Blackbaud Investor Presentation

TICKER: BLKB

November 3, 2021

blackbaud®

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

All Blackbaud product names appearing herein are trademarks or registered trademarks of Blackbaud, Inc. This presentation contains trade names, trademarks and service marks of other companies. The Company does not intend its use or display of other parties' trade names, trademarks and service marks to imply a relationship with, or endorsement or sponsorship of, these other parties.

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, as if there were no acquisition-related write-downs of acquired deferred revenue to fair value as required by GAAP. 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 three and nine month periods ended September 30, 2021, for the fiscal year ended December 31, 2020 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the nine month period ended September 30, 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; acquisition-related deferred revenue write-down; 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.

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 year ended December 31, 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 year ended December 31, 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 year ended December 31, 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 year ended December 31, 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:

Mid to High Single-Digit

organic revenue growth

40%+

using a Rule of 40 framework

01
Our Markets

02
Key Differentiators

03
Strategy for Growth

04
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]

30 of 32
largest nonprofit hospitals[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]

Fast Company
100 Best Workplaces for Innovators, 2020

1st Place:
Blackbaud Education Management Solutions

Nonprofit CRM Solution

Nonprofit Financial Accounting Solution

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

Driving significant value for our customers

$450K
Canadian dollars raised through Peer-to-Peer Fundraising, powered by JustGiving, during "The World Needs More Nerds" campaign

$150K
raised by Garnet Health Foundation in the first six weeks using peer-to-peer fundraising

$3.5M
raised by Brown University in 24 hours, a 63% increase in year over year fundraising on #GivingTuesday

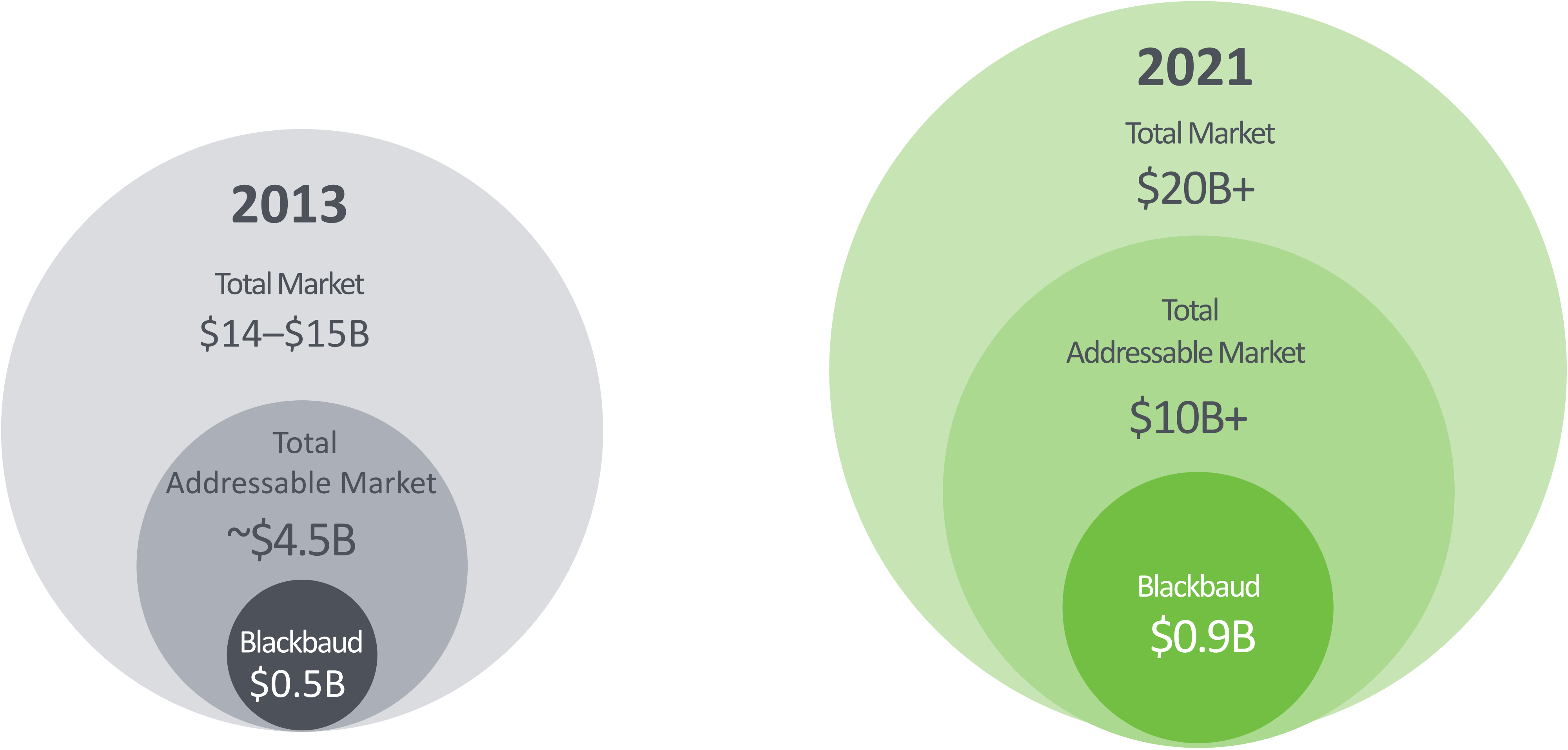
300K
meals packed by employees for Rise Against Hunger using YourCause's CSR Connect

2 weeks
saved off month-end close process for Acero Schools in Chicago

+513%
growth in sustaining donor program for San Diego Humane Society

Sourced from Blackbaud customer stories

Blackbaud's addressable opportunity has doubled in a large and growing market through innovation and winning M&A strategy



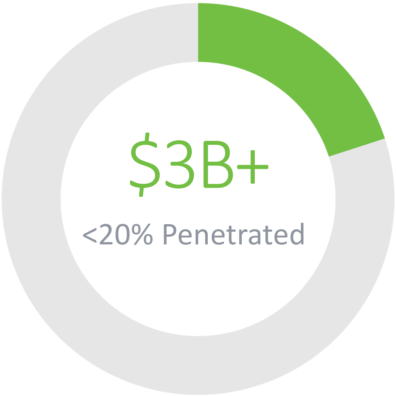
Sources: FY 2013 and 2020 Blackbaud Revenue. Global TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, GuideStar, Blackbaud internal data. Third-party market study.

Substantial TAM with significant penetration opportunity

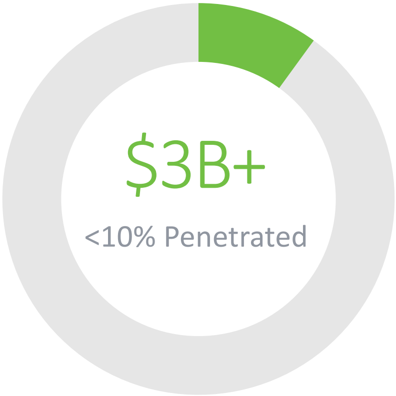
$10B+
2021 TAM

<10%
Revenue Penetration

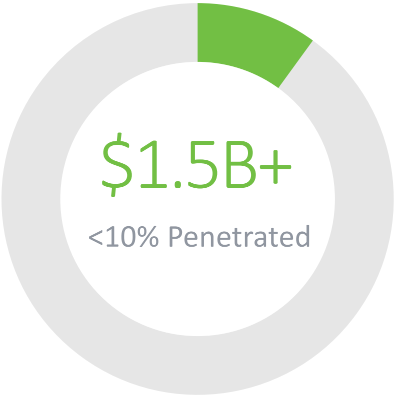
Fundraising, Relationship Management and Engagement



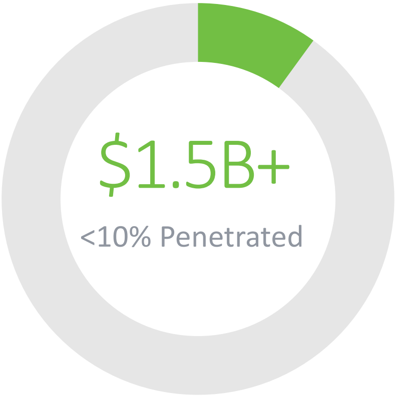
Payment Services



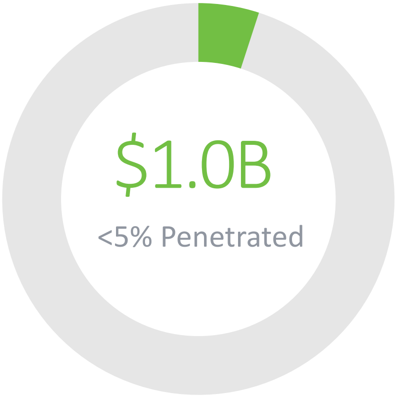
Financial Management, Grant and Award Management



Organizational and Program Management



Social Responsibility



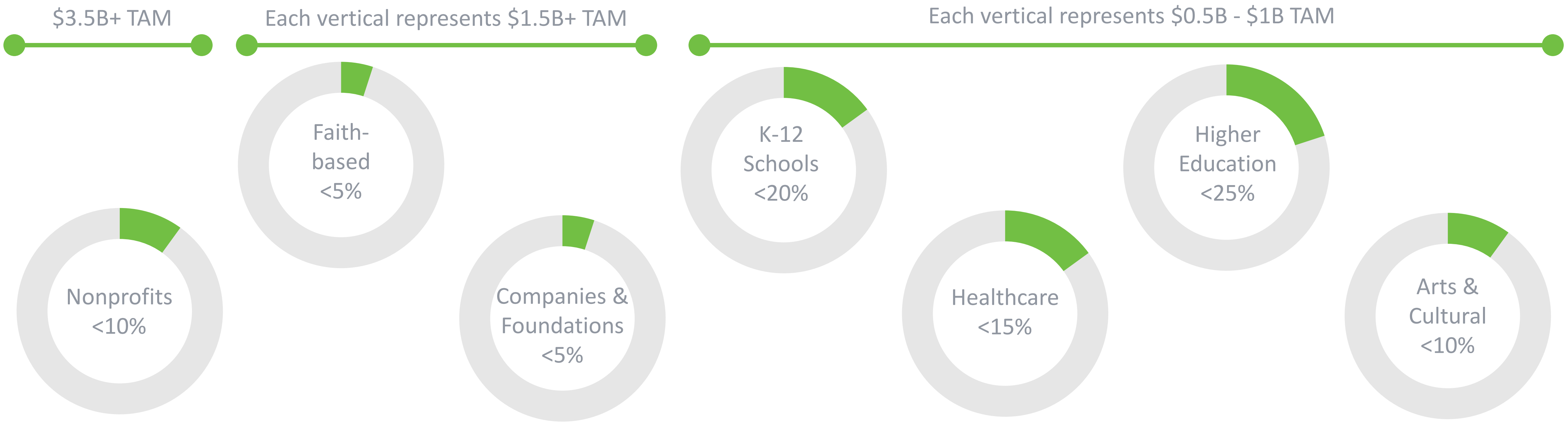
Sources: FY 2020 Blackbaud Revenue. Global TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, Blackbaud internal data

