Blackbaud Investor Presentation

Ticker: BLKB

August 2, 2023

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 "believes," "seeks," "expects," "may," "might," "should," "intends," "could," "would," "likely," "will," "targets," "plans," "anticipates," "aims," "projects," "estimates," or any 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. Accordingly, they should not be viewed as assurances of future performance, and 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 and potential legal proceedings involving us and uncertainty regarding existing legal proceedings and the other risk factors set forth from time to time in the Company's SEC filings. Factors that could cause or contribute to such differences include, but are not limited to, those summarized under Risk Factors in the Company's most recent annual report on Form 10-K, and any quarterly reports on Forms 10-Q thereafter, copies of which are available free of charge at the SEC's website at www.sec.gov or upon request from the Company's investor relations department. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, forward-looking statements represent the Company's beliefs and assumptions only as of the date of this presentation. Except as required by law, the Company does not intend, and undertakes no obligation, to revise or update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Trademark Usage

Historical Financials and Non-GAAP Financial Measures

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

Blackbaud discusses non-GAAP organic revenue growth measures, including non-GAAP organic revenue growth, non-GAAP organic revenue growth on a constant currency basis, non-GAAP organic recurring revenue growth, and non-GAAP organic recurring revenue growth on a constant currency basis, which Blackbaud believes provide useful information for evaluating the periodic growth of its business as well as growth on a consistent basis. Each measure of non-GAAP organic revenue growth excludes incremental acquisition-related revenue attributable to companies acquired in the current fiscal year. For companies acquired in the immediately preceding fiscal year, if any, each measure of non-GAAP organic revenue growth reflects presentation of full year incremental non-GAAP revenue derived from such companies as if they were combined throughout the prior period, and it includes the current period non-GAAP revenue attributable to those companies. In addition, each measure of non-GAAP organic revenue growth excludes prior period revenue associated with divested businesses. The exclusion of the prior period revenue is intended to present the results of the divested businesses within the results of the combined company for the same period of time in both the prior and current periods. Blackbaud believes this presentation provides a more comparable representation of our current business' organic revenue growth and revenue run-rate. In these materials, Blackbaud is presenting the following unaudited information: historical recurring and total revenue for the three and six month periods ended June 30, 2023, for the fiscal year ended December 31, 2022 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the six month period ended June 30, 2023 and the interim periods therein; and calculations of non-GAAP organic revenue growth, non-GAAP organic recurring revenue growth, non-GAAP organic revenue growth on a constant currency basis and non-GAAP organic recurring 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 and content development costs; stock-based compensation; acquisition and disposition-related costs; employee severance; restructuring and other real estate activities; costs, net of insurance, related to the previously disclosed security incident discovered in May 2020 (the "Security Incident"); and impairment of capitalized software development costs.

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

Historical Financial Statements Being Presented: In these materials, Blackbaud is presenting the following unaudited historical financial information: historical consolidated balance sheets as of the fiscal year ended December 31, 2022 and interim consolidated balance sheets for each of the quarters within fiscal 2023 and 2022; historical consolidated statements of comprehensive income for the fiscal year ended December 31, 2022 and interim consolidated statements of comprehensive income for each of the quarters within fiscal 2023 and 2022; historical consolidated statements of cash flows for the fiscal year ended December 31, 2022 and interim consolidated statements of cash flows for each of the interim year-to-date periods within fiscal 2023 and 2022; and historical non-GAAP financial information for the fiscal year ended December 31, 2022 and for each of the quarters within fiscal 2023 and 2022 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, non-GAAP organic recurring revenue growth on a constant currency basis 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.

Blackbaud At-a-Glance

Leading provider of software for powering social impact

Essential software built to accelerate impact in fundraising, nonprofit financial management, digital giving, grantmaking, corporate social responsibility and education management

Arts and Cultural Organizations

Companies

Faith Communities

Foundations

Healthcare Organizations

Higher Education Institutions

Individual Change Agents

K–12 Schools

Nonprofit

40+

years serving industry with demonstrated track record

$100B+

donated, granted, and invested through our platforms every year

$1.1B

annual recurring revenue[1]

40,000+

customers under contract[2]

3,000+

remote employees

Millions

of users and supporters in 100+ countries

1 Non-GAAP, at mid-point of 2023 financial guidance, rounded to one decimal. Financial goals represent full year targets.
2 Customers with contractual billing arrangements in 2022

Key highlights

Clear leader with durable business model in a large, resilient end market comprising over $480B in charitable giving in the US alone

Executing a strategy to achieve Rule of 40 exiting 2023 and driving high-single digit to double-digit revenue growth with mid-30s Adjusted EBITDA margin in 2024 and beyond

Driving strong financial performance through execution of five key operational initiatives implemented last year across product, bookings, transactional revenue, pricing and costs

Innovating on the most comprehensive solution set of purpose-built and mission critical software and services powering social impact

Intend to reduce net leverage to our ~2.0x target and expect to resume share repurchases through our Board-authorized program while maintaining a strong balance sheet

