386
Other liabilities	10,937	11,883	12,610	10,866	9,439	9,339	9,421	1,344
Total liabilities	1,290,528	1,486,007	1,209,329	1,618,584	1,268,180	1,498,088	1,258,107	2,254,557
Commitments and contingencies								
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock, $0.001 par value	61	61	61	61	62	62	62	66
Additional paid-in capital	471,344	491,450	512,269	544,963	574,958	605,486	634,406	968,927
Treasury stock, at cost	(310,447)	(311,661)	(311,951)	(353,091)	(399,583)	(449,877)	(490,456)	(500,911)
Accumulated other comprehensive (loss) income	(14,140)	(14,476)	(8,872)	(2,497)	4,163	6,291	3,319	6,522
Retained earnings	233,575	245,428	250,328	236,714	236,560	243,312	249,506	242,456
Total stockholders' equity	380,393	410,802	441,835	426,150	416,160	405,274	396,837	717,060
Total liabilities and stockholders' equity	$ 1,670,921	$ 1,896,809	$ 1,651,164	$ 2,044,734	$ 1,684,340	$ 1,903,362	$ 1,654,944	$ 2,971,617

The fair values assigned to the assets acquired and liabilities assumed in our acquisition of EVERFI are based on our best estimates and assumptions and are considered preliminary pending finalization. The estimates and assumptions are subject to change as we obtain additional information during the measurement period, which may be up to one year from the acquisition date. The assets and liabilities, pending finalization, include the valuation of intangible assets as well as the assumed deferred income tax balances.

Historical Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands, except share and per share amounts)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Revenue										
Recurring	$ 204,867	$ 216,260	$ 200,102	$ 229,516	$ 850,745	$ 206,750	$ 216,986	$ 218,530	$ 238,584	$ 880,850
One-time services and other	18,754	15,731	14,899	13,090	62,474	12,441	12,454	12,688	9,307	46,890
Total revenue	223,621	231,991	215,001	242,606	913,219	219,191	229,440	231,218	247,891	927,740
Cost of revenue										
Cost of recurring	89,551	91,370	84,251	104,509	369,681	88,865	94,435	95,823	111,680	390,803
Cost of one-time services and other	15,314	13,569	14,434	15,067	58,384	14,520	13,635	11,858	12,379	52,392
Total cost of revenue	104,865	104,939	98,685	119,576	428,065	103,385	108,070	107,681	124,059	443,195
Gross profit	118,756	127,052	116,316	123,030	485,154	115,806	121,370	123,537	123,832	484,545
Operating expenses										
Sales, marketing and customer success	58,735	51,954	48,460	50,613	209,762	48,793	45,452	44,703	47,366	186,314
Research and development	24,977	24,895	22,783	27,491	100,146	29,179	30,222	31,566	33,606	124,573
General and administrative	25,855	29,842	34,132	45,023	134,852	30,587	32,008	34,733	48,934	146,262
Amortization	741	729	749	696	2,915	549	567	558	553	2,227
Restructuring	24	50	105	57	236	54	78	131	—	263
Total operating expenses	110,332	107,470	106,229	123,880	447,911	109,162	108,327	111,691	130,459	459,639
Income (loss) from operations	8,424	19,582	10,087	(850)	37,243	6,644	13,043	11,846	(6,627)	24,906
Interest expense	(4,159)	(3,893)	(3,997)	(5,238)	(17,287)	(5,114)	(5,054)	(4,003)	(3,832)	(18,003)
Other income (expense), net	1,070	630	542	(584)	1,658	(1,010)	487	862	(159)	180
Income (loss) before provision (benefit) for income taxes	5,335	16,319	6,632	(6,672)	21,614	520	8,476	8,705	(10,618)	7,083
Income tax provision (benefit)	696	4,496	1,756	6,949	13,897	684	1,745	2,517	(3,561)	1,385
Net income (loss)	$ 4,639	$ 11,823	$ 4,876	$ (13,621)	$ 7,717	$ (164)	$ 6,731	$ 6,188	$ (7,057)	$ 5,698
Earnings (loss) per share										
Basic	$ 0.10	$ 0.25	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13	$ (0.15)	$ 0.12
Diluted	$ 0.10	$ 0.24	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13	$ (0.15)	$ 0.12
Common shares and equivalents outstanding										
Basic weighted average shares	48,036,300	48,239,928	48,271,139	48,190,388	48,184,714	47,363,197	47,756,326	47,542,746	46,989,624	47,412,306
Diluted weighted average shares	48,455,751	48,418,378	48,859,707	48,190,388	48,696,341	47,363,197	48,444,874	48,274,072	46,989,624	48,230,438
Other comprehensive (loss) income										
Foreign currency translation adjustment	(5,728)	(887)	4,661	6,525	4,571	2,511	1,783	(3,234)	(399)	661
Unrealized (loss) gain on derivative instruments, net of tax	(3,122)	551	943	(150)	(1,778)	4,149	345	262	3,602	8,358
Total other comprehensive (loss) income	(8,850)	(336)	5,604	6,375	2,793	6,660	2,128	(2,972)	3,203	9,019
Comprehensive (loss) income	$ (4,211)	$ 11,487	$ 10,480	$ (7,246)	$ 10,510	$ 6,496	$ 8,859	$ 3,216	$ (3,854)	$ 14,717