Opportunity for growth extends across vertical markets

$10B+
2021 TAM

<10%
Revenue Penetration

Revenue Penetration by Vertical



Sources: FY 2020 Blackbaud Revenue. Global TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, Blackbaud internal data

Digital transformation accelerating in the social good sector

SOCIAL GOOD TRENDS

Organizations and institutions are **more likely to increase** rather than decrease their **software investment** to help address the challenges brought on, or magnified, by the pandemic.[1]

>40% increase in percent of total giving done online in 2020, up to 13% from under 10% for the past two decades[2]

>10% of U.S. private workforce employed by nonprofits and forced to adapt to a more virtual environment[3]

PROVEN LEADER

Blackbaud is **well positioned as the industry leader** to capitalize on the macro level trends in the social good industry accelerated by COVID

- Industry-leading innovation
- Purpose-built, scalable, modern cloud software solutions
- Unmatched industry expertise

[1]Third Market Study [2]Blackbaud Charitable Giving Report 2020. [3]U.S. Bureau of Labor Statistics

01

Our Markets

02

Key Differentiators

03

Strategy for Growth

04

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

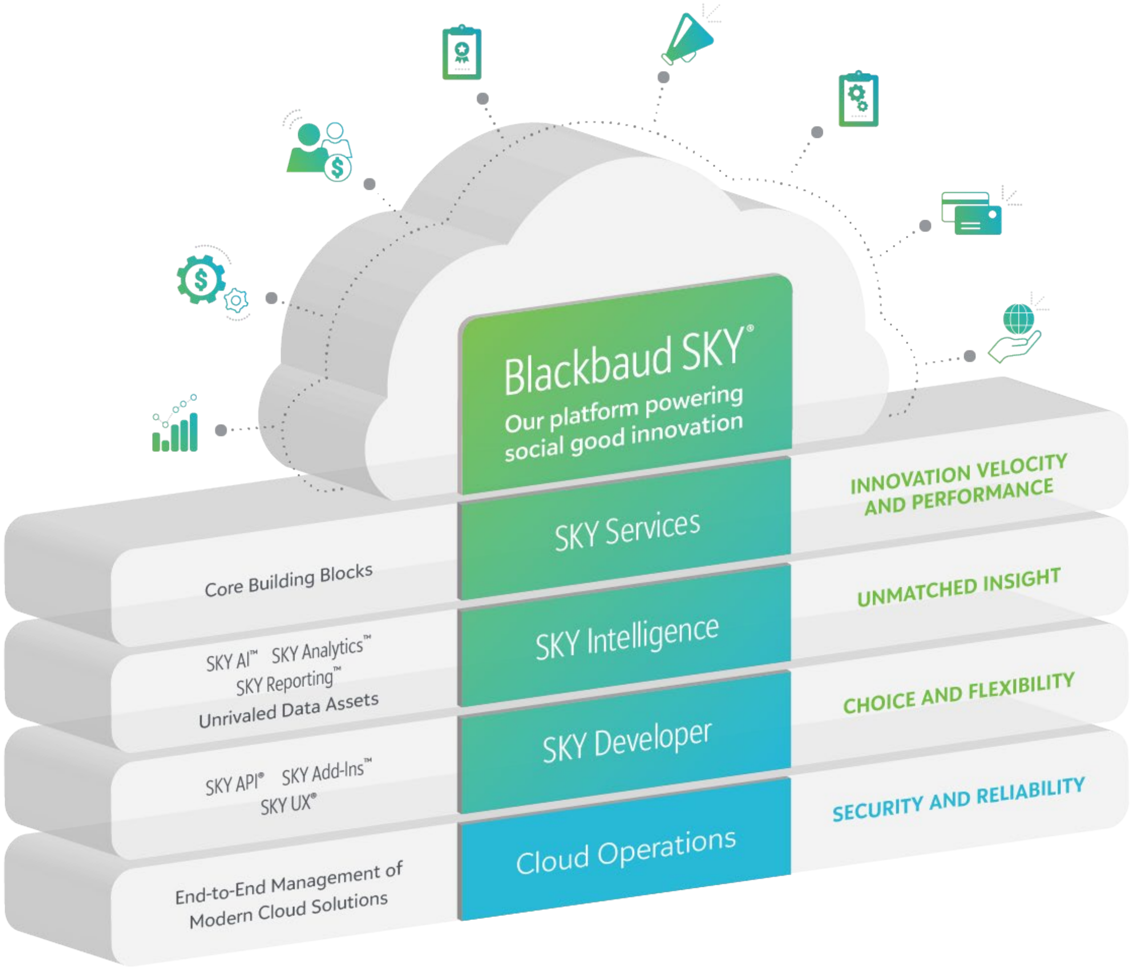
Fundraising & Relationship Management	Marketing & Engagement	Financial Management	Organizational & Program Management	Payment Services	Analytics

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 nearly 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.

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

1 out of 4
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 Blackbaud's mission was important to their decision to join the company

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

1.2x
employee participation in our matching gift program vs global average

Note: Internal Statistics

01

Our Markets

02

Key Differentiators

03

Strategy for Growth

04

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

ELEVATED

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

$4B+ in TAM added through acquisitions and new solution builds

- 2014: MicroEdge, WhippleHill
- 2015: Smart Tuition
- 2016: Attentive.ly
- 2017: JustGiving, academicworks
- 2018: Blackbaud Education Management Portfolio, Blackbaud Church Management™, Reeher
- 2019: YourCause