Business overview

Blackbaud is the leading provider of software for powering social impact

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

Cloud Software

Data Intelligence

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

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

Services

Expertise

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

Our core competencies expand what is possible for purpose-driven organizations

Fundraising and Engagement

Fundraising

Peer-to-Peer Fundraising

Marketing

Financial Management

Fund Accounting

Financial Aid Management

Tuition Management

Grant and Award Management

Grantmaking

Award Management

Organizational and Program Management

Ticketing

Education Management

Social Responsibility

EVERFI

Grantmaking

Employee Giving and Volunteering

Payment Services

Merchant Services

Payables

Data Intelligence

Data Health

Insights

Performance

Services

Consulting Services

Implementation and Optimization Services

Most comprehensive solution set that accelerates impact

- Blackbaud is the **leading provider of software** wholly dedicated to powering social impact
- Only Blackbaud offers a full portfolio of **purpose-built, integrated solutions**
- Highly **fragmented competition** offers single-point solutions
- Large customer base with **strong retention**

blackbaud

Corporate Social Responsibility & ESG	Fundraising, Relationship Management & Engagement	Payment Services	Financial Management, Grant & Award Management	Organizational & Program Management
OUR COMPETITORS[1]				
benevity	salesforce.org (and partners)	Authorize.Net	Intacct.	FACTS | renweb
CyberGrants	donorperfect	Bonterra.	intuit quickbooks.	VERACROSS
Bright Funds	ALTRATA	communitybrands	AWARDSPRING	tessitura NETWORK
	bloomerang	PowerSchool	FOUNDANT technologies	ellucian

[1]Informed by internal competitive intelligence and analysis

Fueling accelerated impact for our customers

$4.3B

goal for the Campaign for Carolina exceeded a year early utilizing Blackbaud CRM

300K

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

$400K

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

THE UNIVERSITY of NORTH CAROLINA at CHAPEL HILL | Community Home Health & Hospice | UNITED AIRLINES | Archbishop Moeller High School | Charleston Animal Society | mcasd Museum of Contemporary Art San Diego

200%

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

100x

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

350%

Increase in online donations after adoption of Blackbaud Altru and XTruLink, a Blackbaud partner

Sourced from Blackbaud customer stories

Recognized as a leader in ESG actions and disclosures

ESG Priorities

We're committed to strengthening the impact we make through the way we operate our business, setting high standards, and reporting with transparency on the efforts we are making in priority areas including:

- People and Culture
- Fueling Social Impact
- Driving Climate Solutions
- Governance and Data Responsibility

