



Blackbaud Investor Presentation

blackbaud®

TICKER: BLKB

February 8, 2021

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; 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.

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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 reconciliation 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 fiscal years ended December 31, 2020 and 2019 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the twelve month period ended December 31, 2020 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; and restructuring and other real estate activities.

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 years ended December 31, 2020 and 2019 and interim consolidated balance sheets for each of the quarters within fiscal 2020 and 2019; historical consolidated statements of comprehensive income for the fiscal years ended December 31, 2020 and 2019 and interim consolidated statements of comprehensive income for each of the quarters within fiscal 2020 and 2019; historical consolidated statements of cash flows for the fiscal years ended December 31, 2020 and 2019 and interim consolidated statements of cash flows for each of the interim year-to-date periods within fiscal 2020 and 2019; and historical non-GAAP financial information for the fiscal years ended December 31, 2020 and 2019 and for each of the quarters within fiscal 2020 and 2019 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



The leader in
a large and
growing market



Highly
differentiated from
the competition



Executing a
clear four-point
growth strategy

01

Our Markets

02

Key
Differentiators

03

Strategy for
Growth

04

Financial
Strategy

Social good is a significant global sector



ARTS AND CULTURAL ORGANIZATIONS



HIGHER EDUCATION INSTITUTIONS



COMPANIES



INDIVIDUAL CHANGE AGENTS



FAITH COMMUNITIES



K-12 SCHOOLS



FOUNDATIONS



NONPROFITS



HEALTHCARE ORGANIZATIONS



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

\$100B+
raised, granted, and invested in their programming by our customers each year¹

Millions
of users across 100+ countries¹

80%
of the most influential nonprofits²

1 out of 3
Fortune 500 companies³

30 of 32
largest nonprofit hospitals⁴

93%
of higher education institutions with billion-dollar campaigns⁵

25
of the largest Catholic Dioceses in the US¹

150+
experts dedicated to arts and cultural organizations¹

A PROVEN LEADER



Among the Top 30
Largest Cloud Software
Providers Worldwide,
2019



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

+487%

increase in donors to Cincinnati Zoo in the first 10 days after creating a daily virtual experience in 2020

\$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

40K

employees engaged in ending 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

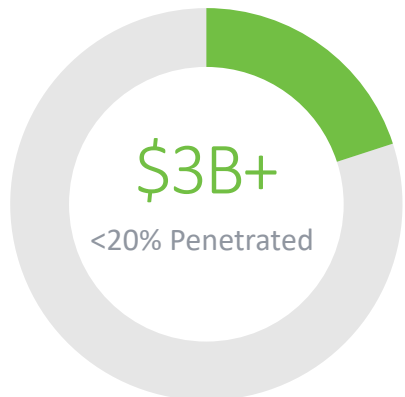
Sourced from Blackbaud [customer stories](#)

Substantial TAM with significant penetration opportunity

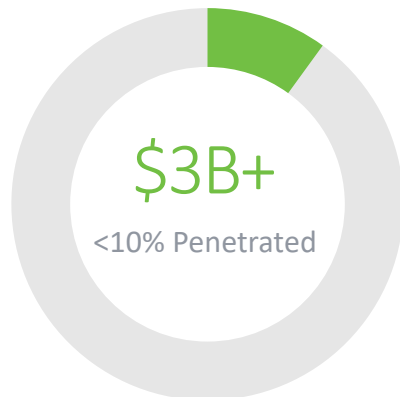
\$10B+
2020 TAM

<10%
Revenue Penetration

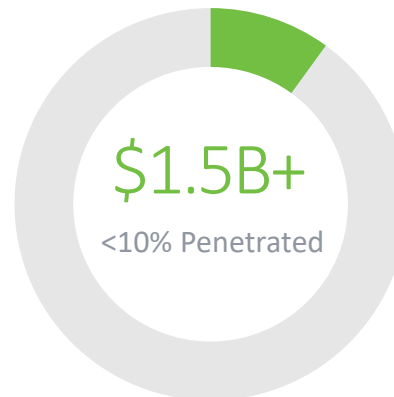
Fundraising, Relationship Management and Engagement



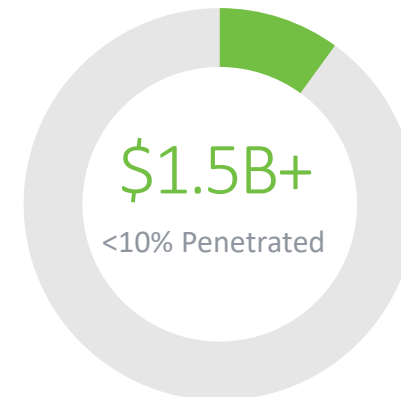
Payment Services



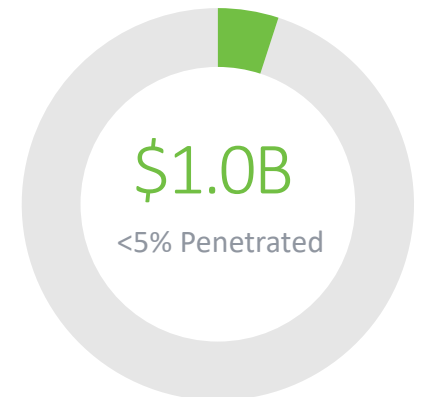
Financial Management, Grant and Award Management



Organizational and Program Management



Social Responsibility



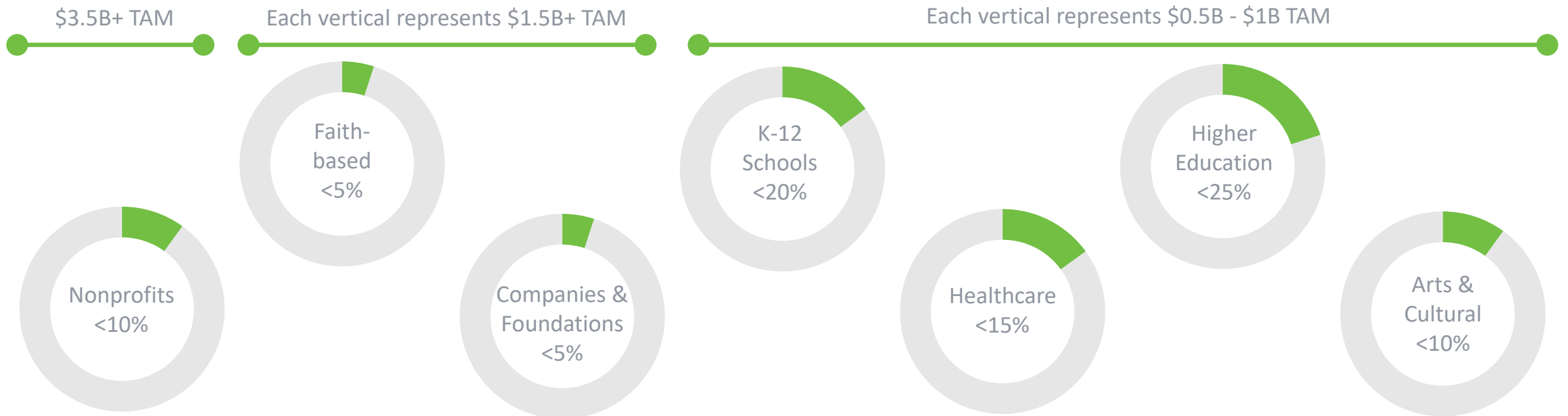
Sources: FY 2020 Blackbaud Revenue. TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, Blackbaud internal data

Opportunity for growth extends across vertical markets

\$10B+
2020 TAM

<10%
Revenue Penetration

Revenue Penetration by Vertical



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



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 community¹

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

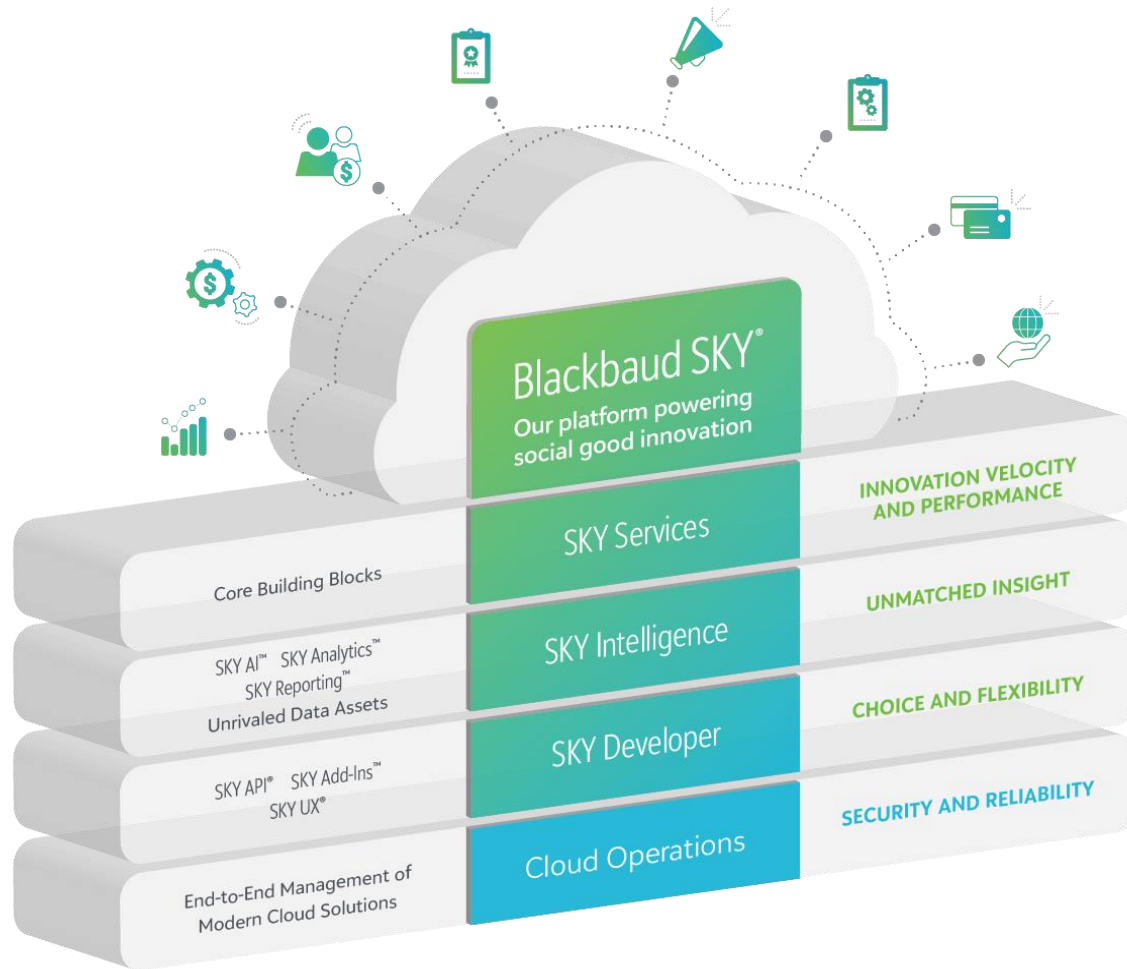


OUR COMPETITORS²

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¹ IDC Top 30 largest cloud software provider worldwide, 2019 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



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.