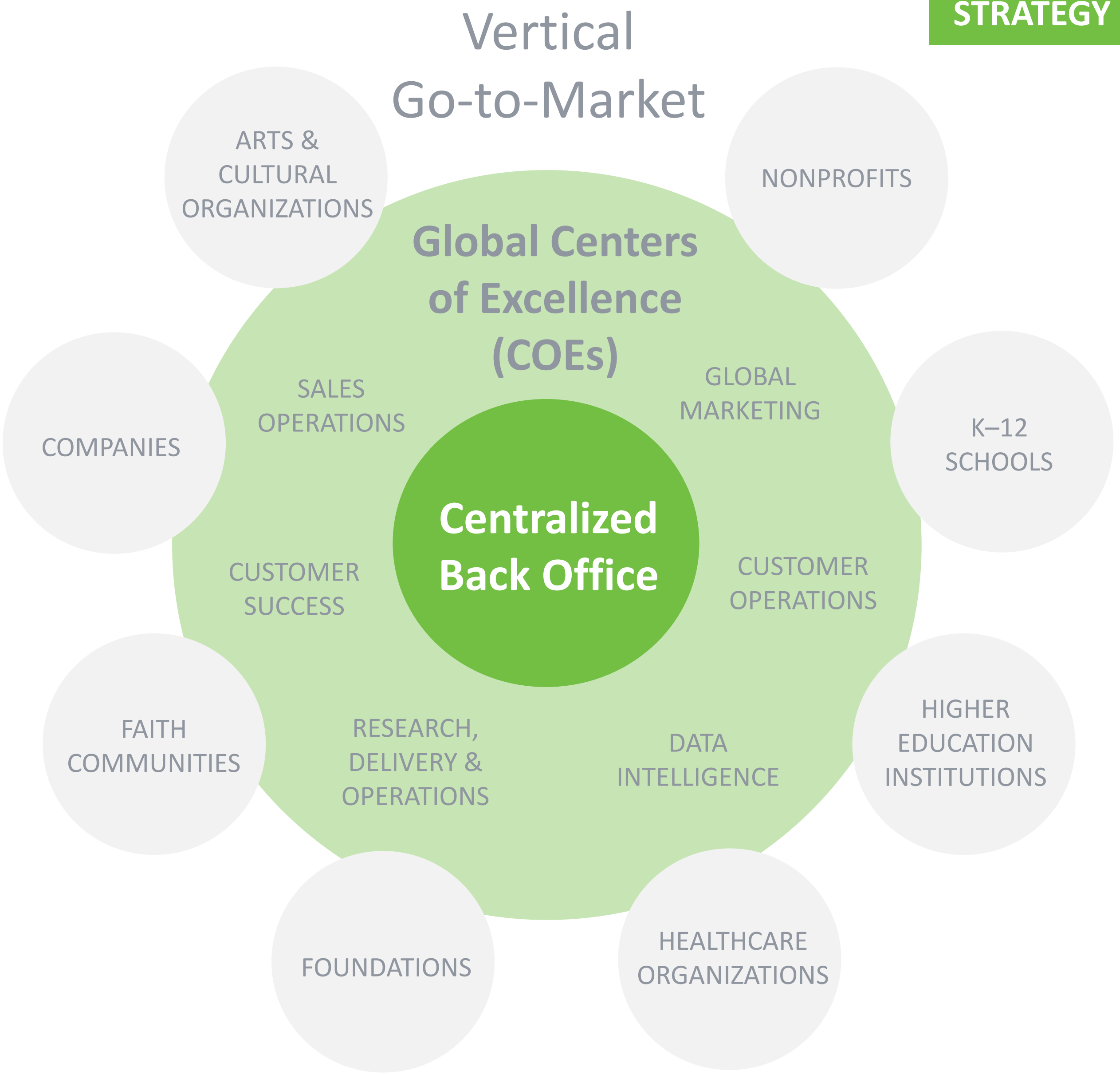
STRATEGY 2

Lead with world class teams and operations

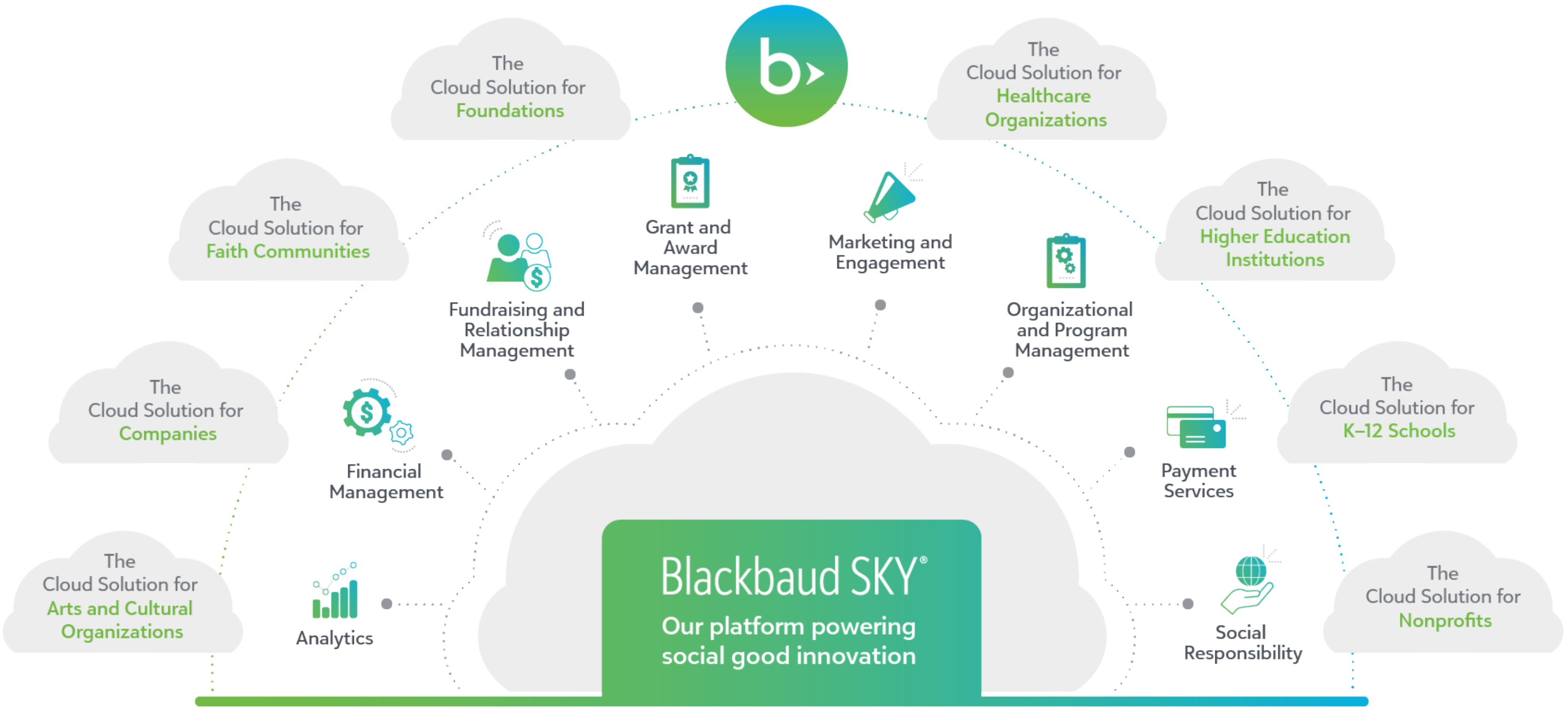
Vertical Go-to-market
focus on customer needs and solution selling

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

Productivity Improvement
continuous improvement across all functions of the organization



Delight customers with innovative cloud solutions



STRATEGY 4

Focus on employees, culture and ESG initiatives

Supporting Customers

99.7%+

uptime delivered by our cloud solutions

118%

increase in completion of Blackbaud University eLearning resources

100+

free insight-packed COVID-19 resources to support the community

~25,000

registrants worldwide for annual bbcon – virtual and free to attendees in 2021

Investing in our People

Remote-first workforce strategy

Attract and retain top talent regardless of location

Focus on well-being

Robust resources and support for emotional, social, financial and physical wellness

Creating an inclusive culture

Building more diverse teams where everyone can be their authentic selves

Continuous learning

Proactive education for all employees through dedicated learning and development team and LinkedIn Learning®

Advancing ESG Initiatives

UN global compact

Joined as a participant in 2021

ESG steering committee

Cross functional and employee-led with CEO sponsorship and board oversight

Voluntary reporting disclosures

For ESG reporting disclosures, please see our latest Corporate Social Responsibility Report

Impact teams

Created to involve employees across the company on specific ESG workstreams

01

Our Markets

02

Key Differentiators

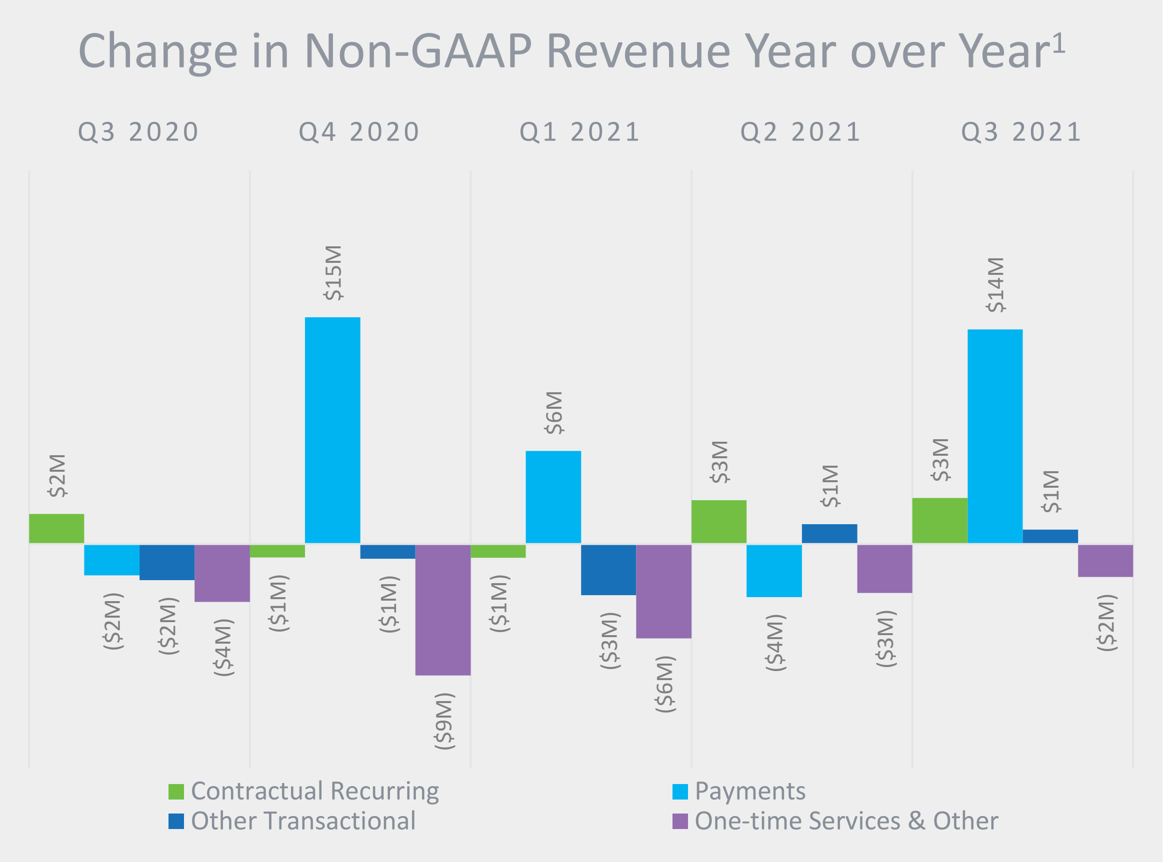
03

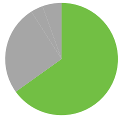
Strategy for Growth

04

Financial Strategy

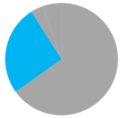
Strong Q3 2021 Revenue Performance as Pandemic-related Variability Begins to Subside





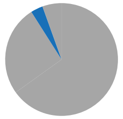
Contractual Recurring Revenue

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



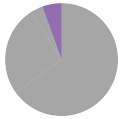
Payments Revenue

- Benefited from return of larger in-person events and higher percentage of giving being done online



Other Transactional Revenue

- Usage-based transactional revenue continues to recover with the return of in-person attendance and events