Awards and Recognition

TrustRadius Tech Cares 2022

Gold 2022 Stevie Winner For Sales & Customer Service

Presented by RippleMatch Campus Forward Awards

Forbes 2022 America's Best Midsize Employers

Quartz Best Companies for Remote Workers Winner 2022

TrustRadius Most Loved 2022

America's Most Responsible Companies 2022 Newsweek statista

CollegeGrad.com Top Employers

Disclosures and Frameworks

GRI

SASB Sustainability Accounting Standards Board

Sustainable Development Goals

TCFD Task Force on Climate-Related Financial Disclosures

CDP Disclosure Insight Action

Public Scoring

ISS

Governance	2
Environment	2
Social	1

MSCI ESG Ratings: AA

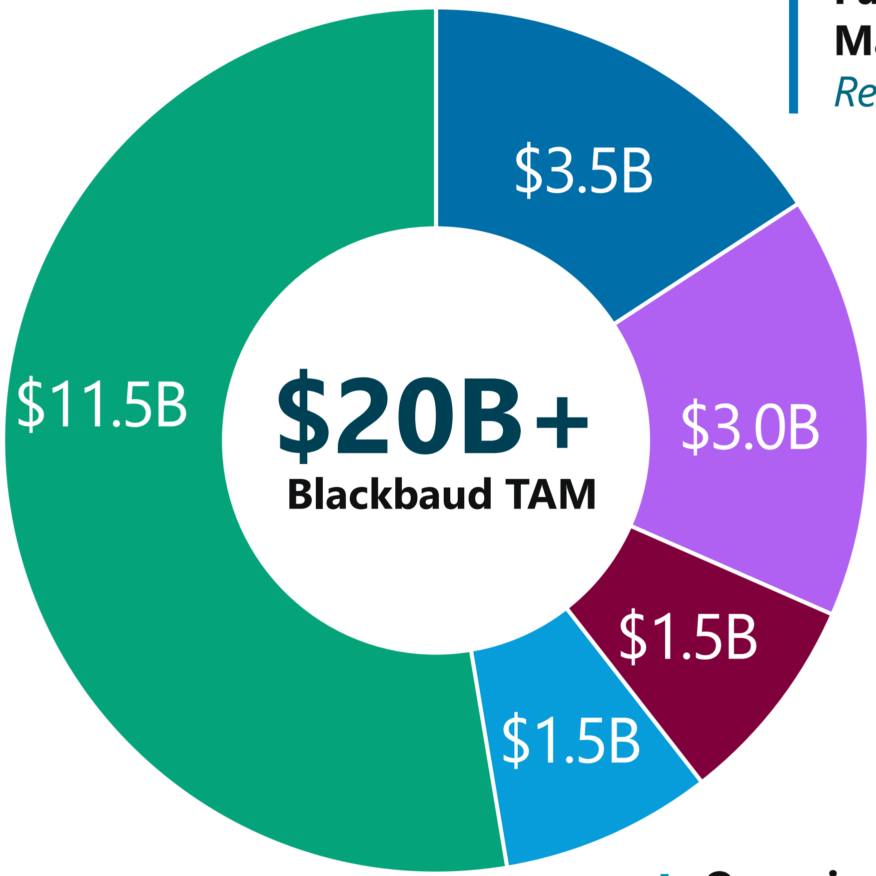
CCC	B	BB	BBB	A	AA	AAA

Sustainalytics, a Morningstar company

Low Risk

Negligible	Low	Medium	High	Severe

Large and underpenetrated total addressable market



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

Payment Services
Revenue Penetration: <10%

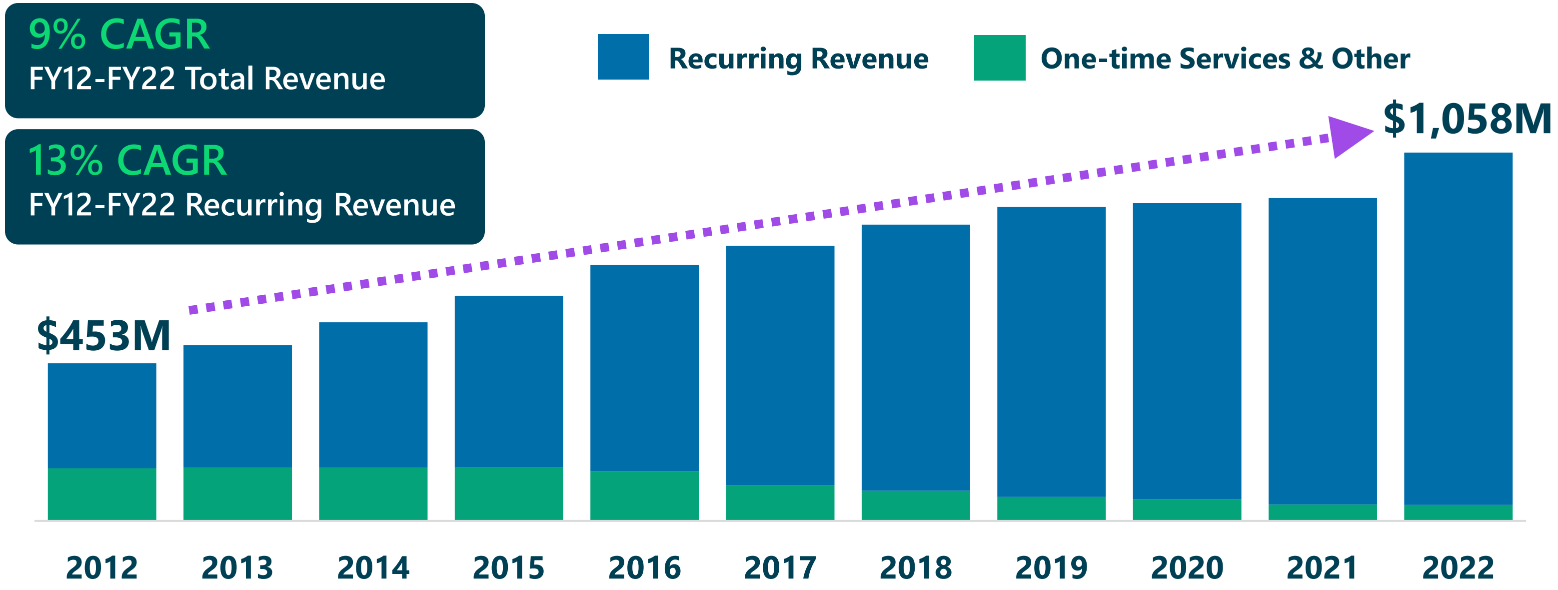
Financial Management, Grant and Award Management
Revenue Penetration: <10%

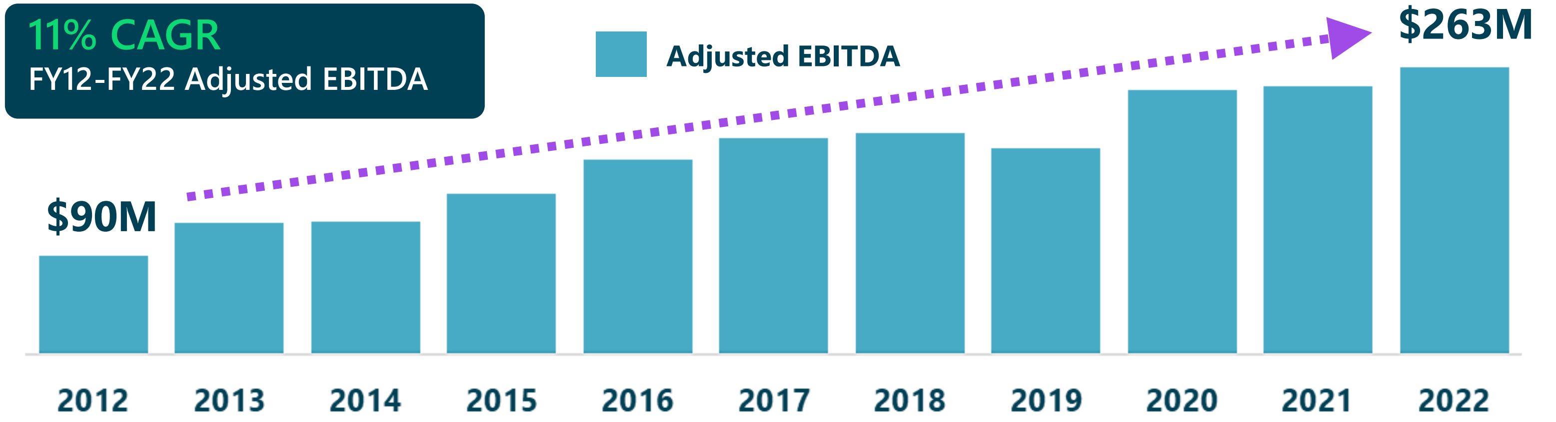
Organizational and Program Management
Revenue Penetration: <10%

Corporate Social Responsibility and ESG
Revenue Penetration: <5%

Sources: FY 2022 Blackbaud Revenue. Global Blackbaud TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, S&P Global database, Small Business & Entrepreneurship Council, Blackbaud internal data

Proven history of double-digit recurring revenue and Adjusted EBITDA growth





- Recurring revenue represented 96% of total revenue in 2022
- Multiple levers to drive meaningful growth going forward underpinned by five point operating plan
- Adjusted EBITDA growth in excess of total revenue growth
- Execution of successful M&A strategy has grown the revenue base and accelerated growth and the shift to the cloud

Non-GAAP Revenue. Beginning with 2016, results reflect adoption of ASC 606. Non-GAAP Adjusted EBITDA as defined on page 3.