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Historical Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	3 months ended 03/31/2020	6 months ended 06/30/2020	9 months ended 09/30/2020	12 months ended 12/31/2020	3 months ended 03/31/2021	6 months ended 06/30/2021	9 months ended 09/30/2021	12 months ended 12/31/2021
Cash flows from operating activities								
Net income (loss)	$ 4,639	$ 16,462	$ 21,338	$ 7,717	$ (164)	$ 6,567	$ 12,755	$ 5,698
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:								
Depreciation and amortization	21,804	46,088	68,755	92,735	20,461	40,742	60,484	82,410
Provision for doubtful accounts and sales returns	2,488	6,677	10,156	13,230	2,141	4,418	7,992	11,450
Stock-based compensation expense	13,580	33,713	54,556	87,257	30,005	60,554	89,480	120,379
Deferred taxes	954	1,945	1,879	8,837	(1,142)	276	400	(2,429)
Amortization of deferred financing costs and discount	188	376	569	781	506	879	1,234	1,570
Other non-cash adjustments	102	477	2,203	2,958	(32)	155	(527)	10,490
Changes in operating assets and liabilities, net of acquisition and disposal of businesses:								
Accounts receivable	(3,876)	(48,167)	(18,319)	(18,414)	10,407	(27,134)	(18,779)	(6,525)
Prepaid expenses and other assets	(5,303)	(7,068)	4,292	22,568	(17,426)	(18,162)	(14,169)	(2,048)
Trade accounts payable	(4,021)	(8,984)	(17,203)	(19,997)	7,550	2,356	10,728	(9,670)
Accrued expenses and other liabilities	(31,694)	(26,520)	(31,595)	(49,232)	549	1,443	2,790	(8,190)
Deferred revenue	(23,364)	22,489	12,534	(485)	(22,752)	27,828	17,400	10,526
Net cash (used in) provided by operating activities	(24,503)	37,488	109,165	147,955	30,103	99,922	169,788	213,661
Cash flows from investing activities								
Purchase of property and equipment	(2,867)	(5,887)	(25,836)	(29,690)	(3,470)	(6,128)	(8,332)	(11,664)
Capitalized software development costs	(10,937)	(21,679)	(32,028)	(42,157)	(9,302)	(19,862)	(29,661)	(40,489)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	—	—	—	—	—	—	—	(419,120)
Net cash used in investing activities	(13,804)	(27,566)	(57,864)	(71,847)	(12,772)	(25,990)	(37,993)	(471,273)
Cash flows from financing activities								
Proceeds from issuance of debt	144,700	202,100	267,400	748,500	80,700	128,300	128,300	582,200
Payments on debt	(86,075)	(185,250)	(290,999)	(747,563)	(59,667)	(113,477)	(131,272)	(152,971)
Debt issuance costs	—	—	(593)	(4,586)	—	—	—	(3,106)
Employee taxes paid for withheld shares upon equity award settlement	(19,782)	(20,996)	(21,286)	(21,425)	(18,426)	(38,712)	(39,012)	(39,404)
Proceeds from exercise of stock options	1	4	4	4	—	—	—	—
Change in due to customers	(311,095)	(121,612)	(337,821)	61,214	(353,597)	(170,061)	(386,973)	(13,464)
Change in customer funds receivable	(733)	(828)	(4,495)	138	(563)	(5,014)	(5,838)	(731)
Purchase of treasury stock	—	—	—	(41,001)	(28,066)	(58,074)	(98,353)	(108,416)
Dividend payments to stockholders	(5,960)	(5,960)	(5,960)	(5,960)	—	—	—	—
Net cash (used in) provided by financing activities	(278,944)	(132,542)	(393,750)	(10,679)	(379,619)	(257,038)	(533,148)	264,108
Effect of exchange rate on cash, cash equivalents, and restricted cash	(2,822)	(2,229)	(623)	2,245	230	992	97	297
Net (decrease) increase in cash, cash equivalents, and restricted cash	(320,073)	(124,849)	(343,072)	67,674	(362,058)	(182,114)	(401,256)	6,793
Cash, cash equivalents, and restricted cash, beginning of period	577,295	577,295	577,295	577,295	644,969	644,969	644,969	644,969
Cash, cash equivalents, and restricted cash, end of period	$ 257,222	$ 452,446	$ 234,223	$ 644,969	$ 282,911	$ 462,855	$ 243,713	$ 651,762