One-time Services & Other Revenue

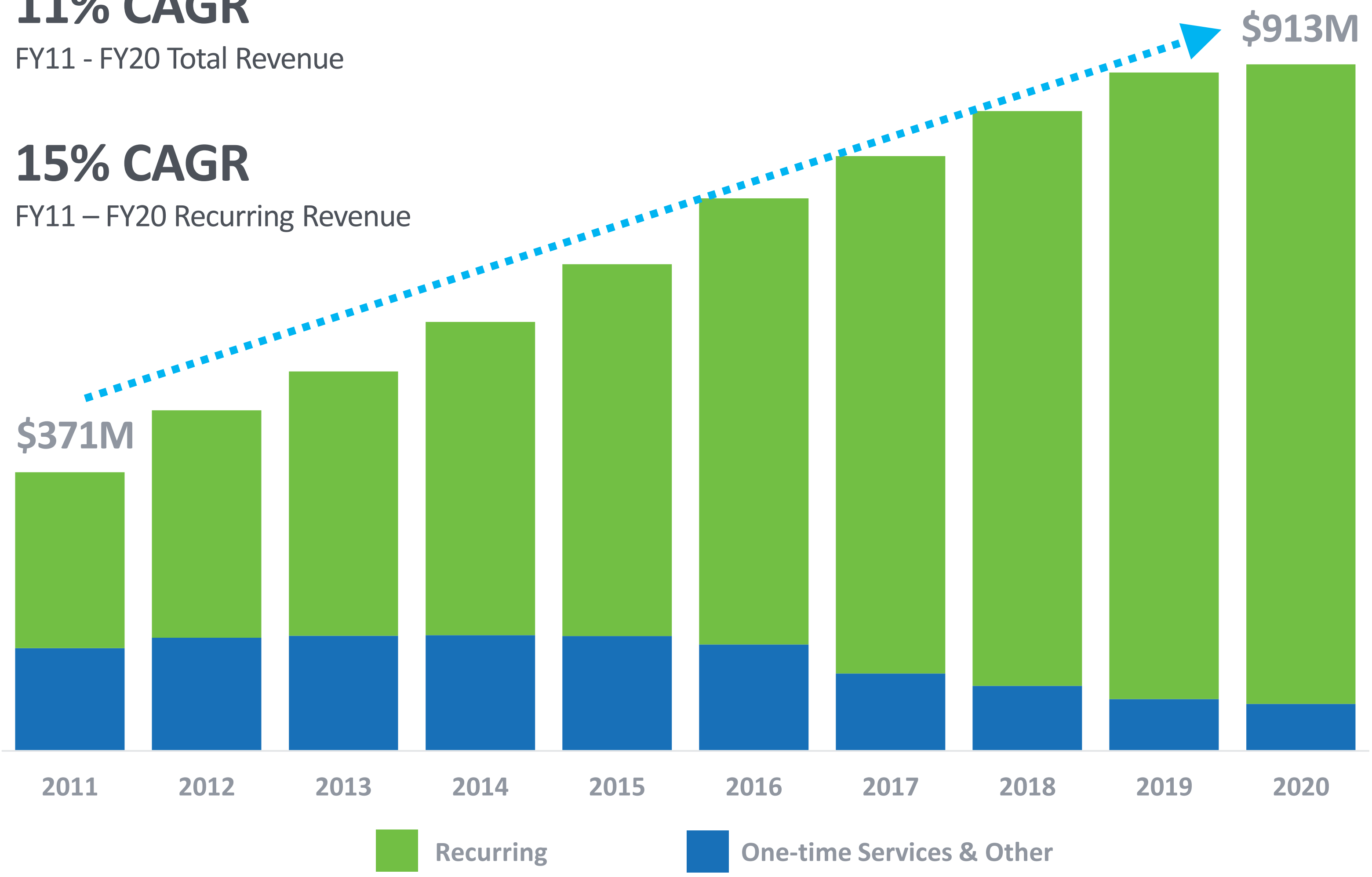
- Declined ~15% vs. Q3 2020, consistent with prior years and in line with strategy

[1] Non-GAAP Revenue through 09/30/2021

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

11% CAGR
FY11 - FY20 Total Revenue

15% CAGR
FY11 – FY20 Recurring Revenue



Recurring 93% of total revenue in 2020

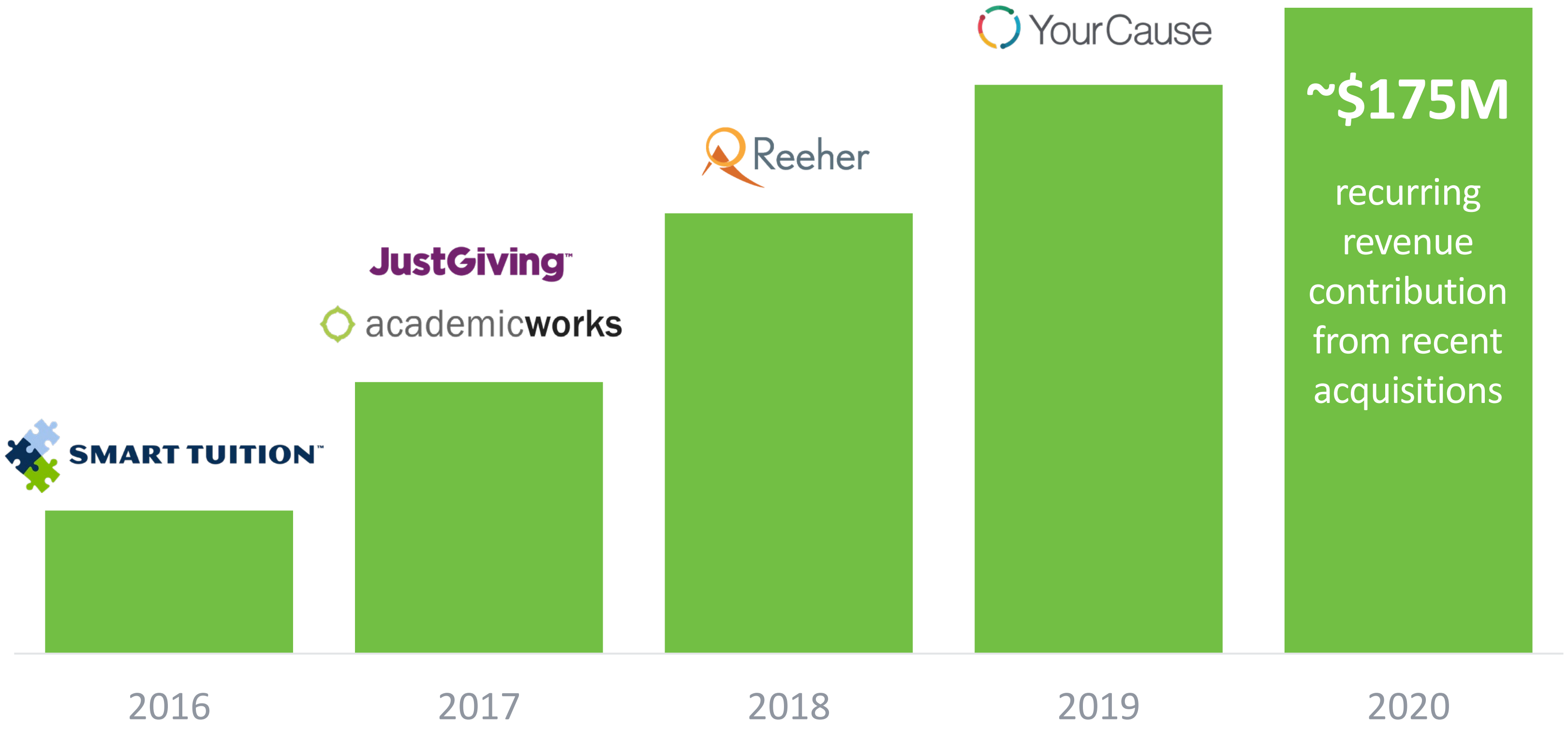
History of double-digit growth despite one-time services drag

Execution of successful M&A strategy grows the revenue base and accelerates growth

Multiple levers to drive meaningful growth going forward

Non-GAAP Revenue. 2016, 2017, 2018, 2019 and 2020 reflect adoption of ASC 606.

Acquisitions grow the revenue base and accelerate growth

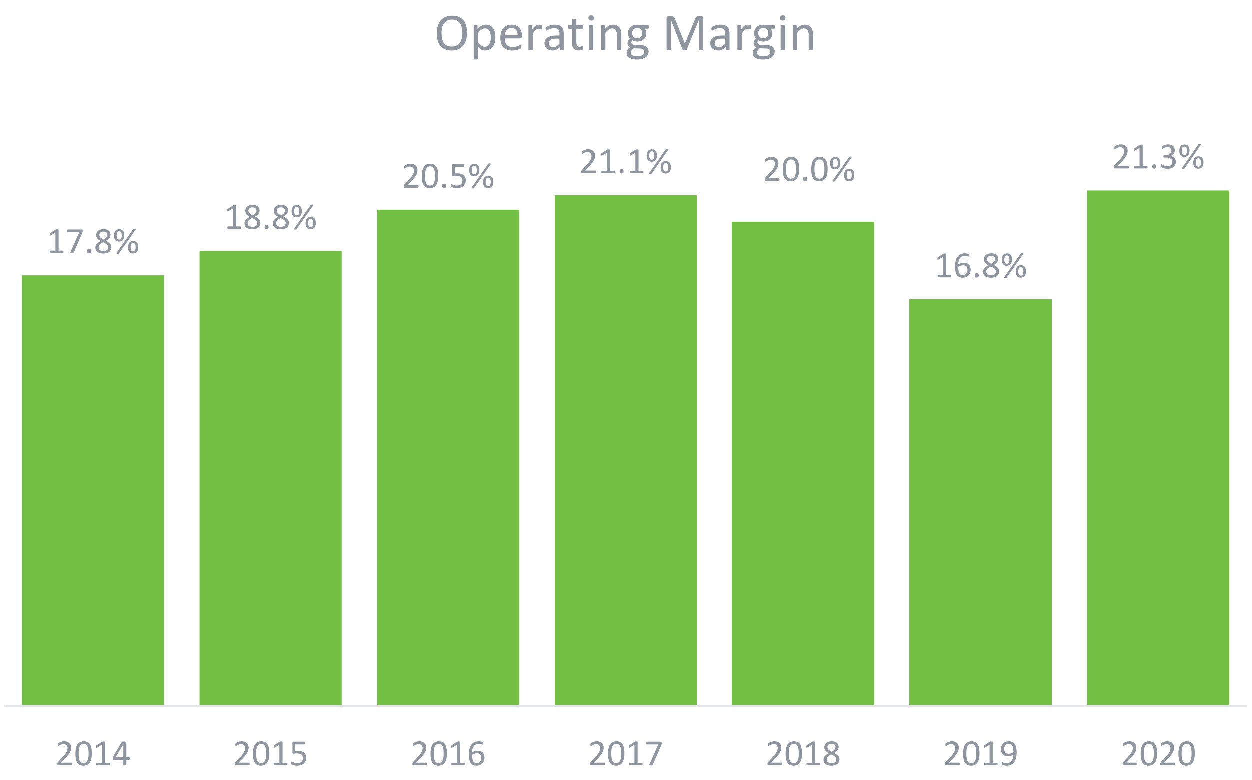


Acquisition Strategy:

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

Non-GAAP recurring revenue from acquisitions of Smart Tuition, AcademicWorks, JustGiving, Reeher, and YourCause; acquisition criteria calls for investments to be accretive to operating margins over time.

