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Blackbaud Inc Acquires EVERFI Inc Call

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PRESENTATION

Operator

Good day, and welcome to this morning's call with Blackbaud. Please note that today's conference is being recorded. I'll now turn the call over to Steve Hufford, Director of Investor Relations. Please go ahead, sir.

Steve Hufford *Blackbaud, Inc. - Director of IR*

Good morning, and welcome to the conference call to discuss Blackbaud's acquisition of EVERFI. Joining me on the call today are Mike Gianoni, Blackbaud's President and CEO; and Tom Davidson, EVERFI's Founder and CEO. Mike and Tom will make brief prepared comments this morning, and then we will open up the line for questions.

During the course of this call, we may make forward-looking statements, including, but not limited to, statements regarding Blackbaud's expectations or predictions of future financial or business performance, business strategy and plans and anticipated impacts from pending or completed acquisitions. Forward-looking statements are inherently subject to risks uncertainties and assumptions, and they are not guarantees of performance. Please refer to our most recent Form 10-K and other SEC filings as well as the legal disclaimer included in the presentation posted to our Investor Relations website for more information on those risks.

Also, we believe that a combination of both GAAP and non-GAAP measures are more representative of how we internally measure our business. Unless otherwise specified, we will refer only to non-GAAP financial measures on this call. Please note that non-GAAP financial measures should not be considered in isolation from or as a substitution for GAAP measures. A reconciliation of GAAP and non-GAAP results is available in our most recent earnings release and a more detailed supplemental schedule is available in our presentation on our Investor Relations website.

With that, thank you for joining us, and I'll turn the call over to you, Mike.

Michael P. Gianoni *Blackbaud, Inc. - President, CEO & Director*

Thanks, Steve. Good morning, everyone. Thank you for joining us on short notice. Yesterday, we announced the exciting news that we have acquired EVERFI, a global social impact technology leader. I'm delighted to have EVERFI's Founder and CEO, Tom Davidson, on the call with us today to talk about our shared vision and commitment to driving social good through world-class technology.

Before we jump in, I encourage you to refer to yesterday's press release and the slide deck we posted to our Investor Relations website for an overview of EVERFI and transaction details.

In short, the total purchase price for EVERFI was approximately \$750 million or just over 6x estimated 2022 revenue comprised of \$450 million in cash and \$300 million in common stock, subject to certain purchase price adjustments. I'll cover the strategic rationale in a moment, but first, I'd like to start by saying welcome to any EVERFI employees that are tuned in today. As we got to know the team at EVERFI, it became abundantly clear that our companies are united by a strong shared purpose of driving impact for social good, and I'm energized by the deep cultural alignment between our teams.

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For those on the call that may not be familiar, EVERFI is a high-quality SaaS company that drives impact by leveraging the resources, commitment and expertise of the corporate sector to create and deliver digital education and training to K-12 students, employees and communities.

EVERFI offers programs on important societal topics: such as financial literacy; health and well-being; social and emotional learning; STEM; and digital literacy among many other topics. We also deliver adult-focused content and HR compliance training space for companies and institutions. Tom will have more on this shortly.

EVERFI pioneered the field of impact as a service, offering a subscription-based model that enables organizations to deliver social impact at scale through their cloud-based software platform and digital education content. Through their platform and program offerings, EVERFI is also able to yield anonymized learner data to reflect the true impact of their educational offerings. Their innovative strategy and technology has placed them among the most highly regarded and trusted brands in a technology and data-driven social impact space.

It has also earned them recognition, such as Fast Company's list of the World's Most Innovative Companies, Fortune's Impact 20 List and the GSV EdTech 150, a list of the most transformative growth companies in digital learning. EVERFI has cultivated an impressive and uniquely diversified customer base and include some of the world's largest and most well-known financial institutions, companies, foundations and sports leagues. This includes 7 of the top 10 U.S. banks by assets, 3 of the top 5 U.S. insurers, 3 of the top 5 most valuable technology companies in the world and 5 of the major global professional sports leagues.

Through their technology and learning platform, EVERFI has reached more than 45 million learners globally, while also delivering critical insight to its corporate customers, enabling them to measure and amplify the impact of the educational programs they're sponsoring in support of their ESG and CSR goals. This acquisition advances our position as a leader in the rapidly evolving ESG and corporate social responsibility spaces and doubles our total addressable market opportunity, adding roughly \$10 billion in TAM. That's a major increase for Blackbaud.