4 out of 5

employees volunteer regularly logging over 100,000 hours annually

1 out of 4

employees serve on nonprofit boards

600+

engineers; largest R&D investment in the sector

A

MSCI ESG Rating

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

Over 2x

employees participating in matching gift program compared to U.S. national median

01

Our Markets

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Financial
Strategy

Executing a clear four-point growth strategy

01

Delight customers with innovative cloud solutions

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

02

Drive sales effectiveness

Improving go –to-market efficiency to drive recurring revenue growth

03

Expand total addressable market

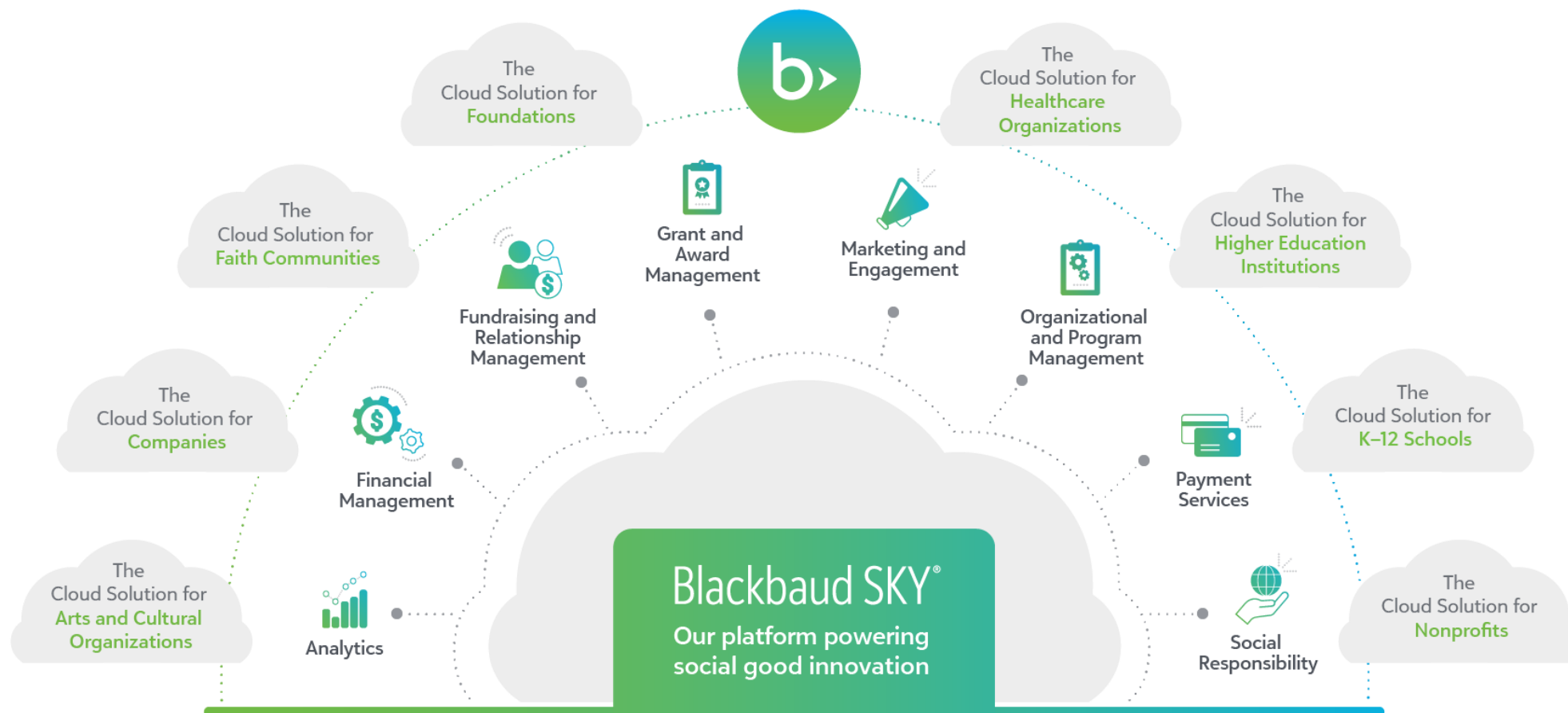
Acquiring, building, and partnering into near adjacent markets

04

Improve operating efficiency

Executing a world-class operating model

Delight customers with innovative cloud solutions



Drive sales effectiveness



Scalable Model

Global sales operations
Customer success organization
Best-in-breed back office systems



Prescriptive Selling

Vertical go-to-market focus
Integrated clouds
Bifurcate hunters vs. farmers
Customer advisory councils



Go-to-Market Efficiency

Digital-first lead generation
Optimize market coverage
Productivity focus
Expand partner channel

Expand total addressable market

Acquiring, building, and partnering into near adjacent markets

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



2014



2015



2016



2017

Blackbaud Education Management Portfolio

Blackbaud Church Management™



2018



2019

✓ Expand TAM into near adjacencies

✓ Accelerate shift to the cloud

✓ Accelerate revenue growth

✓ Accretive to operating margins

Note: Criteria calls for investments to be accretive to operating margins over time.

Efficient, scalable operating model

Vertical Go-to-market

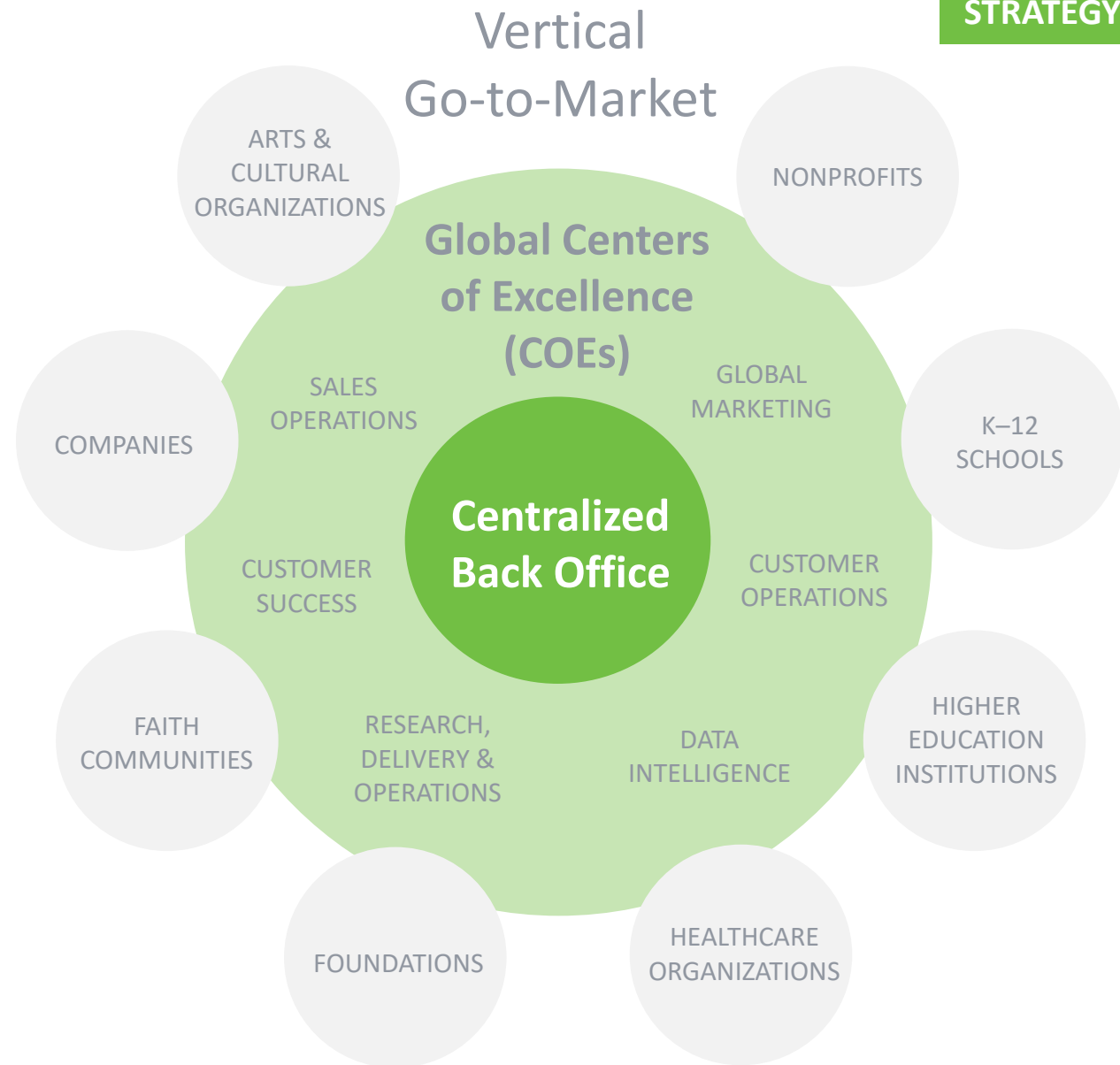
focus on customer needs and solution selling