Revenue growth and scalability drive margin expansion



Operating Margin

Leverage opportunities for future expansion:

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

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. 2016, 2017, 2018, 2019 and 2020 reflect adoption of ASC 606

Leverage opportunities exist within gross and operating margin

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

Dilutive			Accretive
One-time Services & Other	Payments	Contractual Recurring	Other Transactional

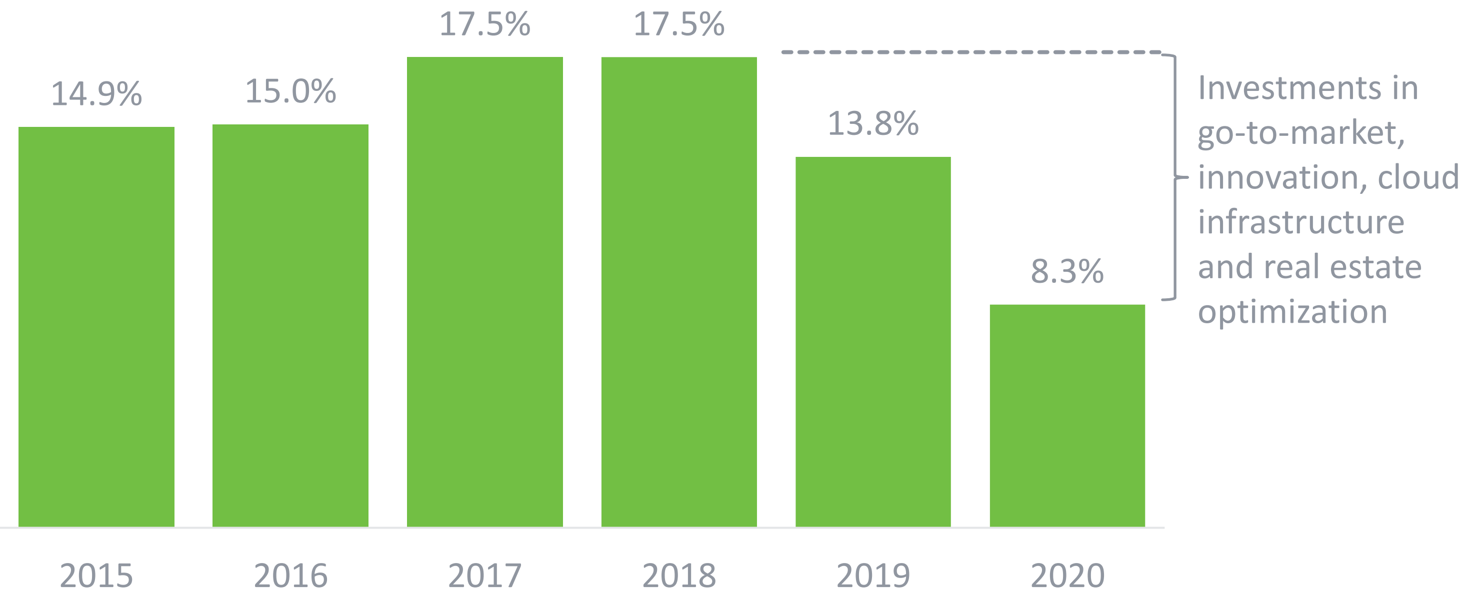
Dilutive — **TOTAL COMPANY OPERATING MARGIN** — **Accretive**

Dilutive			Accretive
One-time Services & Other	Payments	Contractual Recurring	Other Transactional

2020 Non-GAAP gross margin and operating margin.

Strategic cash investments to generate future savings

Free Cash Flow Margin



Capital Investments	$34M	$44M	$39M	$52M	$58M	$72M

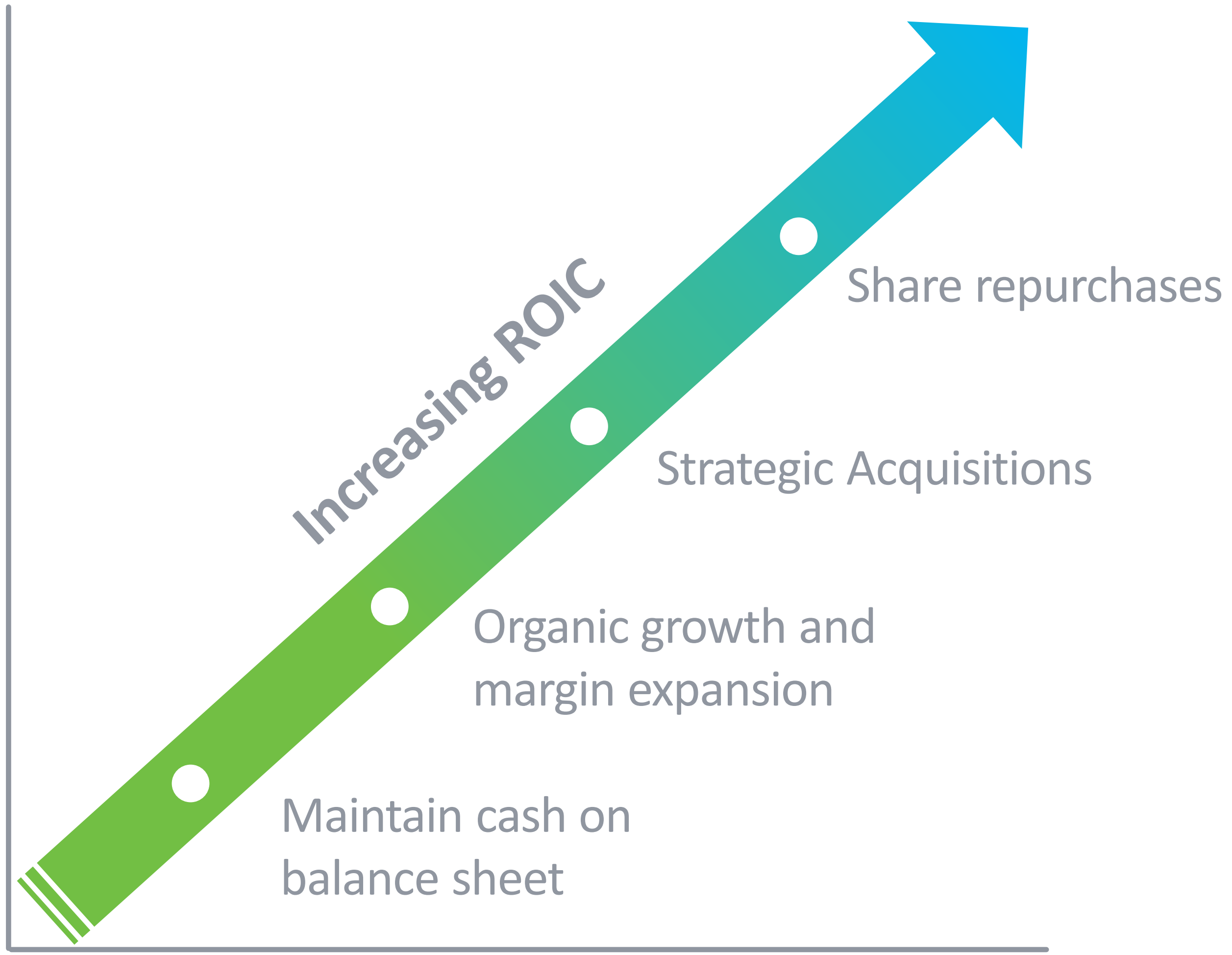
Free Cash Flow Highlights

Free cash flow margins inclusive of investments:

- Focused on go-to-market model
- Innovation and new solution builds
- 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
- Targeted max leverage: 3.5x

2 **Accelerate performance in rule of 40 framework**

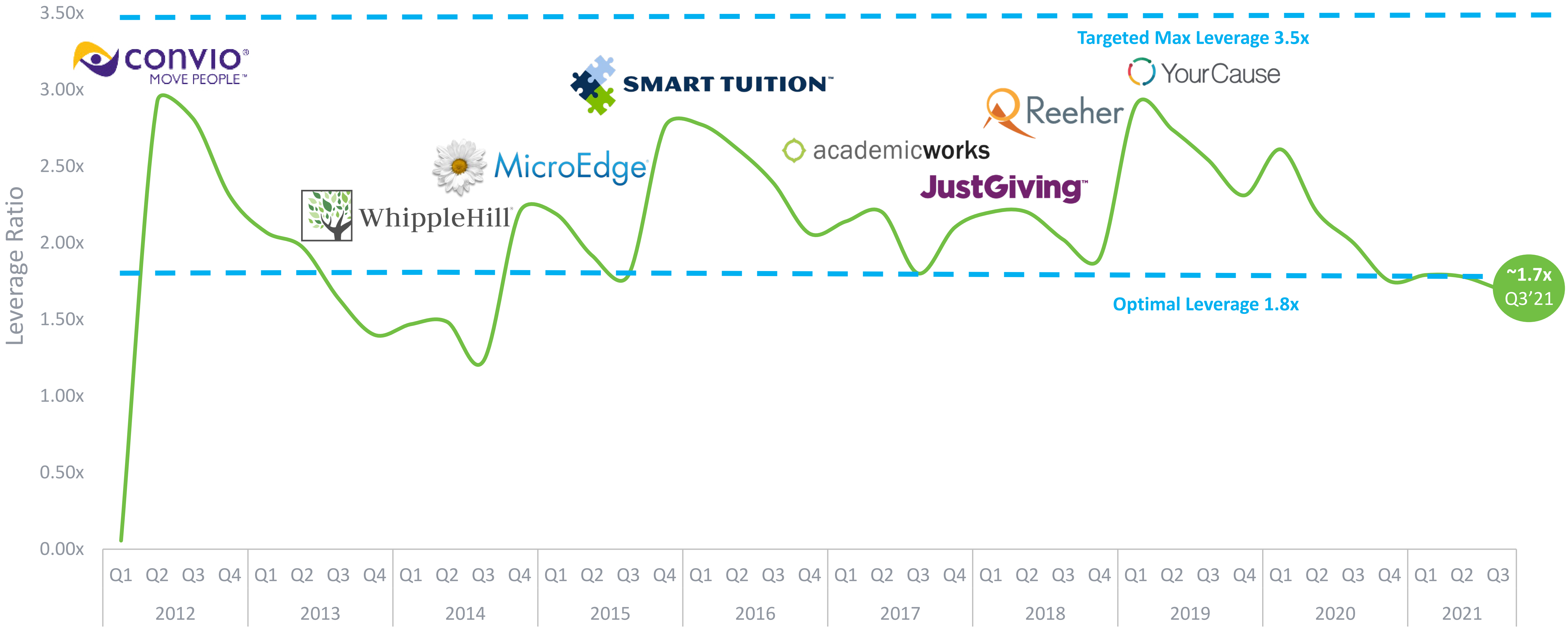
- Capital investments consistent with solution roadmap and strategy
- Invest in operational efficiencies
- Drives future cash generation