Also significant, over half of our addressable opportunity is now in the corporate sector. As companies continue to invest more in programs to give back to their communities, they need a partner who can help connect their philanthropic goals to meaningful social impact opportunities. Together, we will be the leading partner to help corporations drive meaningful social impact across a large span of technology-enabled program areas from community education to volunteering to grant making and philanthropy. We're also going to aggressively pursue what we believe to be substantial revenue synergies in the form of cross-selling and upselling given the complementary product offerings with our YourCause Solutions and minimal customer overlap.

Even before synergies, EVERFI's financial profile is highly attractive. We're expected to generate approximately \$100 million of total revenue for full year 2021, representing double-digit growth over 2020, and were profitable. We plan on providing full year 2022 financial guidance for the combined companies on an upcoming Q4 earnings call in February.

At this time, I'll remind you, we had a very strong performance through the third quarter with near double-digit organic recurring revenue growth in Q3. We're reiterating our outlook for full year 2021 calling for total revenue of at least \$920 million, up from our original best estimate of \$900 million, adjusted EBITDA margin of at least 26% and free cash flow of at least \$150 million, which has us on pace for one of our best free cash flow years ever. Building on Blackbaud's momentum heading into 2022, EVERFI is a very solid recurring revenue addition. EVERFI will be immediately accretive to our revenue growth profile, adding an estimated \$120 million in 2022 revenue, with a year-on-year growth rate approaching 20%.

We expect cost synergies as we complete future integration work. But in the near term, we anticipate EVERFI to be dilutive to EBITDA margins as we look to accelerate the overall growth opportunity for the combined companies. This acquisition, combined with our recent company performance and our updated outlook provided on our Q3 earnings call, allows us to significantly pull forward our timeline for achieving our long-term goal of mid- to high-digit organic revenue growth for being a few years out to now beginning in 2022.

In summary, EVERFI's shared mission-driven culture, world-class team, industry-leading impact as a Service Cloud platform, large

addressable market and high-growth reoccurring revenue model, check all the boxes that we look for in a high-quality acquisition. I've been incredibly impressed by Tom and the leadership team around him in EVERFI.

Tom, his cofounders, Jon Chapman and Ray Martinez will join Blackbaud alongside the rest of EVERFI's executive team. With the close of this transaction, our pro forma leverage ratio stands at approximately 3.4x, which is below our maximum allowable leverage of 4.25x. And consistent with previous acquisitions, we plan to rapidly deleverage.

I'm very confident that the combination of Blackbaud and EVERFI adds tremendous value to a very large and fast-growing market, which will accelerate our growth, pull our long-term financial goals forward and create value for our shareholders.

With that, I'll turn the call over to Tom before we open it up for Q&A.

Thomas M. Davidson *EVERFI, Inc. - Co-Founder & CEO*

Thanks, Mike. I'll start by saying we're thrilled to be joining the Blackbaud team and couldn't imagine a more natural fit for us as a company. It's clear that EVERFI and Blackbaud have a shared sense of purpose, tremendous teams and strong mission-driven cultures. Together, we offer an unparalleled commitment to innovation, social impact and customers making us the leader in the social impact space.

EVERFI was founded with the belief that there is an infrastructure opportunity to build what we call the missing learning layer of education. This learning layer goes beyond core subjects like reading math and science to teach students about the building blocks of personal economic and financial security, mental health and wellness, sustainable lifestyles and environmental protection to name a few.

The past couple of years of the pandemic has cast a bright light on the inequities in Americas education system. The good news is there is a way to address this, by democratizing education and recognizing the vital role of corporate America and this model of inviting corporations to invest in K-12 education works.

For nearly 14 years, EVERFI has worked with corporations and organizations, including the MassMutual Foundation, Truist, NFL, the NHL, Google, Amazon and many others to deliver the road map of digital critical skills education into the classroom. EVERFI succeeded in these efforts reaching more than 7 million learners annually, through the development of a scalable educational software solution and close collaboration with school districts, schools and teachers along with a laser focus on tracking knowledge gain.