Update on ongoing operational initiatives

Five key initiatives implemented last year showing early signs of success

1. Product Innovation and delivery
2. Bookings growth and acceleration
3. Transactional revenue optimization and expansion
4. Modernized approach to pricing and multi-year customer contracts
5. Keen attention to cost management

Initiative 1

Adding substantial value for customers through innovation

Launched next generation **Intelligence for Good® strategy** with an extensive agenda of initiatives and investments targeted at making **artificial intelligence more accessible, powerful and responsible across the social impact sector**

- AI for Peer-to-Peer (P2P) Fundraisers
- AI for Online Giving
- AI for Major Giving Officers
- AI for Donor Stewardship
- AI for Educators
- AI for School Administrators
- AI for Corporate Impact

blackbaud SOCIAL GOOD STARTUP PROGRAM

July 2023 cohort of Blackbaud's Social Good Start-up Program is specifically focused on mission-driven tech startups using generative AI to increase impact for companies and nonprofits focused on social responsibility

Momentum

Recently completed strategic investment in Momentum, a leading AI-focused Blackbaud Partner and graduate of Blackbaud's Social Good Startup tech accelerator program

Initiative 2

Solid year to date bookings performance demonstrates end market resilience

MUSC Medical University of South Carolina

J.P.Morgan

ALS ASSOCIATION

Remain focused on signing new logos as well as upsell and cross-sell opportunities

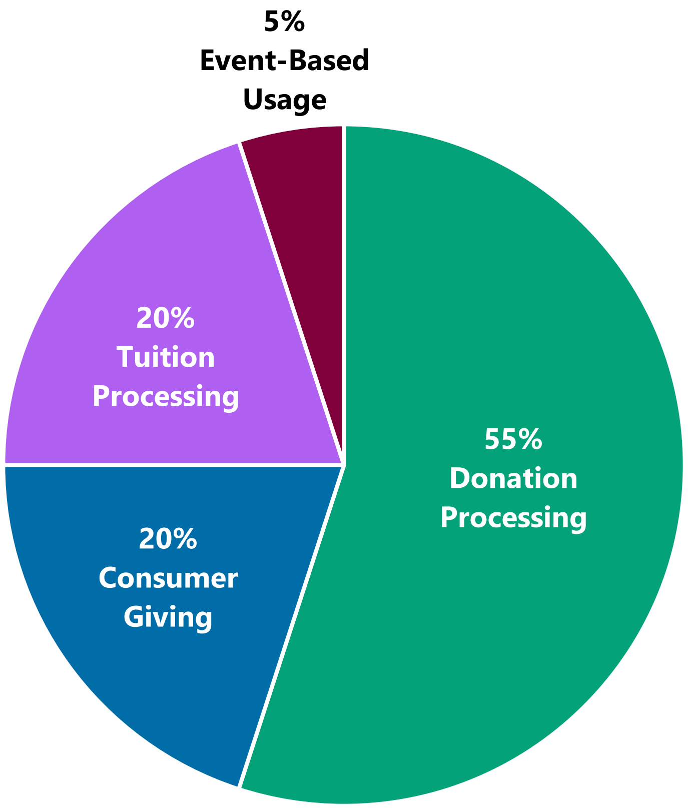
GRACE SCHOOL

GREATER LANSING foodbank

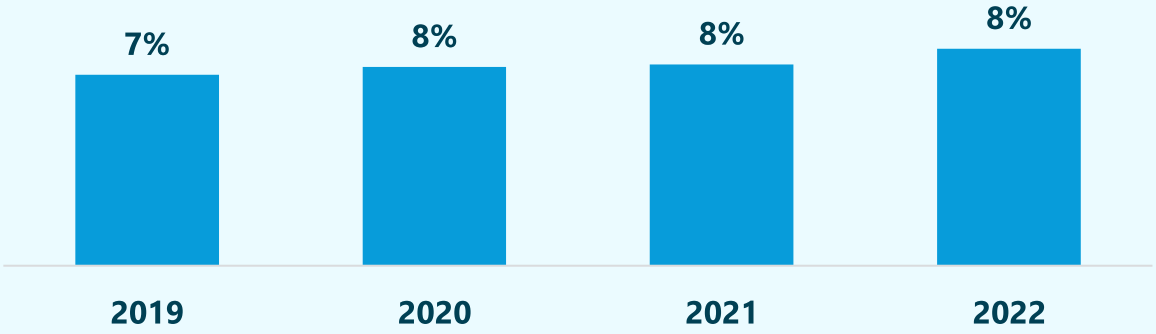
Toledo Museum of Art

Initiatives across resilient and diverse transactional revenue streams drive continued consistent growth

Transactional recurring revenue streams[1]



Transactional recurring revenue growth



- Strong momentum in consumer giving and tuition processing as payments further migrate online
- Rate increase on Blackbaud Merchant Services took effect August 1st. Incremental to January rate change previously disclosed
- Additional payments solutions optimization to drive enhanced donor experience