Centers of Excellence

support functions with common systems, metrics, and measurement

Productivity Improvement

continuous improvement across all functions of the organization



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Strategy for
Growth

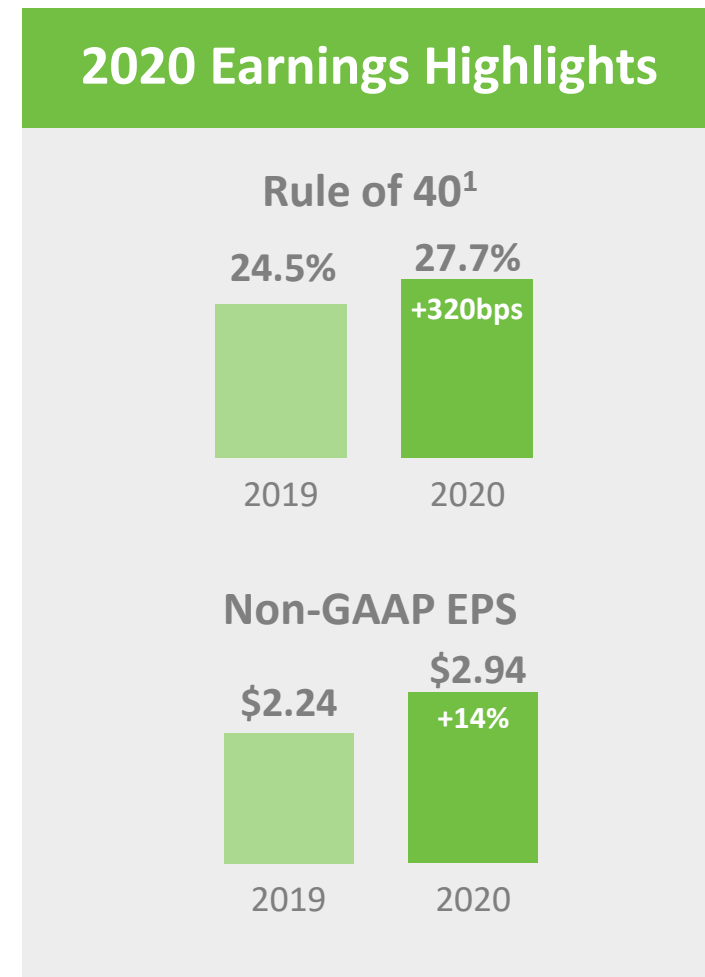
04

Financial
Strategy

Actions taken in response to COVID-19

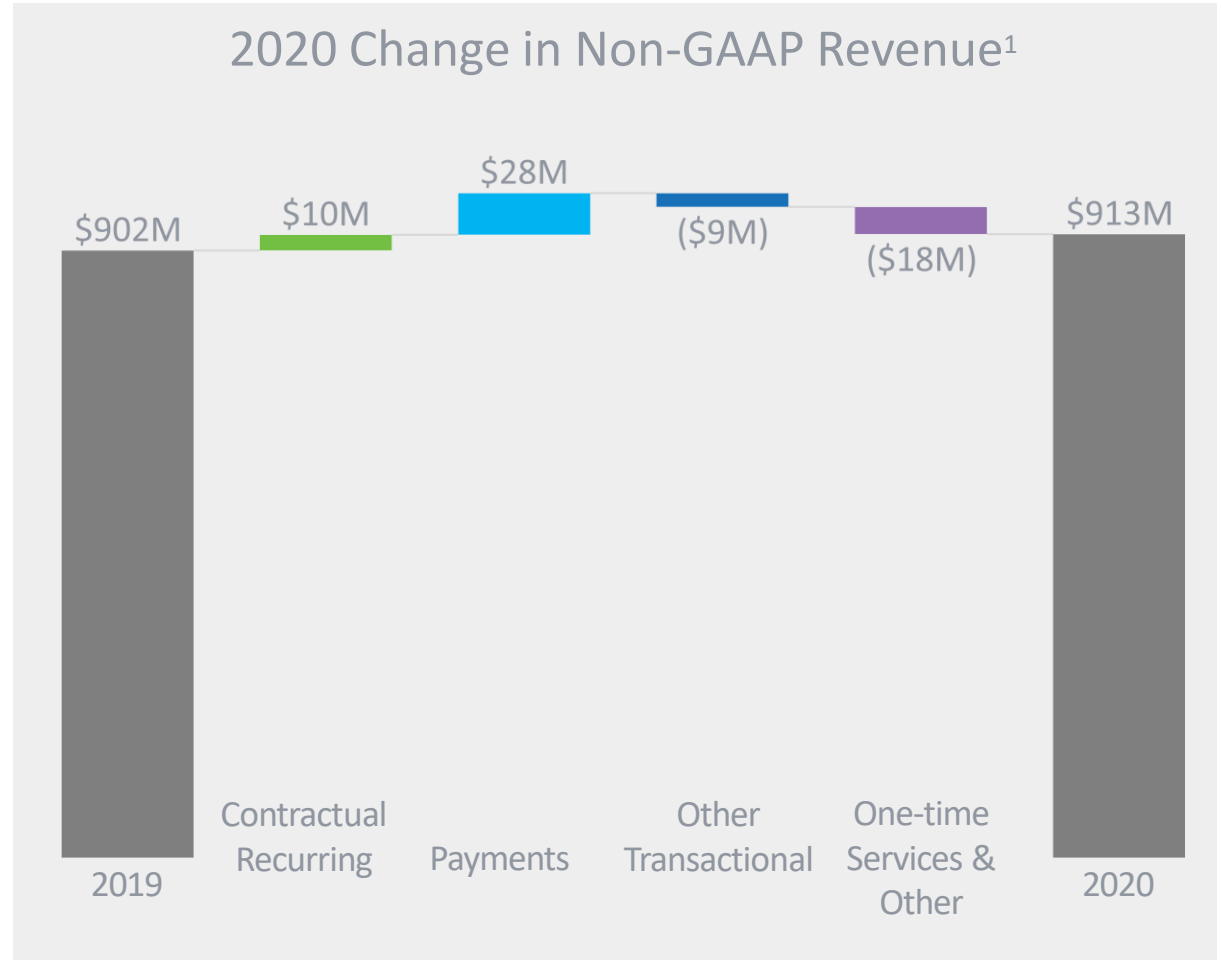
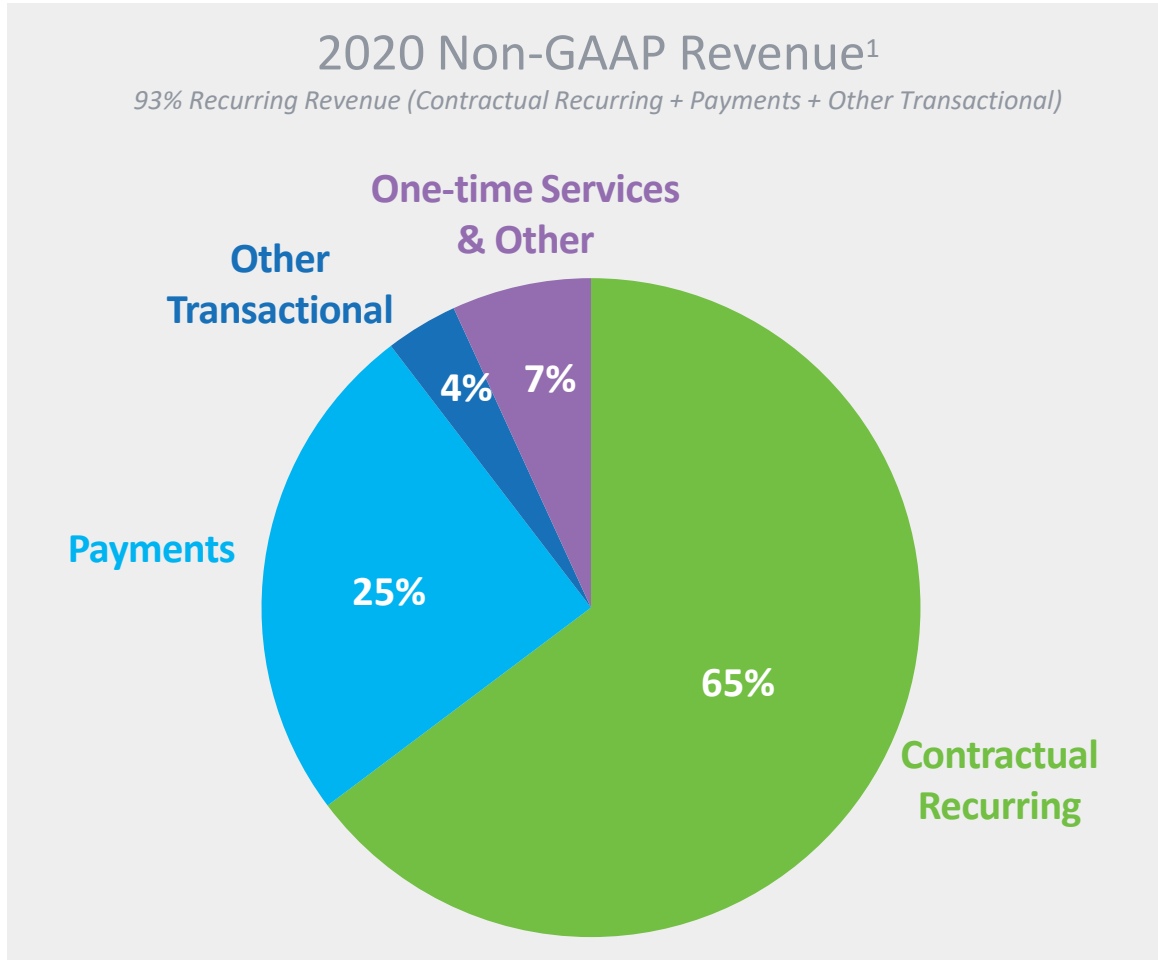
In line with our strategy, made a pivot to place a greater emphasis on increased profitability and cash flow

- Our Board of Directors eliminated the payment of future quarterly cash dividends beginning with the second quarter of 2020
- Implemented several cost reduction measures during 2020:
 - Suspended the company funded 401(k) match between April 1, 2020 to December 31, 2020; funded a discretionary match for participating employees during the fourth quarter of 2020
 - Temporarily froze company hiring efforts, recently began backfilling key positions
 - CEO elected to forego his salary between April 1, 2020 and June 16, 2020
 - Restricted non-essential employee travel and put in place other operating cost containment actions
- Converted certain cash compensation to equity-based awards:
 - Replaced employee’s 2020 cash merit increases with a one-time restricted stock grant
 - Replaced cash bonus plans for 2020 with a one-time performance stock grant
- Employee relief measure providing all worldwide employees with a base salary less than \$75,000 with additional support in the form of a one-time bonus of \$1,000 USD
- Adjusted our workforce strategy to provide more flexibility for our employees to work remotely when our offices reopen
- Completed the purchase of our headquarters building during the third quarter and exited certain office leases during the fourth quarter
- Continuously evaluate further possible actions in order to respond quickly to rapidly changing conditions, if needed



¹Rule of 40 measured by Non-GAAP Organic Revenue Growth + Non-GAAP Adjusted EBITDA margin. Please refer to the appendix of this presentation for the definition of Non-GAAP adjusted EBITDA