We are a trusted partner in school districts across North America and in the United Kingdom. We are in the top 100 largest school districts in the United States, and our digital education programs are implemented in more than 25,000 schools each year. We've also been at the forefront of some of the largest ESG and CSR initiatives in the world and our alignment with Blackbaud will only accelerate the impact we drive for millions of our learners every year.

To give you a sense of our value our customers see in our solutions, we have more than 100 customers spending 6 figures annually on our solutions, and our largest customer spend 7 figures annually. Roughly 3/4 of our customers are on multiyear contracts and approximately half of our new ARR is driven by upsell within our customer base. There is no doubt that we have a long runway for growth given the massive opportunity in front of us.

Cornerstone to our success has been our focus on 2 key areas, financial services and ESG, with upwards of 75% of our offerings being regulatory-driven or required training. For financial services institutions, we create private labeled subscription products that allow banks, credit unions, insurance companies, private wealth and asset management institutions to report on data-driven financial wellness programs and communities. Our ESG subscription enables organizations spanning global brands, foundations and sports leagues to launch and scale massive learning initiatives both internally and externally, driving measurable and lasting change.

In addition, we offer forward-leaning organizations the ability to create custom branded educational content around key topics like STEM, financial education and digital literacy. Through these corporate sponsorships, courses are offered online and free of charge.

EVERFI, in turn, makes it easy to quickly reach thousands of students in a classroom setting through our on-the-ground teams, many of whom are former teachers working directly with schools to implement the digital programs on behalf of our customers.

We see substantial opportunity to scale these programs like we have done over the last 14 years with Truist as a prime example of a customer that started with a few schools in North Carolina and now has scale and impact millions of students across their footprint.

Overall, our work together as a global team only serve to strengthen and accelerate our impact. We look forward to learning from each other, working together and, most importantly, driving meaningful societal outcomes for our customers. The world is seeking sustainable impact. We see this as the next best step to serve both of our customers while also driving growth and ultimately shareholder value. With that, we'd like to open up the line for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Parker Lane with Stifel.

Jeffrey Parker Lane Stifel, Nicolaus & Company, Incorporated, Research Division - Associate

Tom, EVERFI has a really impressive list of customers. You mentioned a few of them earlier in this call. Curious if you can give us a sense of what the businesses that aren't on the platform are doing from a social impact perspective today.

And when we think about the initial pitch here to businesses, is it finding new budget for EVERFI? Or are they reallocating budget from other initiatives they already have in place to go with your approach?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

In many cases, one of the really exciting things about this moment is more and more dollars are moving into this ESG and CSR initiatives, particularly at the larger companies that we target. These are dollars that exist today in many cases, but are being amplified in a major way based on the last couple of years.

So we're finding that we can come in and reimagine dollars that are already being spent. And one of the things that's exciting is once people start to see the scale and the impact that we can have, they tend to put more dollars towards these initiatives. We think that's only going to grow and having one organization that can come in and cover a lot of ground like our 2 organizations, is going to benefit greatly from that.

Jeffrey Parker Lane Stifel, Nicolaus & Company, Incorporated, Research Division - Associate

Yes. And then from an international perspective, I think you mentioned the U.K. is an area that you have some exposure, but what is the broader exposure that EVERFI has to international markets today? And from a content and solution standpoint, is that fully localized for language and culture to allow Blackbaud to quickly start cross-selling in a bunch of different geographies?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

The answer to that is yes. We completed an acquisition in the U.K. a little over a year ago. So what's exciting about this moment is the greenfield opportunities in places where Blackbaud team already is. So we see that as a very, very significant growth vector for us. We've also had to localize and have a lot of experience in localizing our content and translations across the globe, and I think that's something we're very much ready to do.

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Parker, it's Mike. I'll just add that this is very complementary to our YourCause platform, which is also global, multilingual, focused on corporations. And so this -- EVERFI and YourCause is just our really fantastic portfolio for corporations in this ESG space. And we have a much larger international footprint, especially across Europe and the U.K. than EVERFI, so we can really help accelerate some of the go-to-market efforts around the world.

Operator

Our next question comes from the line of Rob Oliver with Baird.