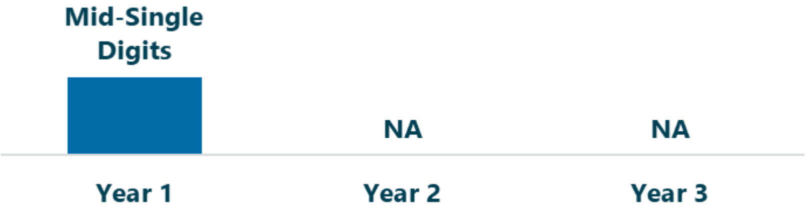
[1] Based on 2022 transactional revenue

Modernized renewal pricing provides better economics and visibility

Initiative 4

	PRIOR APPROACH	NEW APPROACH
Renewal Term	*Mix of annual and multi-year renewal contracts*	Primarily 3-year contract renewal terms
Rate Increase at Renewal	*Mid-single digit rate increase upon renewal*	Mid- to high-teens rate increase upon renewal
Embedded Escalator in Multi-Year Contracts	*No embedded annual price increase on multi-year contracts*	Mid- to high-single digit rate increase embedded in both years 2 & 3

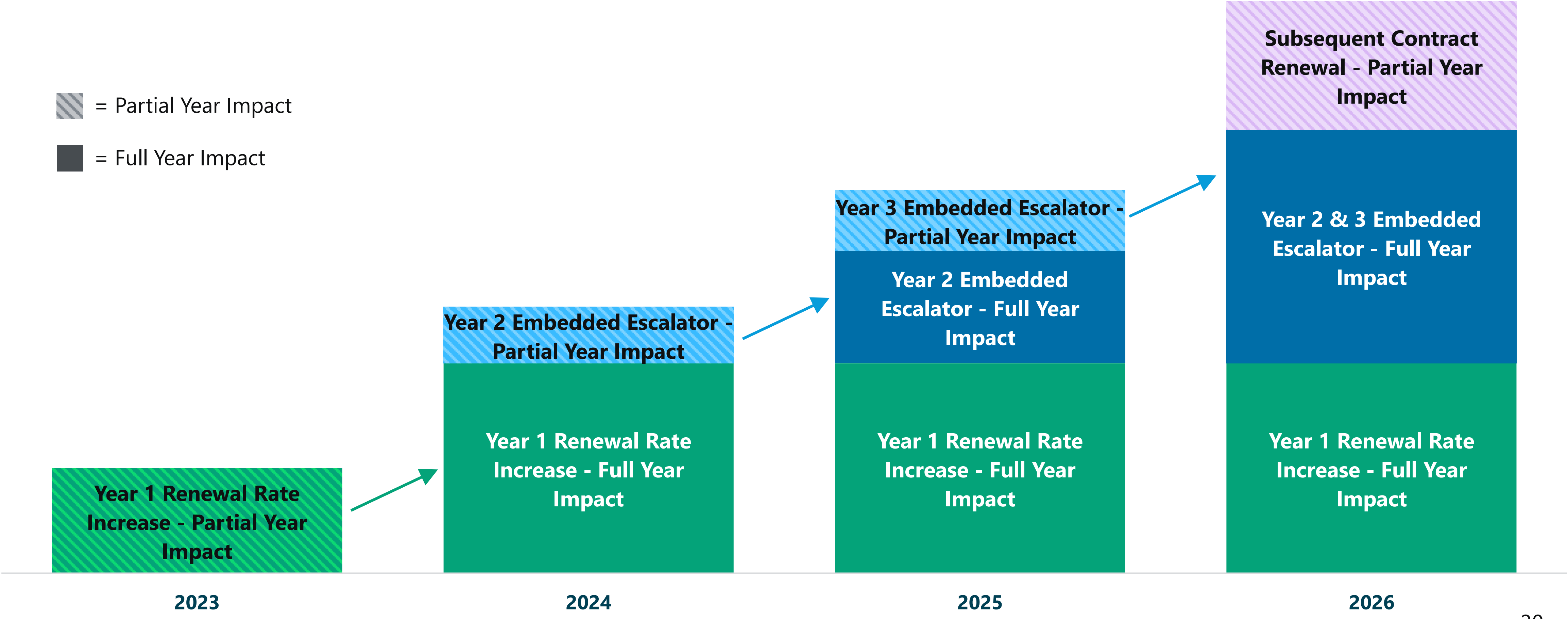
Illustration of Rate Increase on a 3-Year Contract Renewal



New renewal pricing approach provides compounding multi-year benefit

Initiative 4

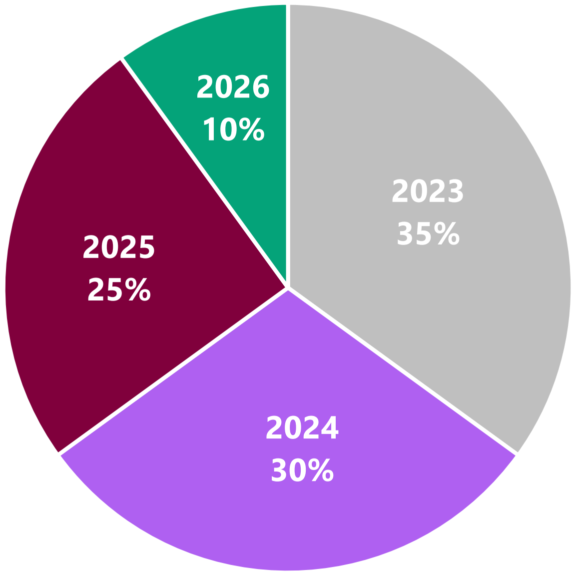
Illustration of revenue uplift for average 3-year renewal contract in 2023