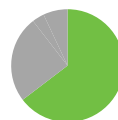
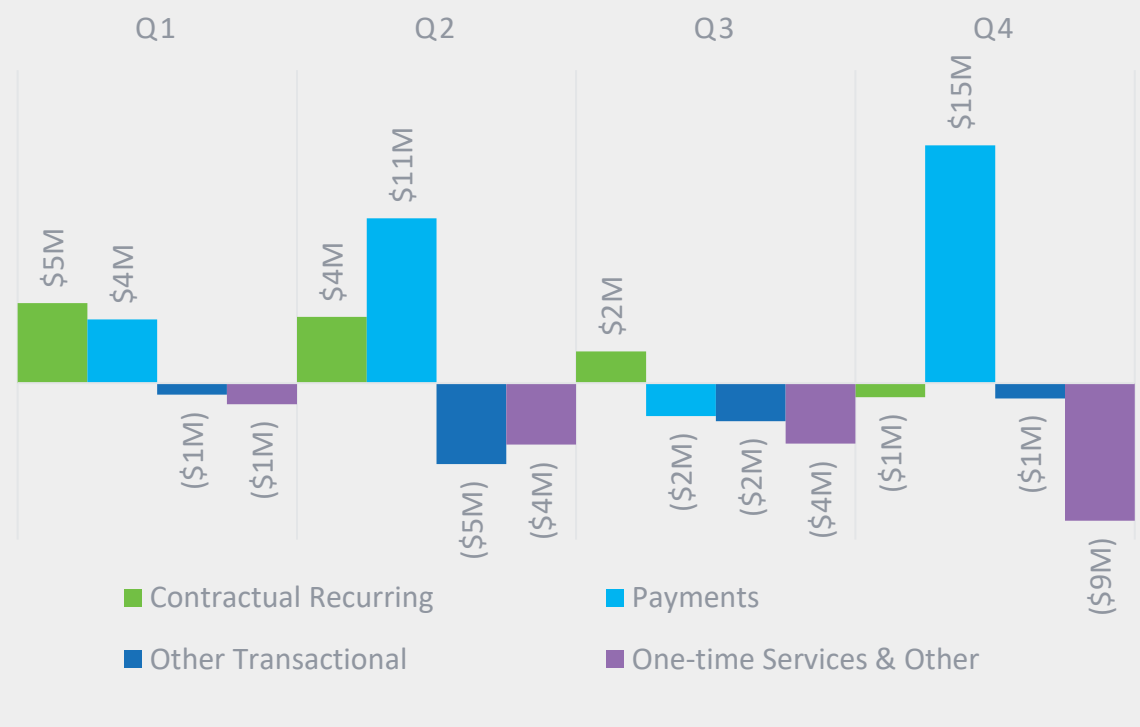
Contractual Recurring Revenue is Stable and Grew in 2020



¹ Revenue from retained and managed service contracts that we do not expect to have a term consistent with our cloud solution contracts is included in one-time services and other revenue beginning January 1, 2020. In order to provide comparability between the 2020 and 2019 periods, prior year revenue has been adjusted to reflect revenue had the change in presentation been effective January 1, 2019. Please refer to the supplemental schedule in the appendix of this presentation.

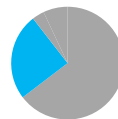
Pandemic Related Variability in Transactional Revenue Expected to Recover Quickly Post-pandemic

Change in Non-GAAP Revenue Year over Year¹



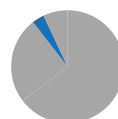
Contractual Recurring Revenue

- Customer retention increased to 93% and renewal rates have trended ahead of pre-COVID plan
- Bookings have trended below plan



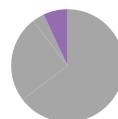
Payments Revenue

- Elevated mix shift toward online payments has largely offset pandemic related declines in volume



Other Transactional Revenue

- Usage-based transactional revenue declined ~\$9M vs. 2019 due primarily to less in-person events held as a result of the pandemic



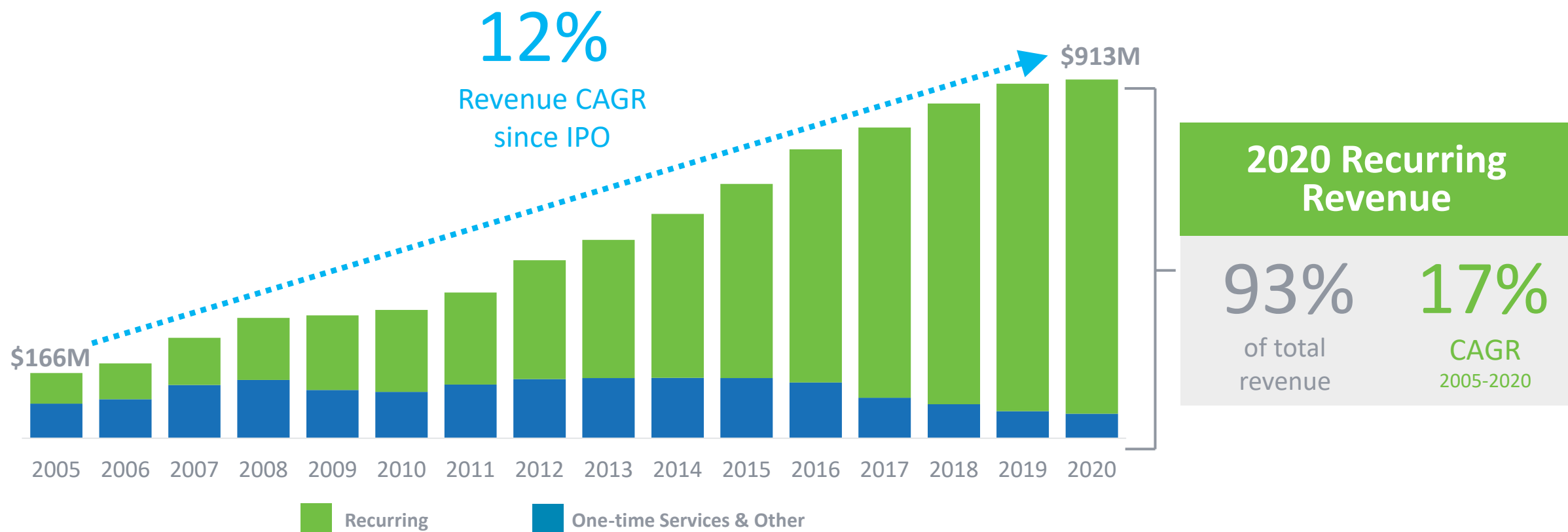
One-time Services & Other Revenue

- Consistent with prior years, declined ~22% vs. 2019 after normalizing for revenue reclassified from recurring revenue to one-time services and other revenue in 2020

¹ Non-GAAP Revenue through 12/31/2020. Revenue from retained and managed service contracts that we do not expect to have a term consistent with our cloud solution contracts is included in one-time services and other revenue beginning January 1, 2020. In order to provide comparability between the 2020 and 2019 periods, prior year revenue has been adjusted to reflect revenue had the change in presentation been effective January 1, 2019. Please refer to the supplemental schedule in the appendix of this presentation.

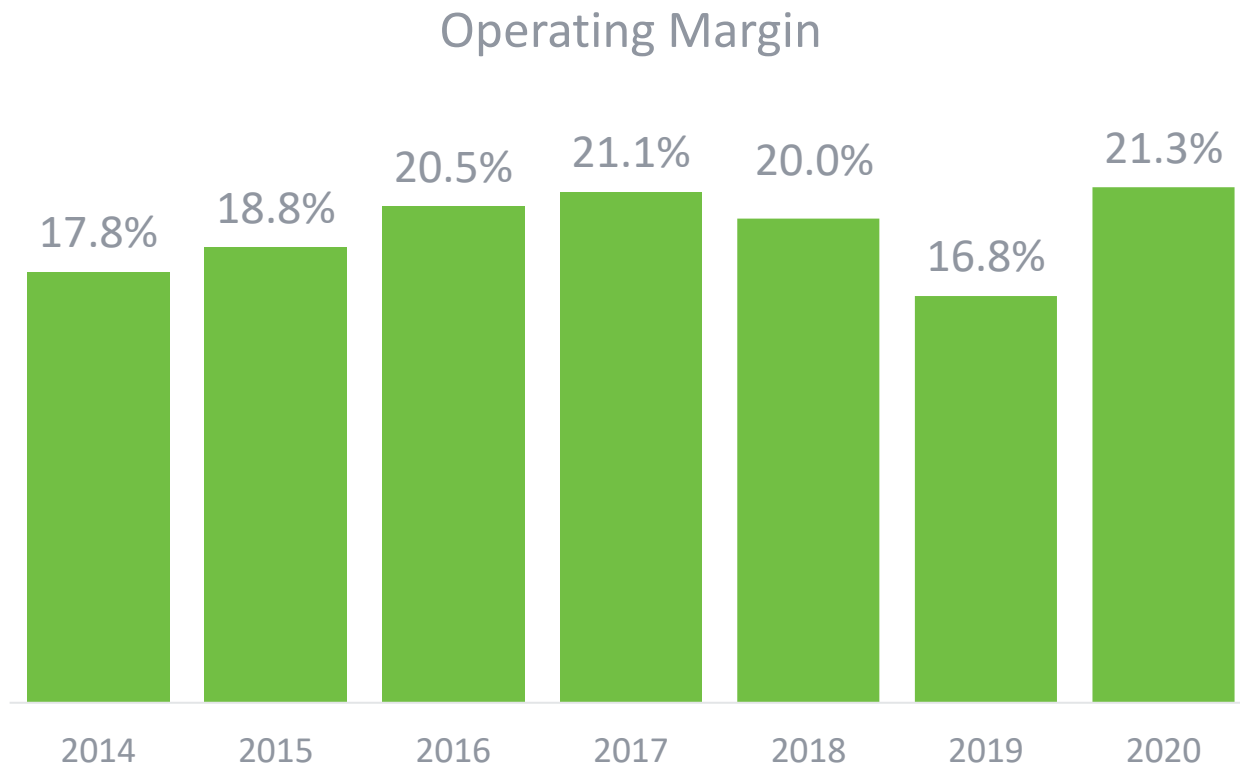
Business model drives recurring revenue

Continued shift in mix to over 90% recurring revenue greatly improves durability



Non-GAAP Revenue. 2016, 2017, 2018, 2019 and 2020 reflect adoption of ASC 606. Blackbaud's initial public offering was mid-year 2004; comparisons began with next full year of revenue

Balancing growth and profitability to support future growth



Operating Margin

Future expansion depends on the level of investments in:

Go-to-Market Model

Focusing on digital first lead generation, market coverage and sales effectiveness