Robert Cooney Oliver Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Tom, I'll just start with you. Just wanted to ask, it looks from -- that you guys have a freemium element to your model as well where K-12 schools can access a lot of free content online, which looks pretty exciting. Just wondering a couple of questions. One, when you look at that freemium content, what's the rationale there?

Is it -- and you mentioned the Truist example of working with public schools in North Carolina, I believe. Is the idea to get to proliferate the platform through public school K-12, and then therefore, be more attractive to larger enterprises as you look to sell into them?

And can you talk about this customer split to the extent that you could share between free and paid. And then I had a quick follow-up.

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

Sure. Great question. So what's important about our model is, it's not as much a freemium model as it is our enterprises and our corporate customers licensing our content for communities and institutions that they care about and work with.

So it is a situation where in public K-12 schools where our content is free to use for teachers and students, but it is licensed on a subscription basis by our customers for those areas.

Robert Cooney Oliver Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst

Got it. Okay. Great. Helpful. And then, Mike, just one for you. Obviously, the heritage of the company, you guys started as a K-12 company and it's still, to this day, one of your strongest verticals. But traditionally, you guys have really kind of really dominated kind of private schools and at least for most of the case studies and references, that EVERFI, it's public schools. So just talk a little bit about the expansion of that opportunity for you guys looks like a whole potentially new addressable market for you and how you think about that?

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Yes. Rob, thanks. Just to be clear on your first question, too. So, EVERFI doesn't have a freemium to paid model. There's just one model where corporations are the subscribers and the revenue line -- the subscription revenue line is with corporations, yet the solution is provided free to K-12 students and teachers, just to be clear on that.

And secondly, yes, there is a good fit for us here with our corporations footprint. As I mentioned with YourCause, there's a fit in our K-12 current private school market as well with a brand-new offering. So we see lots of market synergies here in a business that's already fast growing.

Operator

Our next question comes from the line of Matt VanVliet with BTIG.

Matthew David VanVliet BTIG, LLC, Research Division - VP & Application Software Analyst

I guess, Tom, I was curious on what the go-to-market team looks like at EVERFI. Maybe how many sales reps do you have? How are they split? I guess, a cross-selling either the regulatory required elements or more of that forward leaning component on the ESG side that you mentioned across the enterprise market.

And then also, how do you kind of go after and attract new K-12 schools? How active are you in terms of adding those to your network?

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Matt, this is Mike. I'll take the first part of that and then turn it over to Tom. So, we don't break out headcount by function, but I could tell you we're going to increase the sales footprint in EVERFI this year. We've got tremendous growth opportunity. As you know, as a public company, we break out our sales headcount once a year in our 10-K. So we'll include that in our 10-K when we come around with that.

But we are going to increase sales headcount and the go-to-market investment in EVERFI. And secondly, EVERFI does have a sort of two business unit focus, financial institutions and ESG corporations. And Tom, if you want to step in there and kind of work through that, that would be great.

Thomas M. Davidson *EVERFI, Inc. - Co-Founder & CEO*

Sure. Thanks, Mike. Yes, the easiest way to describe this is we break the business down into two specific business units. One, both led by our co-Presidents at EVERFI: Jon Chapman and Ray Martinez, who have run these since the very beginning of the company about 14 years ago. Ray runs our financial services business. So he will be focused on building out all of our financial wellness and financial literacy subscriptions to customers. He has a very specific go-to-market team that does that and sells into the enterprise and banks, private wealth managers, crypto companies, asset managers and beyond.

Jon runs the other side of the business, which is what we call our ESG business, that's going to be focused on building the -- this missing learning layer around mental health, sustainability, environment, health care literacy and beyond. So that's going to be selling into hospital systems, insurers, sports leagues and others. Two distinct go-to-market teams that are running those businesses.

Matthew David VanVliet *BTIG, LLC, Research Division - VP & Application Software Analyst*

All right. Helpful. And then, Mike, what's the plan for the integration of the team? Is this going to be kind of a new business unit layered in with YourCause team? Or how should we think about just kind of the org structure there?

And then on the upsell, cross-sell opportunities, obviously, YourCause is at the forefront of this, but across the whole Blackbaud portfolio of customers, what are you thinking about in terms of integration timelines, opportunities to upsell, cross-sell as you look out over the next couple of years?