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Historical Reconciliations of GAAP to Non-GAAP Financial Measures (Unaudited)

(in thousands, except share and per share amounts)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
GAAP Revenue	$ 223,621	$ 231,991	$ 215,001	$ 242,606	$ 913,219	$ 219,191	$ 229,440	$ 231,218	$ 247,891	$ 927,740
GAAP gross profit	$ 118,756	$ 127,052	$ 116,316	$ 123,030	$ 485,154	$ 115,806	$ 121,370	$ 123,537	$ 123,832	$ 484,545
GAAP gross margin	53.1 %	54.8 %	54.1 %	50.7 %	53.1 %	52.8 %	52.9 %	53.4 %	50.0 %	52.2 %
Non-GAAP adjustments:										
Add: Stock-based compensation expense	865	2,570	3,688	6,251	13,374	5,358	5,237	4,263	5,094	19,952
Add: Amortization of intangibles from business combinations	10,930	9,686	9,219	9,133	38,968	9,128	8,880	8,595	8,209	34,812
Add: Employee severance	32	781	—	94	907	—	15	14	—	29
Subtotal	11,827	13,037	12,907	15,478	53,249	14,486	14,132	12,872	13,303	54,793
Non-GAAP gross profit	$ 130,583	$ 140,089	$ 129,223	$ 138,508	$ 538,403	$ 130,292	$ 135,502	$ 136,409	$ 137,135	$ 539,338
Non-GAAP gross margin	58.4 %	60.4 %	60.1 %	57.1 %	59.0 %	59.4 %	59.1 %	59.0 %	55.3 %	58.1 %
GAAP income (loss) from operations	$ 8,424	$ 19,582	$ 10,087	$ (850)	$ 37,243	$ 6,644	$ 13,043	$ 11,846	$ (6,627)	$ 24,906
GAAP operating margin	3.8 %	8.4 %	4.7 %	(0.4)%	4.1 %	3.0 %	5.7 %	5.1 %	(2.7)%	2.7 %
Non-GAAP adjustments:										
Add: Stock-based compensation expense	13,580	20,133	20,843	32,701	87,257	30,005	30,549	28,926	30,899	120,379
Add: Amortization of intangibles from business combinations	11,671	10,415	9,968	9,829	41,883	9,677	9,447	9,153	8,762	37,039
Add: Employee severance	97	4,264	232	282	4,875	991	451	68	—	1,510
Add: Acquisition-related integration costs	(32)	(71)	(15)	(16)	(134)	(98)	—	(17)	(9)	(124)
Add: Acquisition-related expenses	139	85	64	65	353	65	64	67	2,982	3,178
Add: Restructuring and other real estate activities	24	50	6,943	16,273	23,290	(111)	118	(420)	12,515	12,102
Add: Security Incident-related costs, net of insurance(2)	—	—	—	—	—	—	470	851	493	1,814
Subtotal	25,479	34,876	38,035	59,134	157,524	40,529	41,099	38,628	55,642	175,898
Non-GAAP income from operations	$ 33,903	$ 54,458	$ 48,122	$ 58,284	$ 194,767	$ 47,173	$ 54,142	$ 50,474	$ 49,015	$ 200,804
Non-GAAP operating margin	15.2 %	23.5 %	22.4 %	24.0 %	21.3 %	21.5 %	23.6 %	21.8 %	19.8 %	21.6 %
GAAP income (loss) before provision (benefit) for income taxes	$ 5,335	$ 16,319	$ 6,632	$ (6,672)	$ 21,614	$ 520	$ 8,476	$ 8,705	$ (10,618)	$ 7,083