Engineering and Innovation

Invest in innovative cloud solutions

Migration to Public Cloud Infrastructure

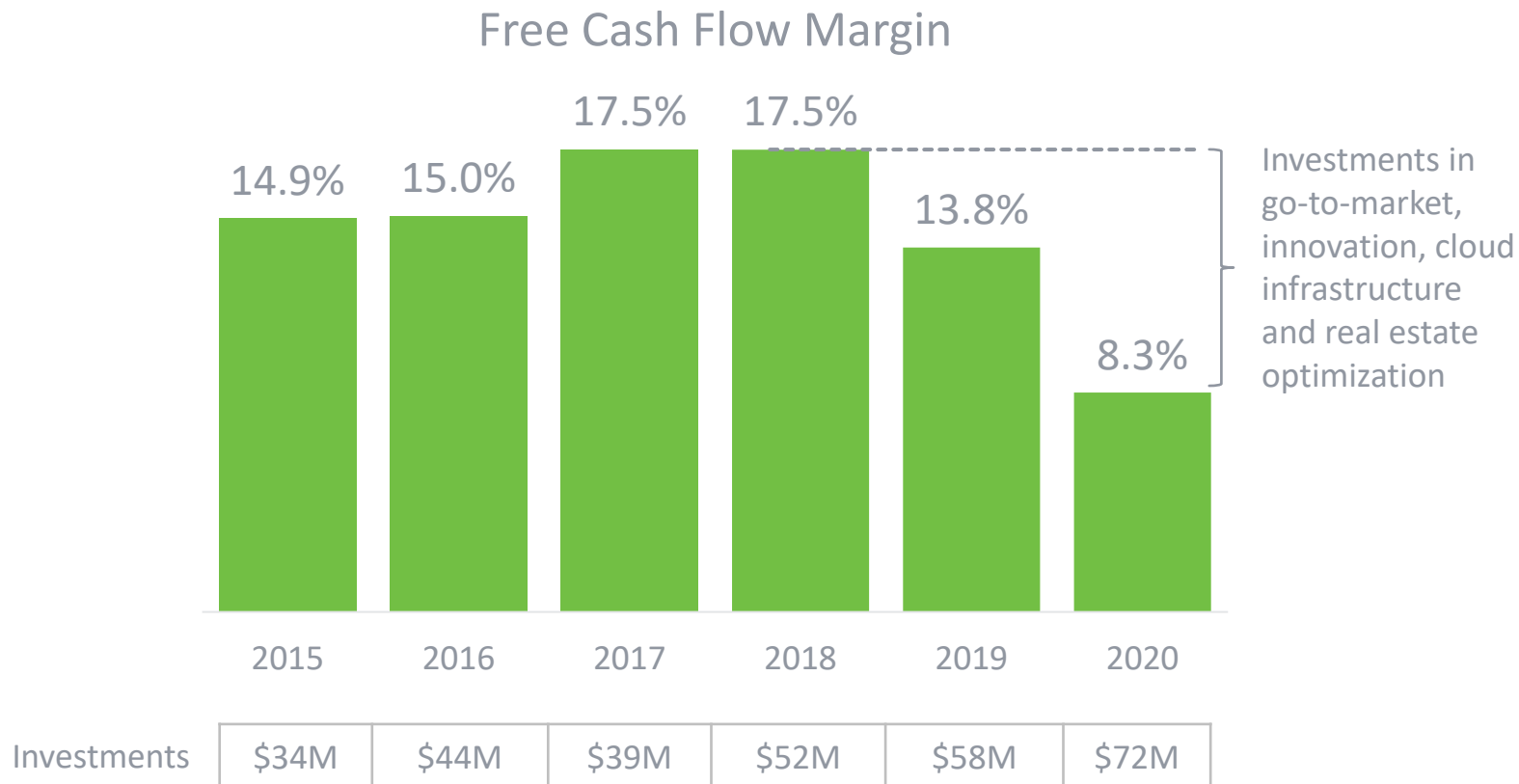
Enhanced scalability and security

Optimizing real estate footprint

In line with workforce strategy and shift to flexible remote work options for our employees

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

Strategic cash investments to generate future savings



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.

Deploying Capital to Enhance Shareholder Value

GROWTH AND OPERATING INITIATIVES

- Capital investments consistent with solution roadmap and strategy
- Invest in operational efficiencies
- Anticipate increased cash generation in alignment with greater emphasis on profitability
- Strategic acquisitions

MAINTAIN STRONG BALANCE SHEET

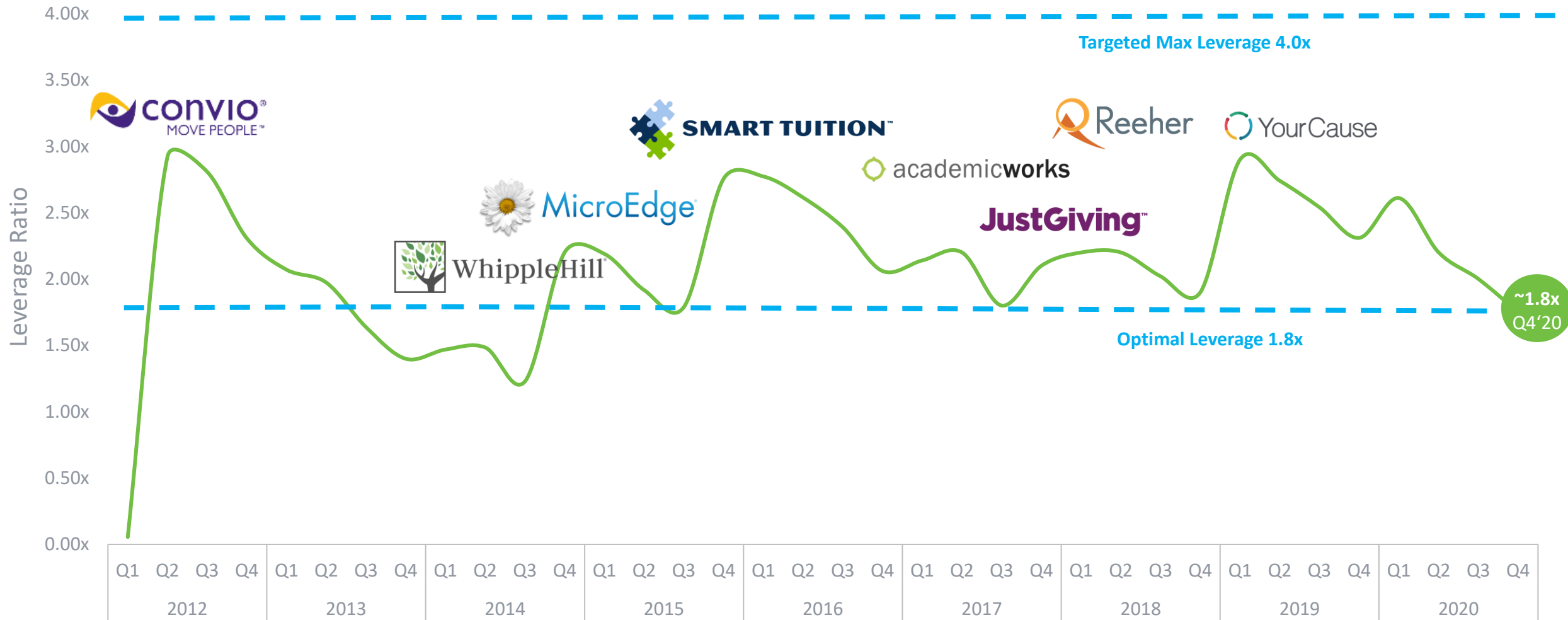
- Cash balances
- Debt maintenance
- **NEW**—Oct 2020 amended, extended and expanded credit facility to \$900M
- Debt to adjusted EBITDA < 4.0x
 - Finished Q4 2020 at 1.8x

RETURN OF CAPITAL TO SHAREHOLDERS

- **NEW**—Nov 2020 expanded share repurchase authorization from \$50M to \$250M
- Repurchased ~1.2M shares at a total cost of ~\$69M through 1/31/2021
- Approximately \$180M remaining and available under current authorization

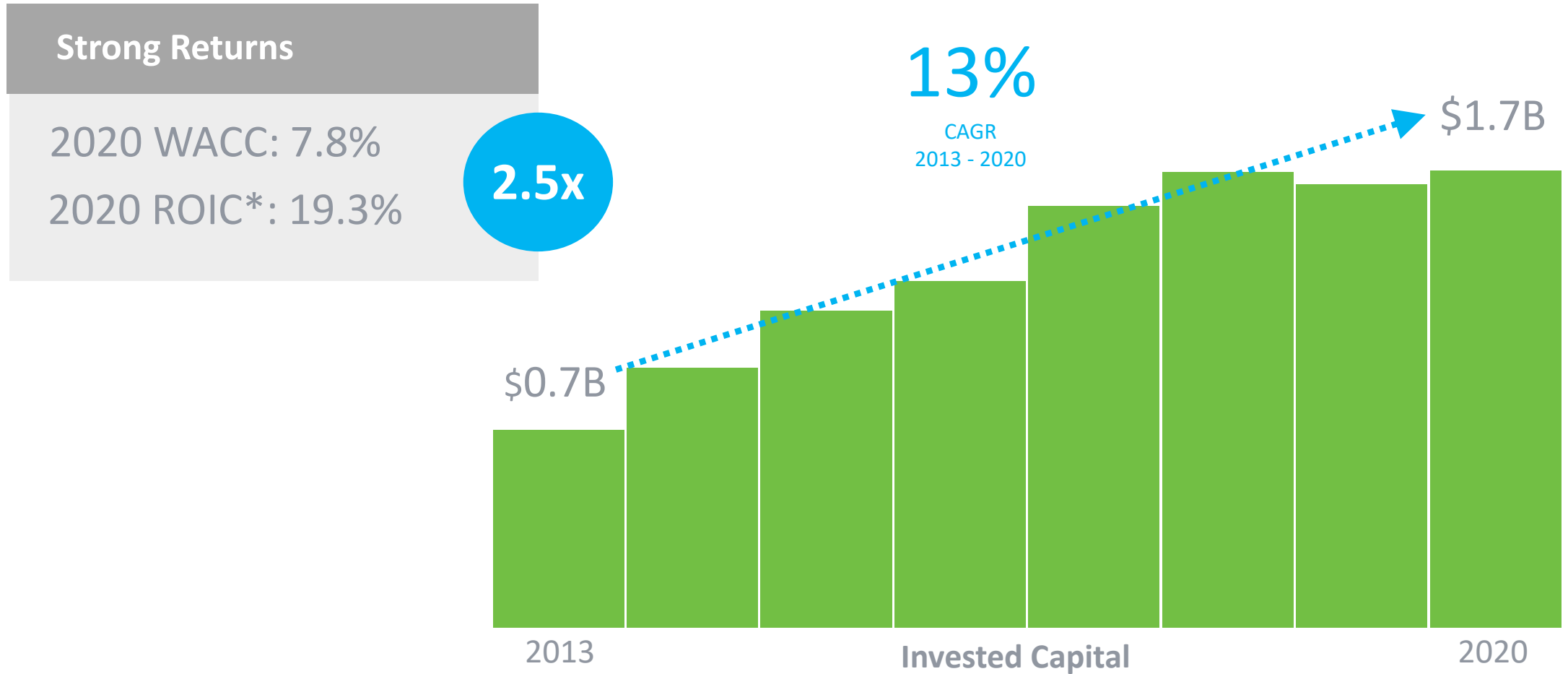
Current covenant for leverage ratio is less than or equal to 4.0x through Q3 2022, then drops to 3.75x through maturity. Effective Apr 6, 2020 our Board of Directors eliminated the payment of future quarterly cash dividends beginning with the second quarter of 2020. Details on our share repurchases can be found in our 2020 10-K.