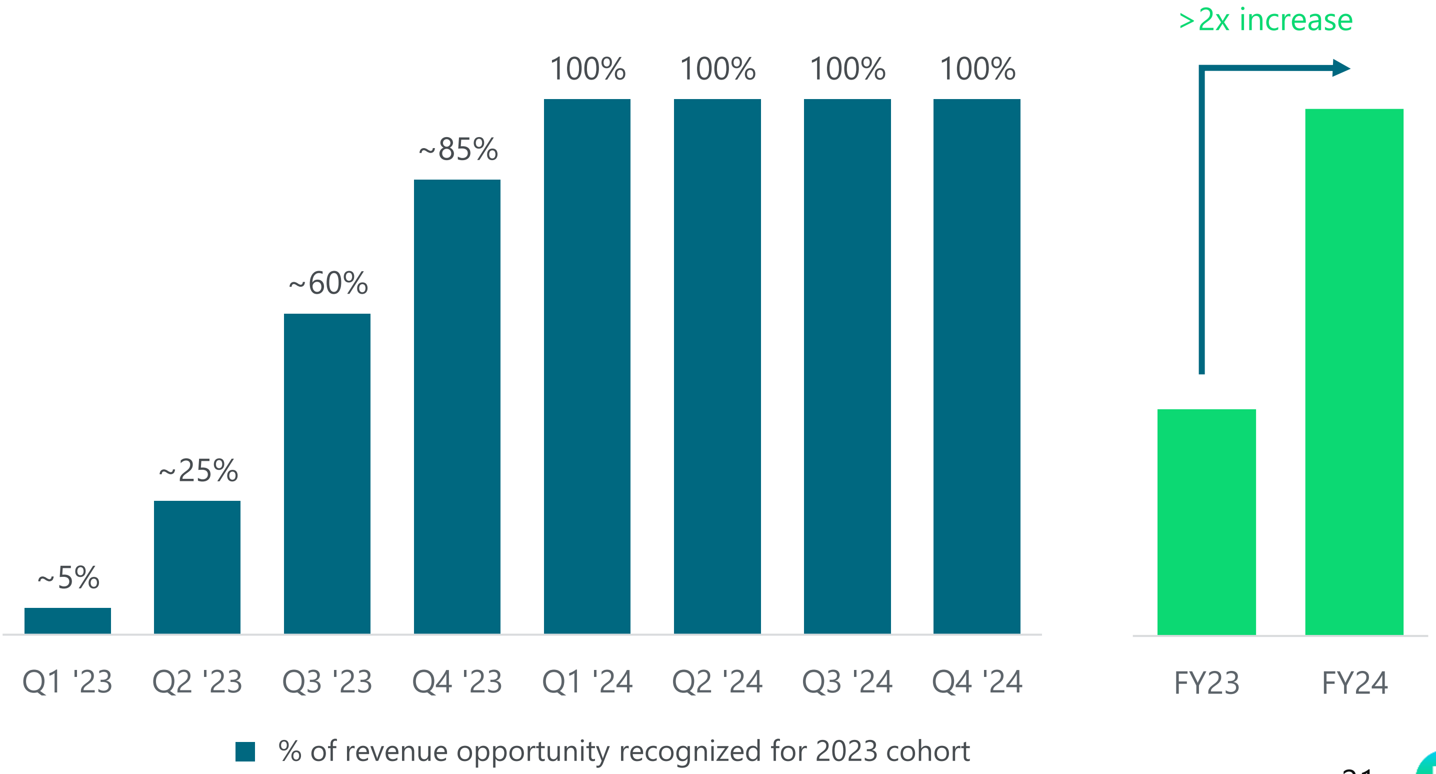
Initiative 4

Contract renewal distribution creates sustainable longer-term growth

Mix of contracts eligible for renewal rate increase by renewal year[1]



Nearly 70% of 2023 cohort has renewed as of July, however less than 25% of the total revenue opportunity has been recognized in Q2. Revenue uplift from 2023 cohort more than doubles in 2024



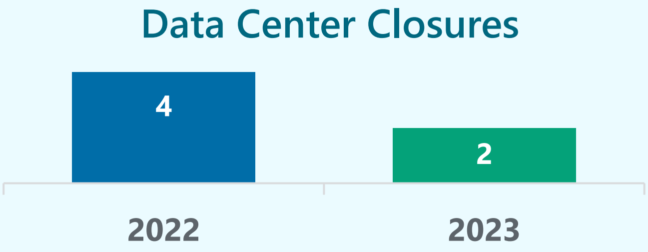
[1] As of end of July 2023, excludes new bookings

Initiative 5

Keen attention to cost management will contribute to ongoing margin expansion

Headcount Actions

IT Consolidation



Spend Management

Favorable renegotiation of key vendor contracts, including Azure and AWS

Reduced real estate footprint

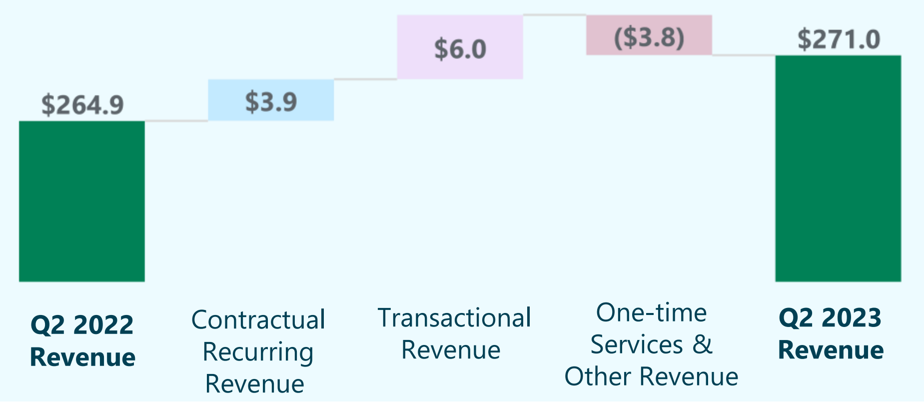
Expect EBITDA margins to maintain in low 30s through end of 2023