GAAP net income (loss)	$ 4,639	$ 11,823	$ 4,876	$ (13,621)	$ 7,717	$ (164)	$ 6,731	$ 6,188	$ (7,057)	$ 5,698
Shares used in computing GAAP diluted earnings (loss) per share	48,455,751	48,418,378	48,859,707	48,190,388	48,696,341	47,363,197	48,444,874	48,274,072	46,989,624	48,230,438
GAAP diluted earnings (loss) per share	$ 0.10	$ 0.24	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13	$ (0.15)	$ 0.12
Non-GAAP adjustments:										
Add: GAAP income tax provision (benefit)	696	4,496	1,756	6,949	13,897	684	1,745	2,517	(3,561)	1,385
Add: Total Non-GAAP adjustments affecting income from operations	25,479	34,876	38,035	59,134	157,524	40,529	41,099	38,628	55,642	175,898
Non-GAAP income before provision for income taxes	30,814	51,195	44,667	52,462	179,138	41,049	49,575	47,333	45,024	182,981
Assumed non-GAAP income tax provision(3)	6,163	10,239	8,933	10,492	35,827	8,210	9,915	9,467	9,005	36,597
Non-GAAP net income	$ 24,651	$ 40,956	$ 35,734	$ 41,970	$ 143,311	$ 32,839	$ 39,660	$ 37,866	$ 36,019	$ 146,384
Shares used in computing Non-GAAP diluted earnings per share	48,455,751	48,418,378	48,859,707	49,097,084	48,696,341	48,387,042	48,444,874	48,274,072	48,106,044	48,230,438
Non-GAAP diluted earnings per share	$ 0.51	$ 0.85	$ 0.73	$ 0.85	$ 2.94	$ 0.68	$ 0.82	$ 0.78	$ 0.75	$ 3.04

Note 1: The individual amounts for each quarter may not sum to full year totals due to rounding.

Note 2: Includes Security Incident-related costs incurred, net of probable insurance recoveries. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

Note 3: We apply a non-GAAP effective tax rate of 20.0% when calculating non-GAAP net income and non-GAAP diluted earnings per share.

Historical Reconciliations of GAAP to Non-GAAP Financial Measures (Unaudited)

(in thousands)	3 months ended 3/31/2020	6 months ended 6/30/2020	9 months ended 9/30/2020	12 months ended 12/31/2020	3 months ended 3/31/2021	6 months ended 6/30/2021	9 months ended 9/30/2021	12 months ended 12/31/2021
GAAP net cash (used in) provided by operating activities	(24,503)	37,488	109,165	147,955	30,103	99,922	169,788	213,661
Less: purchase of property and equipment	(2,867)	(5,887)	(25,836)	(29,690)	(3,470)	(6,128)	(8,332)	(11,664)
Less: capitalized software development costs	(10,937)	(21,679)	(32,028)	(42,157)	(9,302)	(19,862)	(29,661)	(40,489)
Non-GAAP free cash flow	$ (38,307)	$ 9,922	$ 51,301	$ 76,108	$ 17,331	$ 73,932	$ 131,795	$ 161,508