Michael P. Gianoni *Blackbaud, Inc. - President, CEO & Director*

Yes, sure, Matt. So as per typical, we'll start right away in planning for integration with the corporate functions like legal and finance and HR, which will start right away. We're also starting right away planning for cross-sell in the markets with YourCause, K-12.

And you're right on your last point, we have a lot of existing large customers that are potential targets as well, both in corporations, which are customer for YourCause. But our large traditional customers in higher ed and health care and others are also opportunities.

So we are starting, as we speak, cross-sell planning right away. EVERFI will be a business unit in Blackbaud like YourCause is and JustGiving is, and we'll integrate the corporate functions and get some synergies there. And Tom and Gene will focus on customers, employees and growth.

Operator

Our next question comes from the line of Koji Ikeda with Bank of America.

Koji Ikeda *BofA Securities, Research Division - VP & Research Analyst*

Congrats on the deal. A couple of questions for me here. First question, can you walk us through the TAM expansion a little bit. Now it's a double, up to \$20 billion, up from \$10 billion. You guys did acquire YourCause 2 years ago, and that did include a component of CSR.

And I think the most recent investor deck had social responsibility at a \$1 billion TAM component. So I guess my question is, what are you seeing with EVERFI that is really driving that significant increase in the TAM?

Michael P. Gianoni *Blackbaud, Inc. - President, CEO & Director*

Sure. Essentially, EVERFI is sort of vertical industry agnostic. And we're seeing the increase in ESG spending an opportunity for companies of all sizes to create a social footprint in the world for lots of reasons, as a big opportunity, and there's a lot of talk on ESG and corporate social responsibility investments.

Well, companies need a platform to be able to actually achieve their goals in these spaces. EVERFI represents a massive TAM expansion

related to that. It covers companies of all types, software companies, financial services companies, sports leagues, as we mentioned earlier, very large global TAM here for us to go after, and the platform is very complementary with the YourCause solution as well.

Koji Ikeda BofA Securities, Research Division - VP & Research Analyst

Got it. And just one follow-up for me for Tom. You talked about 2 business units here, the financial services and the ESG. Can you talk about maybe from a high level, the revenue split between those 2 and the growth between those 2? And who would you see the most from a competitive standpoint when you're selling EVERFI out there?

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Yes, Koji, we're not going to break out the sub units. The business, as we said, about \$100 million of revenue in '21 organically growing close to 20%. The bulk of the business of about 3/4 roughly is financial services. Both are growing nicely. Both are closing very large recurring revenue deals that are typically 3-year ARR contracts. So that's sort of the makeup of the growth profile.

And on the competition side, Tom, if you want to pick that up?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

Sure. What's interesting is we really think that we've been defining this very new space around impact, what we call Impact-as-a-Service™, we think technology like it has everywhere else is going to come into the ESG and CSR market and then redefine it. And which is why we're so excited about this. We think this puts us in the pole position as a part of Blackbaud to go be one of the real winners in this market.

From a competitive perspective, we're really competing against reimagining the way dollars have been spent by corporations around this and helping them deploy dollars that are being deployed in a very significant new way right now.

So when we're walking in, we're -- this Impact-as-a-Service™ space is so new and so interesting, we're not really finding that we're meeting someone who looks like us deal to deal. So we think we're defining it. We think there's a lot of opportunity to win it.

Operator

(Operator Instructions) Our next question comes from the line of Jessica Wang with Raymond James.

Jessica Wang

On the cross-sell commentary, can you talk about who the buyers are in enterprise for YourCause at EVERFI? And what did you see in selling to them?

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Tom, do you want to take that on the -- who the buyers are?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

Sure. So one of the areas that we found a lot of success is selling directly into the C-suite of companies. I'll take it down a little bit based on certain parts of our business. But one of the things that has changed over the last 4 or 5 years has been the elevation of corporate social responsibility, social impact and ESG directly into the C-suite of virtually every corporation in the world. So the budgets have moved there. The focus has moved there.

So often, the buyers are going to be anyone from the CEO and the COO to the Global Head of CSR or the President of the foundation, if they're large enough to have that. We tend to find that our success of penetrating those and we think delivering at such significant scale for the types of customers that we have at the levels that we have, makes it easier and easier for us year-to-year to open the doors at the top of the house.