3 **Return capital to shareholders**

- Nov 2020 expanded share repurchase authorization from $50M to $250M

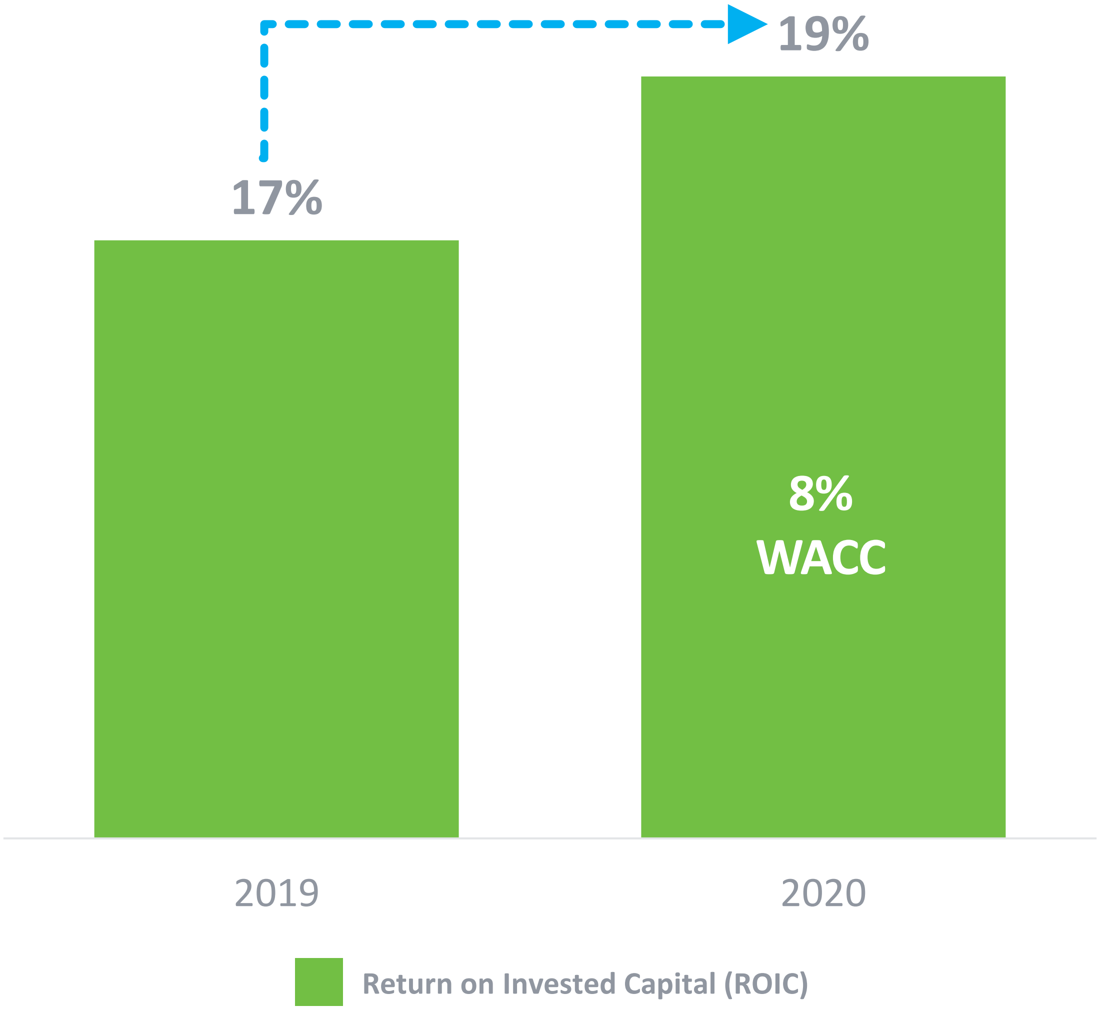
Current covenant for leverage ratio is less than or equal to 4.0x through Q3 2022, then drops to 3.75x through maturity.

Proven history of deleveraging



Note: Current covenant for leverage ratio is less than or equal to 4.0x. 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



19%
2013-2020 avg ROIC

Driving shareholder value through strong ROIC…

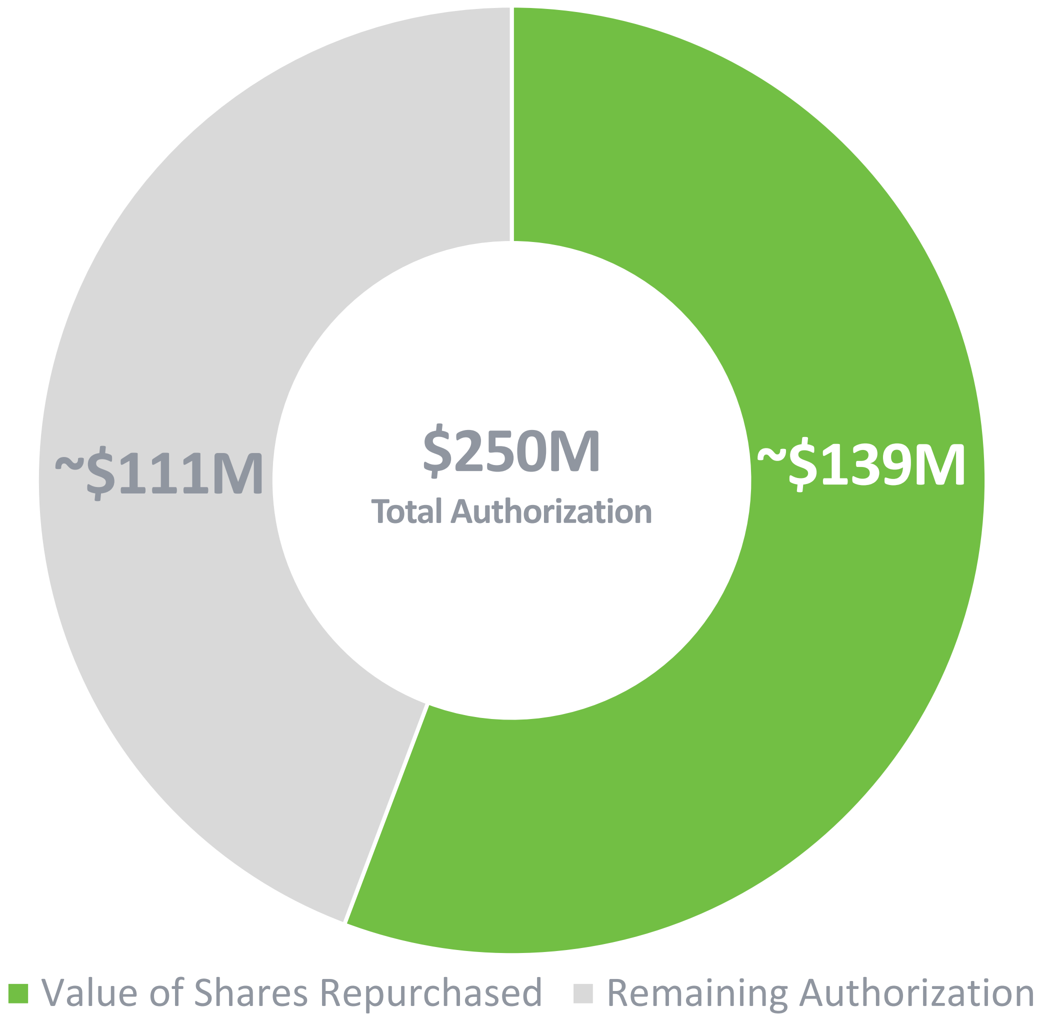
13%
2013-2020 CAGR

…on a significantly larger invested capital base…

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

*See appendix for detailed ROIC calculation

Executing an opportunistic share repurchase program—*New*



Opportunistic share repurchases

Pursue share repurchases when internal estimates determine the company's shares are undervalued by the market

Offset dilution

Opportunistic share repurchases offset dilution related to our equity compensation program

Dividend discontinued in Q2 2020

The removal of a fixed dividend allows Blackbaud to focus its capital on higher ROIC opportunities

Effective Apr 6, 2020 our Board of Directors eliminated the payment of future quarterly cash dividends beginning with the second quarter of 2020. Shares repurchased through 9/30/2021. Details on our share repurchases can be found in our most recent SEC filings.

Anticipating solid financial performance in 2021

TOTAL NON-GAAP REVENUE

$920M+

Original best estimate: $900M+

- Contractual recurring revenue benefitting from solid trends in renewals and year over year improvement in sales productivity
- Q4 transactional revenue could drive variability tied to year-end seasonal giving
- Benefiting from the return of larger in-person events and a higher percentage of online giving
- Reduction of one-time services and other revenue of $15M-$20M

ADJUSTED EBITDA MARGIN

26%+

Original best estimate: 25%+

- Inclusive of actions taken in response to the pandemic that will not repeat in 2021
- Heightened fourth quarter investments in innovation, customer success, and security and cloud infrastructure are progressing well, with some likely to push into early 2022

FREE CASH FLOW

$150M+

Original floor: $100M+

- Stronger than anticipated performance year-to-date with free cash flow of $132M
- Potential variability through year-end dependent on Q4 transactional revenue
- Less capital expenditures expected in 2021 given purchase of HQ in Q3 2020
- Capitalized software development costs roughly flat to 2020

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.