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.

Strong returns on a substantially larger investment base



*See appendix for detailed ROIC calculation; Decrease in invested capital from 2018 to 2019 driven by write-offs on the book value of fully amortized assets and facilities-related fixed assets as a part of our facilities optimization strategy

Anticipating solid financial performance in 2021

TOTAL NONGAAP REVENUE

~\$900M

Best Estimate

- Modest growth in contractual recurring revenue
- Heightened variability in transactional revenue due to the pandemic
- Reduction of one-time services and other revenue of \$15-\$20M

ADJUSTED EBITDA MARGIN

~25%

- Inclusive of cost actions taken in response to the pandemic that will not repeat in 2021
- Continued investments into R&D, security, customer success and cloud infrastructure

FREE CASH FLOW

\$100M+

- Less capital expenditures expected in 2021 given purchase of HQ in Q3 2020
- Capitalized software development costs roughly flat to 2020

Long-Term Aspirational Financial Goals

	FY 2019	FY 2020	Near-term During Pandemic	Mid-term 3-4 Years Post-Pandemic	Long-term Aspirational Goal
Non-GAAP Organic Revenue Growth	3.1%	1.2%	Variable	Mid Single-Digit	Mid to High Single-Digit
Rule of 40¹	24.5%	27.7%	25%+	35%+	40%+

¹Rule 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.

Improving shareholder value



Industry leading cloud software company with an unmatched commitment to the social good sector



Rapid innovation and M&A focused on expanding a large, stable, and growing addressable market



Executing a disciplined strategy focused on accelerating financial performance

Appendix

Return on Invested Capital (ROIC) Calculation

(dollars in millions)

	<u>2020</u>
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	<u>\$1,732</u>
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	<u>173</u>
Add: Stock-based compensation	87
Add: R&D Exp (excl SBC)	<u>82</u>
Adjusted EBITDA ⁴	342
Less: Implied taxes (assumes 20% tax rate)	(7)
Adjusted NOPAT ⁴	<u>\$335</u>
Return on invested capital (ROIC)	<u>19.3%</u>

(1) With adoption of ASC842 and subsequent addition of right-of-use assets on the balance sheet, value of leased assets is replaced

(2) 2020 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)	Years ended		Three months ended				Year ended	Three months ended			
	12/31/2020	12/31/2019	12/31/2020	09/30/2020	06/30/2020	03/31/2020	12/31/2019	12/31/2019	09/30/2019	06/30/2019	03/31/2019
GAAP revenue	\$ 913,219	\$ 900,423	\$ 242,606	\$ 215,001	\$ 231,991	\$ 223,621	\$ 900,423	\$ 237,839	\$ 221,120	\$ 225,634	\$ 215,830
GAAP revenue growth	1.4 %		2.0 %	(2.8)%	2.8 %	3.6 %					
Add: Non-GAAP acquisition-related revenue ⁽¹⁾	—	1,932	—	—	—	—	1,932	241	259	716	716
Non-GAAP organic revenue ⁽²⁾	\$ 913,219	\$ 902,355	\$ 242,606	\$ 215,001	\$ 231,991	\$ 223,621	\$ 902,355	\$ 238,080	\$ 221,379	\$ 226,350	\$ 216,546
Non-GAAP organic revenue growth	1.2 %		1.9 %	(2.9)%	2.5 %	3.3 %					
Non-GAAP organic revenue ⁽²⁾	\$ 913,219	\$ 902,355	\$ 242,606	\$ 215,001	\$ 231,991	\$ 223,621	\$ 902,355	\$ 238,080	\$ 221,379	\$ 226,350	\$ 216,546
Foreign currency impact on Non-GAAP organic revenue ⁽³⁾	780	—	(742)	(796)	2,008	310	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis ⁽³⁾	\$ 913,999	\$ 902,355	\$ 241,864	\$ 214,205	\$ 233,999	\$ 223,931	\$ 902,355	\$ 238,080	\$ 221,379	\$ 226,350	\$ 216,546
Non-GAAP organic revenue growth on constant currency basis	1.3 %		1.6 %	(3.2)%	3.4 %	3.4 %					
GAAP recurring revenue	850,745	831,609	229,516	200,102	216,260	204,867	831,609	219,820	205,227	208,468	198,094
GAAP recurring revenue growth	2.3 %		4.4 %	(2.5)%	3.7 %	3.4 %					
Add: Non-GAAP acquisition-related recurring revenue ⁽¹⁾	—	1,932	—	—	—	—	1,932	241	259	716	716
Non-GAAP organic recurring revenue	\$ 850,745	\$ 833,541	\$ 229,516	\$ 200,102	\$ 216,260	\$ 204,867	\$ 833,541	\$ 220,061	\$ 205,486	\$ 209,184	\$ 198,810
Non-GAAP organic recurring revenue growth	2.1 %		4.3 %	(2.6)%	3.4 %	3.0 %					

(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)	Years ended		Three months ended	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
GAAP net income	\$ 7,717	\$ 11,908	\$ (13,621)	\$ 1,324
Non-GAAP adjustments:				
Add: Interest, net	15,627	17,816	4,976	4,009
Add: GAAP income tax provision (benefit)	13,897	(1,323)	6,949	(2,586)
Add: Depreciation ⁽¹⁾	14,589	14,979	3,731	3,706
Add: Amortization of intangibles from business combinations	41,883	50,085	9,829	12,884
Add: Amortization of software development costs ⁽²⁾	32,540	20,999	7,712	5,265
Subtotal	118,536	102,556	33,197	23,278
Non-GAAP EBITDA	\$ 126,253	\$ 114,464	\$ 19,576	\$ 24,602
Non-GAAP EBITDA Margin	13.8 %		8.1 %	
Non-GAAP adjustments:				
Add: Acquisition-related deferred revenue write-down	—	1,932	—	241
Add: Stock-based compensation expense	87,257	58,633	32,701	15,012
Add: Employee severance	4,875	4,425	282	765
Add: Acquisition-related integration costs	(134)	2,395	(16)	189
Add: Acquisition-related expenses	353	1,162	65	132
Add: Restructuring and other real estate activities	23,290	5,808	16,273	2,725
Subtotal	115,641	74,355	49,305	19,064
Non-GAAP Adjusted EBITDA	\$ 241,894	\$ 188,819	\$ 68,881	\$ 43,666
Non-GAAP Adjusted EBITDA Margin	26.5 %		28.4 %	
Rule of 40⁽³⁾	27.7 %		30.3 %	

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

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

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

Supplemental Schedule for Change in Revenue Classification

Revenue from retained and managed service contracts that we do not expect to have a term consistent with our cloud solution contracts is included in one-time services and other revenue beginning January 1, 2020. As shown below, this change in presentation resulted in decreases in recurring revenue and offsetting increases to one-time services and other revenue of \$3.9 million and \$16.7 million, respectively, during the three and twelve months ended December 31, 2020.

In order to provide comparability between the 2020 and 2019 periods, we are providing below the amounts by which reported recurring revenue and one-time services and other revenue would have changed had the change in presentation discussed above been effective January 1, 2019.

This information is not intended as a substitute for the Company's previously reported results.

(dollars in thousands)	AS Reported (GAAP)									
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Recurring	\$ 198,094	\$ 208,468	\$ 205,227	\$ 219,820	\$ 831,609	\$ 204,867	\$ 216,260	\$ 200,102	\$ 229,516	\$ 850,745
One-time Services and Other	17,736	17,166	15,893	18,019	68,814	18,754	15,731	14,899	13,090	62,474
Total Revenue	\$ 215,830	\$ 225,634	\$ 221,120	\$ 237,839	\$ 900,423	\$ 223,621	\$ 231,991	\$ 215,001	\$ 242,606	\$ 913,219

(dollars in thousands)	Revenue Reclassification Amounts - Change in Presentation Effective 1/1/2020									
	Not Included in 2019 Amounts Above					Included in 2020 Amounts Above				
	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Recurring	\$ (2,376)	\$ (2,490)	\$ (2,871)	\$ (3,871)	\$ (11,608)	\$ (4,258)	\$ (4,249)	\$ (4,224)	\$ (3,942)	\$ (16,673)
One-time Services and Other	2,376	2,490	2,871	3,871	11,608	4,258	4,249	4,224	3,942	16,673
Total Revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

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

Three Months Ended December 31, 2020

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

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

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

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

Three Months Ended December 31, 2019

(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	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	\$ 219,820	\$ 241	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	241	\$ 220,061
One-time services and other	18,019	—	—	—	—	—	—	—	—	18,019
Total revenue	237,839	241	—	—	—	—	—	—	241	238,080
Cost of revenue										
Cost of recurring	98,975	—	(464)	(10,255)	(58)	—	—	—	(10,777)	88,198
Cost of one-time services and other	17,562	—	(353)	(544)	(29)	—	—	—	(926)	16,636
Total cost of revenue	116,537	—	(817)	(10,799)	(87)	—	—	—	(11,703)	104,834
Gross profit	121,302	241	817	10,799	87	—	—	—	11,944	133,246
<i>Recurring gross margin</i>	55.0 %								4.9 %	59.9 %
<i>One-time services and other gross margin</i>	2.5 %								5.2 %	7.7 %
Total Gross Margin	51.0 %								5.0 %	56.0 %
Operating expenses										
Sales, marketing and customer success	58,189	—	(2,639)	—	(561)	—	—	—	(3,200)	54,989
Research and development	25,860	—	(2,841)	—	(95)	—	—	—	(2,936)	22,924
General and administrative	28,857	—	(8,715)	—	(22)	(189)	(132)	—	(9,058)	19,799
Amortization	2,085	—	—	(2,085)	—	—	—	—	(2,085)	—
Restructuring	2,725	—	—	—	—	—	—	(2,725)	(2,725)	—
Total operating expenses	117,716	—	(14,195)	(2,085)	(678)	(189)	(132)	(2,725)	(20,004)	97,712
Income from operations	3,586	241	15,012	12,884	765	189	132	2,725	31,948	35,534
Total Operating Margin	1.5 %								13.4 %	14.9 %
Net Income	\$ 1,324									\$ 24,549
Shares used in computing diluted earnings per share	48,573									48,573
Diluted earnings per share	\$ 0.03									\$ 0.51