We also have offerings that go directly into the compliance side and the HR side and that may be directly the CHRO, but it's going to be very much at the top of the house with most of these companies.

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Yes, and I'll just add to that. Thank you, Tom. The same buyer for YourCause. And this entire space for companies now is at the Board level. You'll see that typically guidance committees are expanding their charters to oversee ESG initiatives or the comp committees are expanding their charters to be wider in all things, human resources, which is usually corporate social responsibility. So, the Boards are getting involved from an oversight standpoint.

This is the top of the mind for CEOs of companies of all sizes, including the largest companies in the world, related driving ESG platforms, heads of HR and the war for talent and creating a social impact organization regardless of what you do as a company. These are all strategic level topics that are at the top of the house in the decision-making related to EVERFI and YourCause, and that's why we see a really great, very large addressable market and strategic fit from a go-to-market standpoint as well.

Jessica Wang

Got it. Thanks. And also following up on Matt's question earlier, can you talk about what drives [inaudible] activity at EVERFI? Is it just more content or like financial institutions taking ESG or is there corporations that want to license kind of more schools. Where are those big buckets?

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Do you want to take that, Tom?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

Sure. And just got a little choppy there for a second, sorry. So the question is what are the growth drivers? Is it -- if you don't mind just repeating the question. Sorry, I got a little choppy.

Jessica Wang

Yes. It's just like, what's really driving the expansion activity at EVERFI? Like what are these big buckets that are driving people's interest?

Thomas M. Davidson EVERFI, Inc. - Co-Founder & CEO

Sure. Well, I think Mike really hit it on the head there. This -- the elevation of CSR and ESG is something, it's an irreversible trend, and it's something that's sitting in the corner office and boardroom of every single company on the planet right now. So that's number one. There's this global tailwind that we have right now.

And we've watched this. We've been in the trenches of this for almost 14 years trying to tell the story and elevate this to the place that it is today. And I think that's -- we always talk around here that we think our best days are ahead of us right now, and it certainly feels that way. Number one.

Number two is, one of the things to remember about EVERFI in our business historically is it seems that every year, there's a whole new set of issues that we can go and attack. These might be issues around digital device management, mental health for kids, this might be areas around sustainability and impact.

Obviously, health care literacy, financial wellness and decentralized finance and the growing regulatory schema that's sitting on top of all of those areas are going to be places where there's opportunity to build a learning layer where consumers, young people making decisions are going to need a learning layer that sits in the middle of all of that and that companies can rely on, buy into, subscribe to and not have to build themselves. And those are the growth vectors that we see going forward and what makes this so exciting to accelerate it.

Michael P. Gianoni Blackbaud, Inc. - President, CEO & Director

Yes. The other thing I'll add, thank you, Tom, is that there's a -- which was enacted by Congress in the U.S., the Community Reinvestment Act. And that EVERFI platform helps financial institutions, particularly banks comply with the required Community Reinvestment Act. And so that's required by banks, and EVERFI is the platform that they use to meet those requirements. So, it's regulatory required.

Operator

Ladies and gentlemen, this concludes our question-and-answer session. I'll turn the floor back to Mr. Gianoni for any final comments.

Michael P. Gianoni *Blackbaud, Inc. - President, CEO & Director*

Thank you, operator. I'll just end quickly by saying there's a lot to be excited about when it comes to the acquisition of EVERFI. Strategically, it's a natural cultural fit for us, brings a strong, high-growth recurring financial model and a massive market expansion opportunity.

We're reiterating our outlook for the full year '21, calling for total revenue of at least \$920 million, up from our original best estimate of \$900 million, adjusted EBITDA margin of at least 26% and free cash flow of at least \$150 million, which has us on pace for one of our best free cash flow years ever.

Heading into 2022, EVERFI will be immediately accretive to our revenue growth profile, adding an estimated \$120 million in 2022 revenue with a year-on-year growth rate approaching 20%. With the close of this transaction, our pro forma leverage ratio stands at approximately 3.4x which is below our maximum allowable leverage of 4.25x.

And consistent with previous acquisitions, we plan to rapidly deleverage. Tony and I look forward to providing an update on this acquisition as well as Blackbaud's outlook for 2022 on our Q4 earnings call. Thanks, everyone.

Operator

Thank you. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.

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