- Beginning to realize benefit of previous cost actions
- Plan to maintain at lower headcount levels post Q4 ‘22 and Q1 ‘23 reductions
- Fall-through benefit from renewal rate increases
- Continue to manage cost structure to realize scale from expense base
- Positive shift in competitive dynamics

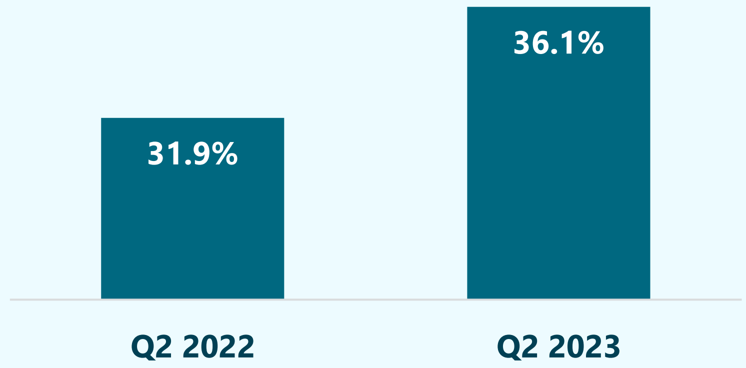
Financial Outlook

Solid Q2 2023 with significant margin expansion

Revenue Year over Year



Rule of 40 Year over Year[1]



Contractual recurring revenue

- Renewal pricing initiative continues to perform well
- Expect contractual recurring revenue growth acceleration through second half of year as we pass seasonal renewal high in June / July and renewal price increases begin to compound

Transactional revenue

- Continued strong performance from Tuition Management and Just Giving in quarter
- BBMS rate change bolstering donation processing revenue

One-time services & other revenue

- Approximately 3% of total revenues in quarter, in line with intentional shift in mix toward higher margin recurring revenues
- More than one point of drag on organic revenue growth in the quarter

Rule of 40 Highlights:

- Four-point YoY improvement in Rule of 40 performance driven by significant adjusted EBITDA margin expansion
- Expect further Rule of 40 improvement through the second half of 2023 as renewal pricing initiatives compound and revenue growth accelerates
- Targeting 36.5% on Rule of 40 performance at the midpoint of 2023 FY financial guidance, which will be a seven and a half-point improvement over 2022

[1] Non-GAAP performance through 6/30/23. Rule of 40 at constant currency measured by non-GAAP organic revenue growth on constant currency basis plus non-GAAP Adjusted EBITDA margin shown on constant currency basis. 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 and content development costs; stock-based compensation; acquisition and disposition-related costs; employee severance; restructuring and other real estate activities; costs, net of insurance, related to the previously disclosed security incident discovered in May 2020 (the "Security Incident"); and impairment of capitalized software development costs. Please refer to the appendix of this presentation.

2023 total company increased guidance

Expect accelerating financial performance every quarter in 2023

Metric		Mid-Point
Total Revenue	$1,095M - $1,125M	$1,110M
Adjusted EBITDA Margin	30.5% - 31.5%	31.0%
Diluted EPS	$3.63 - $3.94	$3.79
Adjusted Free Cash Flow	$190M - $210M	$200M

- Anticipating organic revenue growth rate in the mid-single digits with pricing initiatives across every revenue stream
- Near-term focus on pricing execution, operational improvements and cost control driving substantial margin expansion
- Targeting ~36.5% Rule of 40 at constant currency at the midpoint of guidance
- Strong adjusted free cash flow generation

Non-GAAP. Assumptions included in full year 2023 financial guidance: Non-GAAP annualized effective tax rate of 20%; Interest expense for the year of $37M - $41M; Fully diluted shares for the year in the range of 53M - 54M; Capital expenditures for the year in the range of $65M to $75M, including approx. $55M to $65M of capitalized software and content development costs

In order to provide a meaningful basis for comparison, Blackbaud now uses non-GAAP adjusted free cash flow in analyzing its operating performance. Non-GAAP adjusted free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software and content development, capital expenditures for property and equipment, plus cash flow, net of insurance, related to the previously disclosed Security Incident discovered in May 2020 (the "Security Incident"). For full year 2022, Blackbaud currently expects net cash outlays of $25 million to $35 million for ongoing legal fees related to the Security Incident. In line with the Company's policy, all associated costs due to third-party service providers and consultants, including legal fees, are expensed as incurred. As of June 30, 2023, we have recorded approximately $50 million in aggregate liabilities for loss contingencies based primarily on recent negotiations with certain governmental agencies related to the Security Incident that we believe we can reasonably estimate. It is reasonably possible that our estimated or actual losses may change in the near term for those matters and be materially in excess of the amounts accrued, but we are unable at this time to reasonably estimate the possible additional loss. Please refer to the section below titled "Non-GAAP Financial Measures" for more information on Blackbaud's use of non-GAAP financial measures.