Executing balanced strategy within Rule of 40 framework

			Near-Term	Mid-Term	Long-Term
	FY 2019	**FY 2020**	**FY 2021**	**3-4 Years Post-Pandemic**	**Aspirational Goal**
Non-GAAP Organic Revenue Growth	3.1%	1.2%	Variable	Mid Single-Digit Annually	Mid to High Single-Digit Annually
Rule of 40[1]	24.5%	27.7%	25%+	35%+	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

Mid to High Single-Digit Organic Growth

Near-term Growth Drivers	1. Bookings return to pre-pandemic levels 2. Return of in-person events expected in second half 2021 and first half of 2022 3. Capitalize on accelerated shift to online payments – mix of online giving increased ~40% in 2020[1] 4. Drag from one-time services bottoms in 2022 – ~200bps drag on 2020 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

[1]Blackbaud Charitable Giving Report 2020

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. Flexible workplace model 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)

	2020
Total Assets	$2,045
Less: Restricted cash and customer funds receivable	(610)
Less: Non-interest bearing current liabilities	(392)
Add: Accumulated depreciation	70
Add: Accumulated amortization of software development	53
Add: Accumulated amortization of ROU assets[1]	24
Add: Accumulated amortization of intangibles	277
Less: Purchase price of 2020 acquisition[2]	0
Add: Research & development (excluding stock-based compensation) 3Y Expense[3]	266
Invested Capital	**$1,732**
Income from Operations	37
Add: Rent/Lease expense	42
Add: Depreciation	19
Add: Amortization of software development	33
Add: Amortization of intangibles	42
EBITDA[4]	173
Add: Stock-based compensation	87
Add: R&D Exp (excl SBC)	82
Adjusted EBITDA[4]	342
Less: Implied taxes (assumes 20% tax rate)	(7)
Adjusted NOPAT[4]	$335
Return on invested capital (ROIC)	**19.3%**

(1) With adoption of ASC842 and subsequent addition of right-of-use assets on the balance sheet, value of leased assets is replaced
(2) No acquisition completed in 2020
(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)	Nine months ended		Three months ended			Year ended	Three months ended			
	09/30/2021	09/30/2020	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	$ 679,849	$ 670,613	$ 231,218	$ 229,440	$ 219,191	$ 913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
GAAP revenue growth	**1.4 %**		**7.5 %**	**(1.1)%**	**(2.0)%**					
Add: Non-GAAP acquisition-related revenue[1]	—	—	—	—	—	—	—	—	—	—
Non-GAAP organic revenue[2]	$ 679,849	$ 670,613	$ 231,218	$ 229,440	$ 219,191	$ 913,219	$ 242,606	$ 215,001	$ 231,991	$ 223,621
Non-GAAP organic revenue growth	**1.4 %**		**7.5 %**	**(1.1)%**	**(2.0)%**					
Non-GAAP organic revenue[2]	$ 679,849	$ 670,613	$ 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]	(8,392)	—	(2,049)	(4,390)	(1,953)	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis[3]	$ 671,457	$ 670,613	$ 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	**0.1 %**		**6.6 %**	**(3.0)%**	**(2.9)%**					
GAAP recurring revenue	642,266	621,229	218,530	216,986	206,750	850,745	229,516	200,102	216,260	204,867
GAAP recurring revenue growth	**3.4 %**		**9.2 %**	**0.3 %**	**0.9 %**					
Add: Non-GAAP acquisition-related recurring revenue[1]	—	—	—	—	—	—	—	—	—	—
Non-GAAP organic recurring revenue	$ 642,266	$ 621,229	$ 218,530	$ 216,986	$ 206,750	$ 850,745	$ 229,516	$ 200,102	$ 216,260	$ 204,867
Non-GAAP organic recurring revenue growth	**3.4 %**		**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, and it includes the non -GAAP revenue from the acquisition-related deferred revenue write -down attributable to those companies.

(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		Nine months ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
GAAP net income	$ 6,188	$ 4,876	$ 12,755	$ 21,338
Non-GAAP adjustments:				
Add: Interest, net	3,921	3,230	13,860	10,650
Add: GAAP income tax provision	2,517	1,756	4,946	6,948
Add: Depreciation	3,135	3,722	9,486	10,858
Add: Amortization of intangibles from business combinations	9,153	9,968	28,277	32,054
Add: Amortization of software development costs(1)	7,986	7,789	24,068	24,828
Subtotal	26,712	26,465	80,637	85,338
Non-GAAP EBITDA	$ 32,900	$ 31,341	$ 93,392	$ 106,676
Non-GAAP EBITDA Margin	14.2 %		13.7 %	
Non-GAAP adjustments:				
Add: Stock-based compensation expense	28,926	20,843	89,480	54,556
Add: Employee severance	68	232	1,510	4,593
Add: Acquisition-related integration costs	(17)	(15)	(115)	(118)
Add: Acquisition-related expenses	67	64	196	288
Add: Restructuring and other real estate activities	(420)	6,943	(413)	7,017
Add: Security Incident-related costs, net of insurance(2)	851	—	1,321	—
Subtotal	29,475	28,067	91,979	66,336
Non-GAAP Adjusted EBITDA	$ 62,375	$ 59,408	$ 185,371	$ 173,012
Non-GAAP Adjusted EBITDA Margin	**27.0 %**		**27.3 %**	
Rule of 40(3)	**34.5 %**		**28.7 %**	

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

(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.

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

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

	Three Months Ended September 30, 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	$ 218,530	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 218,530
One-time services and other	12,688	—	—	—	—	—	—	—	—	12,688
Total revenue	**231,218**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**231,218**
Cost of revenue										
Cost of recurring	95,823	(2,997)	(8,209)	—	—	—	—	—	(11,206)	84,617
Cost of one-time services and other	11,858	(1,266)	(386)	(14)	—	—	—	—	(1,666)	10,192
Total cost of revenue	**107,681**	**(4,263)**	**(8,595)**	**(14)**	**—**	**—**	**—**	**—**	**(12,872)**	**94,809**
Gross profit	**123,537**	**4,263**	**8,595**	**14**	**—**	**—**	**—**	**—**	**12,872**	**136,409**
Recurring gross margin	*56.2 %*								*5.1 %*	*61.3 %*
One-time services and other gross margin	*6.5 %*								*13.2 %*	*19.7 %*
Total gross margin	***53.4 %***								***5.6 %***	***59.0 %***
Operating expenses										
Sales, marketing and customer success	44,703	(4,942)	—	—	—	—	—	—	(4,942)	39,761
Research and development	31,566	(6,110)	—	(36)	—	—	—	—	(6,146)	25,420
General and administrative	34,733	(13,611)	—	(18)	17	(67)	551	(851)	(13,979)	20,754
Amortization	558	—	(558)	—	—	—	—	—	(558)	—
Restructuring	131	—	—	—	—	—	(131)	—	(131)	—
Total operating expenses	**111,691**	**(24,663)**	**(558)**	**(54)**	**17**	**(67)**	**420**	**(851)**	**(25,756)**	**85,935**
Income from operations	**11,846**	**28,926**	**9,153**	**68**	**(17)**	**67**	**(420)**	**851**	**38,628**	**50,474**
Total operating margin	***5.1 %***								***16.7 %***	***21.8 %***
Net Income	**$ 6,188**									**$ 37,866**
Shares used in computing diluted earnings per share	48,274									48,274
Diluted earnings per share	**$ 0.13**									**$ 0.78**

(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)

Nine Months Ended September 30, 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	$ 642,266	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 642,266
One-time services and other	37,583	—	—	—	—	—	—	—	—	37,583
Total revenue	**679,849**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**679,849**
Cost of revenue										
Cost of recurring	279,123	(8,900)	(25,309)	—	—	—	—	—	(34,209)	244,914
Cost of one-time services and other	40,013	(5,958)	(1,294)	(29)	—	—	—	—	(7,281)	32,732
Total cost of revenue	**319,136**	**(14,858)**	**(26,603)**	**(29)**	**—**	**—**	**—**	**—**	**(41,490)**	**277,646**
Gross profit	**360,713**	**14,858**	**26,603**	**29**	**—**	**—**	**—**	**—**	**41,490**	**402,203**
Recurring gross margin	*56.5 %*								*5.4 %*	*61.9 %*
One-time services and other gross margin	*(6.5)%*								*19.4 %*	*12.9 %*
Total Gross Margin	***53.1 %***								***6.1 %***	***59.2 %***
Operating expenses										
Sales, marketing and customer success	138,948	(15,048)	—	(1,342)	—	—	—	—	(16,390)	122,558
Research and development	90,967	(19,725)	—	(36)	—	—	—	—	(19,761)	71,206
General and administrative	97,328	(39,849)	—	(103)	115	(196)	676	(1,321)	(40,678)	56,650
Amortization	1,674	—	(1,674)	—	—	—	—	—	(1,674)	—
Restructuring	263	—	—	—	—	—	(263)	—	(263)	—
Total operating expenses	**329,180**	**(74,622)**	**(1,674)**	**(1,481)**	**115**	**(196)**	**413**	**(1,321)**	**(78,766)**	**250,414**
Income from operations	**31,533**	**89,480**	**28,277**	**1,510**	**(115)**	**196**	**(413)**	**1,321**	**120,256**	**151,789**
Total Operating Margin	***4.6 %***								***17.7 %***	***22.3 %***
Net Income	**$ 12,755**									**$ 110,365**
Shares used in computing diluted earnings per share	48,260									48,260
Diluted earnings per share	**$ 0.26**									**$ 2.29**