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

Year Ended December 31, 2019

(in thousands, except per share amounts)	GAAP	Acquisition-related Deferred Revenue Write-down	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	\$ 831,609	\$ 1,932	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	1,932	\$ 833,541
One-time services and other	68,814	—	—	—	—	—	—	—	—	68,814
Total revenue	900,423	1,932	—	—	—	—	—	—	1,932	902,355
Cost of revenue										
Cost of recurring	357,988	—	(1,879)	(42,565)	(601)	—	—	—	(45,045)	312,943
Cost of one-time services and other	60,436	—	(1,487)	(2,204)	(620)	—	—	—	(4,311)	56,125
Total cost of revenue	418,424	—	(3,366)	(44,769)	(1,221)	—	—	—	(49,356)	369,068
Gross profit	481,999	1,932	3,366	44,769	1,221	—	—	—	51,288	533,287
<i>Recurring gross margin</i>	57.0%								5.5%	62.5%
<i>One-time services and other gross margin</i>	12.2%								6.2%	18.4%
Total Gross Margin	53.5%								5.6%	59.1%
Operating expenses										
Sales, marketing and customer success	224,152	—	(11,203)	—	(1,451)	—	—	—	(12,654)	211,498
Research and development	106,164	—	(11,115)	—	(1,374)	—	—	—	(12,489)	93,675
General and administrative	113,414	—	(32,949)	—	(379)	(2,395)	(1,162)	—	(36,885)	76,529
Amortization	5,316	—	—	(5,316)	—	—	—	—	(5,316)	—
Restructuring	5,808	—	—	—	—	—	—	(5,808)	(5,808)	—
Total operating expenses	454,854	—	(55,267)	(5,316)	(3,204)	(2,395)	(1,162)	(5,808)	(73,152)	381,702
Income from operations	27,145	1,932	58,633	50,085	4,425	2,395	1,162	5,808	124,440	151,585
Total Operating Margin	3.0%								13.8%	16.8%
Net Income	\$ 11,908									\$ 108,020
Shares used in computing diluted earnings per share	48,312									48,312
Diluted earnings per share	\$ 0.25									\$ 2.24

Historical Consolidated Balance Sheets (Unaudited)

(in thousands)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Assets								
Current assets:								
Cash and cash equivalents	\$ 25,187	\$ 32,654	\$ 29,084	\$ 31,810	\$ 24,972	\$ 30,531	\$ 30,563	\$ 35,750
Restricted cash due to customers	219,396	354,133	243,056	545,485	232,250	421,915	203,660	609,219
Accounts receivable, net of allowance	90,727	131,277	90,700	88,868	89,191	129,675	96,830	95,404
Customer funds receivable	5,474	5,349	7,784	524	1,205	1,284	4,901	321
Prepaid expenses and other current assets	73,099	76,728	75,321	67,852	81,004	83,699	76,761	78,366
Total current assets	413,883	600,141	445,945	734,539	428,622	667,104	412,715	819,060
Property and equipment, net	38,757	39,569	37,285	35,546	35,661	36,539	109,469	105,177
Operating lease right-of-use assets	110,485	107,165	110,840	104,400	100,568	95,575	30,218	22,671
Software development costs, net	81,231	87,880	94,055	101,302	105,594	106,044	108,891	111,827
Goodwill	634,845	632,269	630,644	634,088	631,033	630,687	632,840	635,854
Intangible assets, net	355,751	340,615	327,089	317,895	303,097	292,187	284,414	277,506
Other assets	67,461	66,319	64,154	65,193	66,346	68,673	72,617	72,639
Total assets	\$ 1,702,413	\$ 1,873,958	\$ 1,710,012	\$ 1,992,963	\$ 1,670,921	\$ 1,896,809	\$ 1,651,164	\$ 2,044,734
Liabilities and stockholders' equity								
Current liabilities:								
Trade accounts payable	\$ 32,640	\$ 35,749	\$ 34,169	\$ 47,676	\$ 44,510	\$ 41,029	\$ 31,775	\$ 27,836
Accrued expenses and other current liabilities	54,983	60,514	63,947	73,317	45,781	52,893	48,380	52,228
Due to customers	224,870	359,482	250,840	546,009	233,455	423,199	207,356	608,264
Debt, current portion	7,500	7,500	7,500	7,500	10,351	9,194	10,305	12,840
Deferred revenue, current portion	281,082	327,299	320,982	314,335	288,682	332,570	322,452	312,236
Total current liabilities	601,075	790,544	677,438	988,837	622,779	858,885	620,268	1,013,404
Debt, net of current portion	576,068	553,812	495,556	459,600	520,576	478,919	497,953	518,193
Deferred tax liability	48,050	48,658	47,237	44,594	43,286	45,108	46,989	54,086
Deferred revenue, net of current portion	4,290	2,324	2,014	1,802	1,715	4,626	5,803	4,678
Operating lease liabilities, net of current portion	102,880	100,116	100,133	95,624	91,235	86,586	25,706	17,357
Other liabilities	4,302	5,802	6,177	5,742	10,937	11,883	12,610	10,866
Total liabilities	1,336,665	1,501,256	1,328,555	1,596,199	1,290,528	1,486,007	1,209,329	1,618,584
Commitments and contingencies								
Stockholders' equity:								
Preferred stock	—	—	—	—	—	—	—	—
Common stock, \$0.001 par value	60	60	60	60	61	61	61	61
Additional paid-in capital	412,937	427,950	442,803	457,804	471,344	491,450	512,269	544,963
Treasury stock, at cost	(285,284)	(286,644)	(287,163)	(290,665)	(310,447)	(311,661)	(311,951)	(353,091)
Accumulated other comprehensive loss	(1,452)	(9,409)	(13,665)	(5,290)	(14,140)	(14,476)	(8,872)	(2,497)
Retained earnings	239,487	240,745	239,422	234,855	233,575	245,428	250,328	236,714
Total stockholders' equity	365,748	372,702	381,457	396,764	380,393	410,802	441,835	426,150
Total liabilities and stockholders' equity	\$ 1,702,413	\$ 1,873,958	\$ 1,710,012	\$ 1,992,963	\$ 1,670,921	\$ 1,896,809	\$ 1,651,164	\$ 2,044,734

Historical Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands, except share and per share amounts)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
Revenue										
Recurring	\$ 198,094	\$ 208,468	\$ 205,227	\$ 219,820	\$ 831,609	\$ 204,867	\$ 216,260	\$ 200,102	\$ 229,516	\$ 850,745
One-time services and other	17,736	17,166	15,893	18,019	68,814	18,754	15,731	14,899	13,090	62,474
Total revenue	215,830	225,634	221,120	237,839	900,423	223,621	231,991	215,001	242,606	913,219
Cost of revenue										
Cost of recurring	84,711	86,657	87,645	98,975	357,988	89,551	91,370	84,251	104,509	369,681
Cost of one-time services and other	14,572	14,150	14,152	17,562	60,436	15,314	13,569	14,434	15,067	58,384
Total cost of revenue	99,283	100,807	101,797	116,537	418,424	104,865	104,939	98,685	119,576	428,065
Gross profit	116,547	124,827	119,323	121,302	481,999	118,756	127,052	116,316	123,030	485,154
Operating expenses										
Sales, marketing and customer success	55,455	55,009	55,499	58,189	224,152	58,735	51,954	48,460	50,613	209,762
Research and development	28,461	25,902	25,941	25,860	106,164	24,977	24,895	22,783	27,491	100,146
General and administrative	27,117	28,543	28,897	28,857	113,414	25,855	29,842	34,132	45,023	134,852
Amortization	1,376	1,152	703	2,085	5,316	741	729	749	696	2,915
Restructuring	1,953	730	400	2,725	5,808	24	50	105	57	236
Total operating expenses	114,362	111,336	111,440	117,716	454,854	110,332	107,470	106,229	123,880	447,911
Income (loss) from operations	2,185	13,491	7,883	3,586	27,145	8,424	19,582	10,087	(850)	37,243
Interest expense	(5,323)	(5,799)	(5,111)	(4,385)	(20,618)	(4,159)	(3,893)	(3,997)	(5,238)	(17,287)
Other income (expense), net	182	2,181	2,158	(463)	4,058	1,070	630	542	(584)	1,658
Income before (benefit) provision for income taxes	(2,956)	9,873	4,930	(1,262)	10,585	5,335	16,319	6,632	(6,672)	21,614
Income tax (benefit) provision	(1,834)	2,733	364	(2,586)	(1,323)	696	4,496	1,756	6,949	13,897
Net (loss) income	\$ (1,122)	\$ 7,140	\$ 4,566	\$ 1,324	\$ 11,908	\$ 4,639	\$ 11,823	\$ 4,876	\$ (13,621)	\$ 7,717
(Loss) earnings per share										
Basic	\$ (0.02)	\$ 0.15	\$ 0.10	\$ 0.03	\$ 0.25	\$ 0.10	\$ 0.25	\$ 0.10	\$ (0.28)	\$ 0.16
Diluted	\$ (0.02)	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.25	\$ 0.10	\$ 0.24	\$ 0.10	\$ (0.28)	\$ 0.16
Common shares and equivalents outstanding										
Basic weighted average shares	47,516,912	47,714,621	47,757,769	47,777,635	47,695,383	48,036,300	48,239,928	48,271,139	48,190,388	48,184,714
Diluted weighted average shares	47,516,912	48,160,684	48,464,529	48,572,575	48,312,271	48,455,751	48,418,378	48,859,707	48,190,388	48,696,341
Other comprehensive income (loss)										
Foreign currency translation adjustment	4,590	(6,018)	(3,893)	7,962	2,641	(5,728)	(887)	4,661	6,525	4,571
Unrealized (loss) gain on derivative instruments, net of tax	(932)	(1,939)	(363)	413	(2,821)	(3,122)	551	943	(150)	(1,778)
Total other comprehensive income (loss)	3,658	(7,957)	(4,256)	8,375	(180)	(8,850)	(336)	5,604	6,375	2,793
Comprehensive income (loss)	\$ 2,536	\$ (817)	\$ 310	\$ 9,699	\$ 11,728	\$ (4,211)	\$ 11,487	\$ 10,480	\$ (7,246)	\$ 10,510