(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 September 30, 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	$ 200,102	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 200,102
One-time services and other	14,899	—	—	—	—	—	—	—	14,899
Total revenue	**215,001**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**215,001**
Cost of revenue									
Cost of recurring	84,251	(1,608)	(7,732)	—	—	—	—	(9,340)	74,911
Cost of one-time services and other	14,434	(2,080)	(1,487)	—	—	—	—	(3,567)	10,867
Total cost of revenue	**98,685**	**(3,688)**	**(9,219)**	**—**	**—**	**—**	**—**	**(12,907)**	**85,778**
Gross profit	**116,316**	**3,688**	**9,219**	**—**	**—**	**—**	**—**	**12,907**	**129,223**
Recurring gross margin	*57.9 %*							*4.7 %*	*62.6 %*
One-time services and other gross margin	*3.1 %*							*24.0 %*	*27.1 %*
Total Gross Margin	***54.1 %***							***6.0 %***	***60.1 %***
Operating expenses									
Sales, marketing and customer success	48,460	(4,004)	—	(127)	—	—	—	(4,131)	44,329
Research and development	22,783	(4,098)	—	(29)	—	—	—	(4,127)	18,656
General and administrative	34,132	(9,053)	—	(76)	15	(64)	(6,838)	(16,016)	18,116
Amortization	749	—	(749)	—	—	—	—	(749)	—
Restructuring	105	—	—	—	—	—	(105)	(105)	—
Total operating expenses	**106,229**	**(17,155)**	**(749)**	**(232)**	**15**	**(64)**	**(6,943)**	**(25,128)**	**81,101**
Income from operations	**10,087**	**20,843**	**9,968**	**232**	**(15)**	**64**	**6,943**	**38,035**	**48,122**
Total Operating Margin	***4.7 %***							***17.7 %***	***22.4 %***
Net Income	**$ 4,876**								**$ 35,734**
Shares used in computing diluted earnings per share	48,860								48,860
Diluted earnings per share	**$ 0.10**								**$ 0.73**

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

	Nine Months Ended September 30, 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	$ 621,229	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 621,229
One-time services and other	49,384	—	—	—	—	—	—	—	49,384
Total revenue	**670,613**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**670,613**
Cost of revenue									
Cost of recurring	265,172	(3,229)	(27,289)	(350)	—	—	—	(30,868)	234,304
Cost of one-time services and other	43,317	(3,894)	(2,546)	(463)	—	—	—	(6,903)	36,414
Total cost of revenue	**308,489**	**(7,123)**	**(29,835)**	**(813)**	**—**	**—**	**—**	**(37,771)**	**270,718**
Gross profit	**362,124**	**7,123**	**29,835**	**813**	**—**	**—**	**—**	**37,771**	**399,895**
Recurring gross margin	*57.3 %*							*5.0 %*	*62.3 %*
One-time services and other gross margin	*12.3 %*							*14.0 %*	*26.3 %*
Total Gross Margin	***54.0 %***							***5.6 %***	***59.6 %***
Operating expenses									
Sales, marketing and customer success	159,149	(10,085)	—	(1,901)	—	—	—	(11,986)	147,163
Research and development	72,655	(11,245)	—	(687)	—	—	—	(11,932)	60,723
General and administrative	89,829	(26,103)	—	(1,192)	118	(288)	(6,838)	(34,303)	55,526
Amortization	2,219	—	(2,219)	—	—	—	—	(2,219)	—
Restructuring	179	—	—	—	—	—	(179)	(179)	—
Total operating expenses	**324,031**	**(47,433)**	**(2,219)**	**(3,780)**	**118**	**(288)**	**(7,017)**	**(60,619)**	**263,412**
Income from operations	**38,093**	**54,556**	**32,054**	**4,593**	**(118)**	**288**	**7,017**	**98,390**	**136,483**
Total Operating Margin	***5.7 %***							***14.7 %***	***20.4 %***
Net Income	**$ 21,338**								**$ 101,341**
Shares used in computing diluted earnings per share	48,582								48,582
Diluted earnings per share	**$ 0.44**								**$ 2.09**

Historical Consolidated Balance Sheets (Unaudited)

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

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
Revenue								
Recurring	$ 204,867	$ 216,260	$ 200,102	$ 229,516	$ 850,745	$ 206,750	$ 216,986	$ 218,530
One-time services and other	18,754	15,731	14,899	13,090	62,474	12,441	12,454	12,688
Total revenue	223,621	231,991	215,001	242,606	913,219	219,191	229,440	231,218
Cost of revenue								
Cost of recurring	89,551	91,370	84,251	104,509	369,681	88,865	94,435	95,823
Cost of one-time services and other	15,314	13,569	14,434	15,067	58,384	14,520	13,635	11,858
Total cost of revenue	104,865	104,939	98,685	119,576	428,065	103,385	108,070	107,681
Gross profit	118,756	127,052	116,316	123,030	485,154	115,806	121,370	123,537
Operating expenses								
Sales, marketing and customer success	58,735	51,954	48,460	50,613	209,762	48,793	45,452	44,703
Research and development	24,977	24,895	22,783	27,491	100,146	29,179	30,222	31,566
General and administrative	25,855	29,842	34,132	45,023	134,852	30,587	32,008	34,733
Amortization	741	729	749	696	2,915	549	567	558
Restructuring	24	50	105	57	236	54	78	131
Total operating expenses	110,332	107,470	106,229	123,880	447,911	109,162	108,327	111,691
Income (loss) from operations	8,424	19,582	10,087	(850)	37,243	6,644	13,043	11,846
Interest expense	(4,159)	(3,893)	(3,997)	(5,238)	(17,287)	(5,114)	(5,054)	(4,003)
Other income (expense), net	1,070	630	542	(584)	1,658	(1,010)	487	862
Income before provision for income taxes	5,335	16,319	6,632	(6,672)	21,614	520	8,476	8,705
Income tax provision	696	4,496	1,756	6,949	13,897	684	1,745	2,517
Net income (loss)	$ 4,639	$ 11,823	$ 4,876	$ (13,621)	$ 7,717	$ (164)	$ 6,731	$ 6,188
Earnings (loss) per share								
Basic	$ 0.10	$ 0.25	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13
Diluted	$ 0.10	$ 0.24	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13
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
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
Other comprehensive (loss) income								
Foreign currency translation adjustment	(5,728)	(887)	4,661	6,525	4,571	2,511	1,783	(3,234)
Unrealized (loss) gain on derivative instruments, net of tax	(3,122)	551	943	(150)	(1,778)	4,149	345	262
Total other comprehensive (loss) income	(8,850)	(336)	5,604	6,375	2,793	6,660	2,128	(2,972)
Comprehensive (loss) income	$ (4,211)	$ 11,487	$ 10,480	$ (7,246)	$ 10,510	$ 6,496	$ 8,859	$ 3,216

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

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
GAAP Revenue	$ 223,621	$ 231,991	$ 215,001	$ 242,606	$ 913,219	$ 219,191	$ 229,440	$ 231,218
GAAP gross profit	$ 118,756	$ 127,052	$ 116,316	$ 123,030	$ 485,154	$ 115,806	$ 121,370	$ 123,537
GAAP gross margin	53.1 %	54.8 %	54.1 %	50.7 %	53.1 %	52.8 %	52.9 %	53.4 %
Non-GAAP adjustments:								
Add: Stock-based compensation expense	865	2,570	3,688	6,251	13,374	5,358	5,237	4,263
Add: Amortization of intangibles from business combinations	10,930	9,686	9,219	9,133	38,968	9,128	8,880	8,595
Add: Employee severance	32	781	—	94	907	—	15	14
Subtotal	11,827	13,037	12,907	15,478	53,249	14,486	14,132	12,872
Non-GAAP gross profit	$ 130,583	$ 140,089	$ 129,223	$ 138,508	$ 538,403	$ 130,292	$ 135,502	$ 136,409
Non-GAAP gross margin	58.4 %	60.4 %	60.1 %	57.1 %	59.0 %	59.4 %	59.1 %	59.0 %
GAAP income (loss) from operations	$ 8,424	$ 19,582	$ 10,087	$ (850)	$ 37,243	$ 6,644	$ 13,043	$ 11,846
GAAP operating margin	3.8 %	8.4 %	4.7 %	(0.4)%	4.1 %	3.0 %	5.7 %	5.1 %
Non-GAAP adjustments:								
Add: Stock-based compensation expense	13,580	20,133	20,843	32,701	87,257	30,005	30,549	28,926
Add: Amortization of intangibles from business combinations	11,671	10,415	9,968	9,829	41,883	9,677	9,447	9,153
Add: Employee severance	97	4,264	232	282	4,875	991	451	68
Add: Acquisition-related integration costs	(32)	(71)	(15)	(16)	(134)	(98)	—	(17)
Add: Acquisition-related expenses	139	85	64	65	353	65	64	67
Add: Restructuring and other real estate activities	24	50	6,943	16,273	23,290	(111)	118	(420)
Add: Security Incident-related costs, net of insurance (2)	—	—	—	—	—	—	470	851
Subtotal	25,479	34,876	38,035	59,134	157,524	40,529	41,099	38,628
Non-GAAP income from operations	$ 33,903	$ 54,458	$ 48,122	$ 58,284	$ 194,767	$ 47,173	$ 54,142	$ 50,474
Non-GAAP operating margin	15.2 %	23.5 %	22.4 %	24.0 %	21.3 %	21.5 %	23.6 %	21.8 %
GAAP income (loss) before provision for income taxes	$ 5,335	$ 16,319	$ 6,632	$ (6,672)	$ 21,614	$ 520	$ 8,476	$ 8,705
GAAP net income (loss)	$ 4,639	$ 11,823	$ 4,876	$ (13,621)	$ 7,717	$ (164)	$ 6,731	$ 6,188
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
GAAP diluted earnings (loss) per share	$ 0.10	$ 0.24	$ 0.10	$ (0.28)	$ 0.16	$ —	$ 0.14	$ 0.13
Non-GAAP adjustments:								
Add: GAAP income tax provision	696	4,496	1,756	6,949	13,897	684	1,745	2,517
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
Non-GAAP income before provision for income taxes	30,814	51,195	44,667	52,462	179,138	41,049	49,575	47,333
Assumed non-GAAP income tax provision (3)	6,163	10,239	8,933	10,492	35,827	8,210	9,915	9,467
Non-GAAP net income	$ 24,651.2	$ 40,956	$ 35,734	$ 41,970	$ 143,311	$ 32,839	$ 39,660	$ 37,866
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
Non-GAAP diluted earnings per share	$ 0.51	$ 0.85	$ 0.73	$ 0.85	$ 2.94	$ 0.68	$ 0.82	$ 0.78

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