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 03/31/2019	6 months ended 06/30/2019	9 months ended 09/30/2019	12 months ended 12/31/2019	3 months ended 03/31/2020	6 months ended 06/30/2020	9 months ended 09/30/2020	12 months ended 12/31/2020
Cash flows from operating activities								
Net (loss) income	\$ (1,122)	\$ 6,018	\$ 10,584	\$ 11,908	\$ 4,639	\$ 16,462	\$ 21,338	\$ 7,717
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:								
Depreciation and amortization	21,724	43,113	63,998	85,693	21,804	46,088	68,755	92,735
Provision for doubtful accounts and sales returns	2,032	4,646	6,192	8,725	2,488	6,677	10,156	13,230
Stock-based compensation expense	13,726	28,755	43,621	58,633	13,580	33,713	54,556	87,257
Deferred taxes	(1,155)	465	(75)	(3,600)	954	1,945	1,879	8,837
Amortization of deferred financing costs and discount	188	376	564	752	188	376	569	781
Other non-cash adjustments	1,820	1,982	2,047	4,906	102	477	2,203	2,958
Changes in operating assets and liabilities, net of acquisition of businesses:								
Accounts receivable	(1,797)	(45,071)	(6,375)	(6,569)	(3,876)	(48,167)	(18,319)	(18,414)
Prepaid expenses and other assets	(12,107)	(12,725)	(5,129)	6,383	(5,303)	(7,068)	4,292	22,568
Trade accounts payable	(3,624)	216	(74)	12,900	(4,021)	(8,984)	(17,203)	(19,997)
Accrued expenses and other liabilities	(11,690)	(9,014)	(13,592)	(9,718)	(31,694)	(26,520)	(31,595)	(49,232)
Deferred revenue	(18,006)	26,328	20,363	12,464	(23,364)	22,489	12,534	(485)
Net cash (used in) provided by operating activities	(10,011)	45,089	122,124	182,477	(24,503)	37,488	109,165	147,955
Cash flows from investing activities								
Purchase of property and equipment	(1,152)	(6,375)	(9,597)	(11,492)	(2,867)	(5,887)	(25,836)	(29,690)
Capitalized software development costs	(11,319)	(23,206)	(34,513)	(46,874)	(10,937)	(21,679)	(32,028)	(42,157)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	(109,386)	(109,386)	(109,353)	(109,353)	—	—	—	—
Other investing activities	—	500	500	500	—	—	—	—
Net cash used in investing activities	(121,857)	(138,467)	(152,963)	(167,219)	(13,804)	(27,566)	(57,864)	(71,847)
Cash flows from financing activities								
Proceeds from issuance of debt	271,500	329,100	371,200	424,000	144,700	202,100	267,400	748,500
Payments on debt	(75,175)	(155,150)	(255,625)	(344,500)	(86,075)	(185,250)	(290,999)	(747,563)
Debt issuance costs	—	—	—	—	—	—	(593)	(4,586)
Employee taxes paid for withheld shares upon equity award settlement	(18,400)	(19,760)	(20,279)	(23,781)	(19,782)	(20,996)	(21,286)	(21,425)
Proceeds from exercise of stock options	3	6	7	7	1	4	4	4
Change in due to customers	(242,885)	(107,808)	(215,942)	77,793	(311,095)	(121,612)	(337,821)	61,214
Customer funds receivable	(3,573)	(3,741)	(6,283)	1,301	(733)	(828)	(4,495)	138
Purchase of treasury stock	—	—	—	—	—	—	—	(41,001)
Dividend payments to stockholders	(5,901)	(11,802)	(17,705)	(23,607)	(5,960)	(5,960)	(5,960)	(5,960)
Net cash (used in) provided by financing activities	(74,431)	30,845	(144,627)	111,213	(278,944)	(132,542)	(393,750)	(10,679)
Effect of exchange rate on cash, cash equivalents, and restricted cash	1,036	(526)	(2,240)	978	(2,822)	(2,229)	(623)	2,245
Net (decrease) increase in cash, cash equivalents, and restricted cash	(205,263)	(63,059)	(177,706)	127,449	(320,073)	(124,849)	(343,072)	67,674
Cash, cash equivalents, and restricted cash, beginning of period	449,846	449,846	449,846	449,846	577,295	577,295	577,295	577,295
Cash, cash equivalents, and restricted cash, end of period	\$ 244,583	\$ 386,787	\$ 272,140	\$ 577,295	\$ 257,222	\$ 452,446	\$ 234,223	\$ 644,969

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 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY 2020
GAAP Revenue	\$ 215,830	\$ 225,634	\$ 221,120	\$ 237,839	\$ 900,423	\$ 223,621	\$ 231,991	\$ 215,001	\$ 242,606	\$ 913,219
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	716	716	259	241	1,932	—	—	—	—	—
Non-GAAP revenue	\$ 216,546	\$ 226,350	\$ 221,379	\$ 238,080	\$ 902,355	\$ 223,621	\$ 231,991	\$ 215,001	\$ 242,606	\$ 913,219
GAAP gross profit	\$ 116,547	\$ 124,827	\$ 119,323	\$ 121,302	\$ 481,999	\$ 118,756	\$ 127,052	\$ 116,316	\$ 123,030	\$ 485,154
GAAP gross margin	54.0%	55.3%	54.0%	51.0%	53.5%	53.1%	54.8%	54.1%	50.7%	53.1%
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	716	716	259	241	1,932	—	—	—	—	—
Add: Stock-based compensation expense	974	791	784	817	3,366	865	2,570	3,688	6,251	13,374
Add: Amortization of intangibles from business combinations	11,416	11,329	11,225	10,799	44,769	10,930	9,686	9,219	9,133	38,968
Add: Employee severance	1,119	(4)	19	87	1,221	32	781	—	94	907
Subtotal	14,225	12,832	12,287	11,944	51,288	11,827	13,037	12,907	15,478	53,249
Non-GAAP gross profit	\$ 130,772	\$ 137,659	\$ 131,610	\$ 133,246	\$ 533,287	\$ 130,583	\$ 140,089	\$ 129,223	\$ 138,508	\$ 538,403
Non-GAAP gross margin	60.4%	60.8%	59.5%	56.0%	59.1%	58.4%	60.4%	60.1%	57.1%	59.0%
GAAP income (loss) from operations	\$ 2,185	\$ 13,491	\$ 7,883	\$ 3,586	\$ 27,145	\$ 8,424	\$ 19,582	\$ 10,087	\$ (850)	\$ 37,243
GAAP operating margin	1.0%	6.0%	3.6%	1.5%	3.0%	3.8%	8.4%	4.7%	(0.4)%	4.1%
Non-GAAP adjustments:										
Add: Acquisition-related deferred revenue write-down	716	716	259	241	1,932	—	—	—	—	—
Add: Stock-based compensation expense	13,726	15,029	14,866	15,012	58,633	13,580	20,133	20,843	32,701	87,257
Add: Amortization of intangibles from business combinations	12,792	12,481	11,928	12,884	50,085	11,671	10,415	9,968	9,829	41,883
Add: Employee severance	3,421	191	48	765	4,425	97	4,264	232	282	4,875
Add: Acquisition-related integration costs	718	464	1,024	189	2,395	(32)	(71)	(15)	(16)	(134)
Add: Acquisition-related expenses	445	365	220	132	1,162	139	85	64	65	353
Add: Restructuring and other real estate activities	1,953	730	400	2,725	5,808	24	50	6,943	16,273	23,290
Subtotal	33,771	29,976	28,745	31,948	124,440	25,479	34,876	38,035	59,134	157,524
Non-GAAP income from operations	\$ 35,956	\$ 43,467	\$ 36,628	\$ 35,534	\$ 151,585	\$ 33,903	\$ 54,458	\$ 48,122	\$ 58,284	\$ 194,767
Non-GAAP operating margin	16.6%	19.2%	16.5%	14.9%	16.8%	15.2%	23.5%	22.4%	24.0%	21.3%
GAAP (loss) income before (benefit) provision for income taxes	\$ (2,956)	\$ 9,873	\$ 4,930	\$ (1,262)	\$ 10,585	\$ 5,335	\$ 16,319	\$ 6,632	\$ (6,672)	\$ 21,614
GAAP net (loss) income	\$ (1,122)	\$ 7,140	\$ 4,566	\$ 1,324	\$ 11,908	\$ 4,639	\$ 11,823	\$ 4,876	\$ (13,621)	\$ 7,717
Shares used in computing GAAP diluted (loss) earnings per share	47,516,912	48,160,684	48,464,529	48,572,575	48,312,271	48,455,751	48,418,378	48,859,707	48,190,388	48,696,341
GAAP diluted (loss) earnings per share	\$ (0.02)	\$ 0.15	\$ 0.09	\$ 0.03	\$ 0.25	\$ 0.10	\$ 0.24	\$ 0.10	\$ (0.28)	\$ 0.16
Non-GAAP adjustments:										
Add: GAAP income tax (benefit) provision	(1,834)	2,733	364	(2,586)	(1,323)	696	4,496	1,756	6,949	13,897
Add: Total Non-GAAP adjustments affecting income from operations	33,771	29,976	28,745	31,948	124,440	25,479	34,876	38,035	59,134	157,524
Non-GAAP income before provision for income taxes	30,815	39,849	33,675	30,686	135,025	30,814	51,195	44,667	52,462	179,138
Assumed non-GAAP income tax provision ⁽²⁾	6,163	7,970	6,735	6,137	27,005	6,163	10,239	8,933	10,492	35,827
Non-GAAP net income	\$ 24,652	\$ 31,879.2	\$ 26,940	\$ 24,548.8	\$ 108,020	\$ 24,651.2	\$ 40,956	\$ 35,734	\$ 41,970	\$ 143,311.2
Shares used in computing Non-GAAP diluted earnings per share	48,051,289	48,160,684	48,464,529	48,572,575	48,312,271	48,455,751	48,418,378	48,859,707	49,097,084	48,696,341
Non-GAAP diluted earnings per share	\$ 0.51	\$ 0.66	\$ 0.56	\$ 0.51	\$ 2.24	\$ 0.51	\$ 0.85	\$ 0.73	\$ 0.85	\$ 2.94

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

Note 2: 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 3/31/2019	6 months ended 6/30/2019	9 months ended 9/30/2019	12 months ended 12/31/2019	3 months ended 3/31/2020	6 months ended 6/30/2020	9 months ended 9/30/2020	12 months ended 12/31/2020
GAAP net cash (used in) provided by operating activities	(10,011)	45,089	122,124	182,477	(24,503)	37,488	109,165	147,955
Less: purchase of property and equipment	(1,152)	(6,375)	(9,597)	(11,492)	(2,867)	(5,887)	(25,836)	(29,690)
Less: capitalized software development costs	(11,319)	(23,206)	(34,513)	(46,874)	(10,937)	(21,679)	(32,028)	(42,157)
Non-GAAP free cash flow	\$ (22,482)	\$ 15,508	\$ 78,014	\$ 124,111	\$ (38,307)	\$ 9,922	\$ 51,301	\$ 76,108