Expect accelerating growth in both 2023 and 2024

Area	2022 Revenue	2022 Organic revenue growth	2023 Outlook	2024+ Outlook
Contractual recurring	**$709M**	**2%**	Mid-single digit growth	High-single digit to low-double digit growth
Transactional recurring	**$303M**	**8%**	High-single digit to low-double digit growth	Sustainable mid-single digit to high-single digit growth
One-time services	**$46M**	**(20%)**	Similar decline as 2022	Decline slows in FY24; stabilizes thereafter
Total revenue	**$1,058M**	**3%**	$1,095M - $1,125M / ~5.5% CC @ midpoint	High-single digit to low-double digit growth

On track to achieve Rule of 40 exiting 2023 with sustainable improvement expected in 2024 and beyond

	2022	2023 *(midpoint)*	2023 exit rate	2024+
Organic revenue growth[1]	4%	5.5%	High-single digits	High-single digits to low-double digits
Adjusted EBITDA margin[1]	25%	31%	Low- to Mid-30s	Mid-30s
Rule of 40[1]	29%	36.5%	40%+	Further Expansion

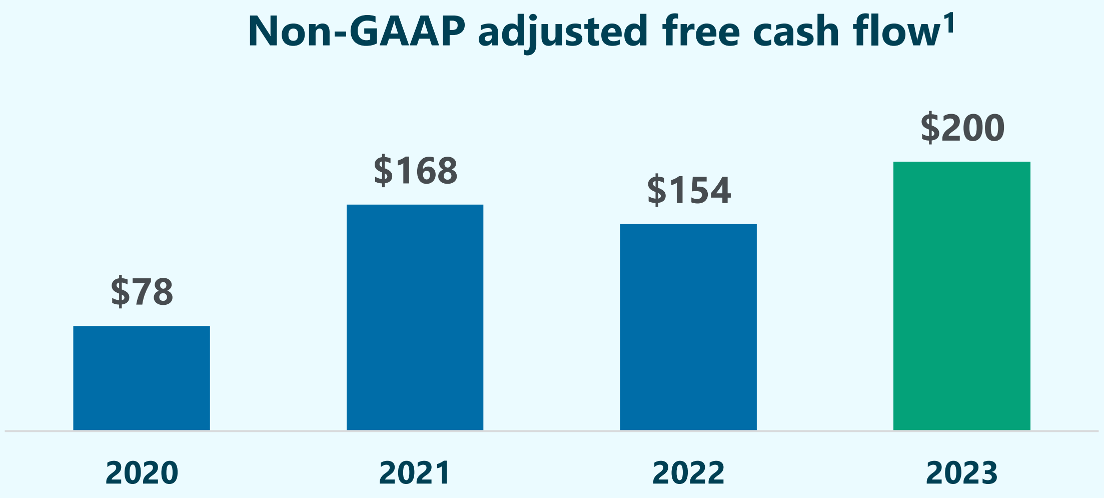
Drivers of sustained Rule of 40 improvement

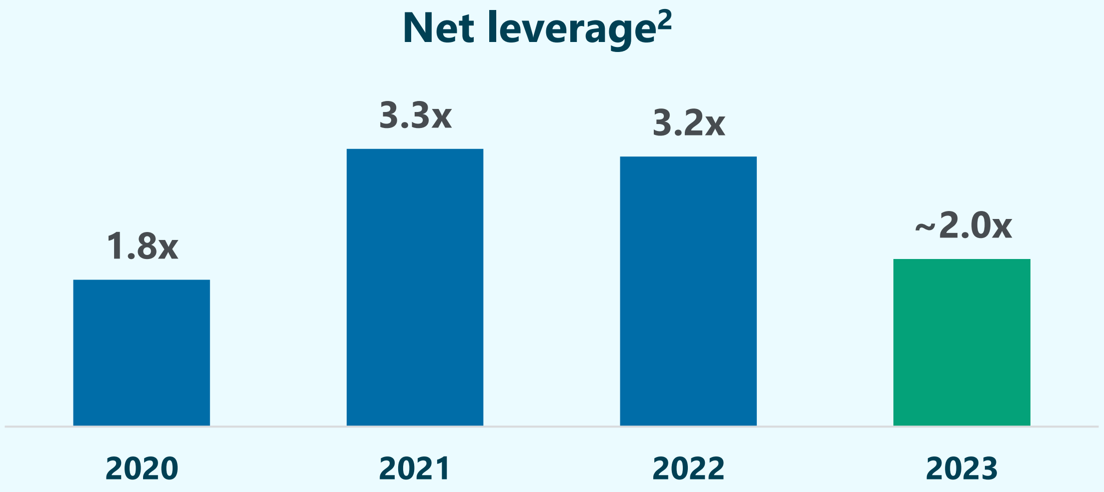
- Pricing initiatives drive multi-year compounding impact to primarily Social Sector contractual revenue that resets in 2026
- Continued consistent growth in transactional revenue as online giving further proliferates
- Significant growth opportunity in Corporate Sector
- Gross margin expansion benefit over time from renewal pricing initiatives
- Continued productivity gains and cost discipline

[1] Non-GAAP at constant currency

Cash flow generation and capital allocation

- We intend to reduce net leverage to our ~2.0x target in the near-term through both cash flow generation and adjusted EBITDA growth
- Over time, we expect to resume share repurchases through our Board-authorized program while maintaining a strong balance sheet





[1] FY 2023 figure reflects midpoint of guidance. Non-GAAP adjusted free cash flow is defined as operating cash flow less capital expenditures, including costs required to be capitalized for software and content development, capital expenditures for property and equipment, plus cash outflows, net of insurance, related to the previously disclosed Security Incident discovered in May 2020.

[2] Calculation of net debt over TTM EBITDA is based on credit agreement in place at the end of the respective reporting period. Current covenant for leverage ratio is less than or equal to 4.0x through Q4 2023.

Appendix

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

(dollars in thousands)	Six months ended		Three months ended		Year ended	Three months ended			
	06/30/2023	06/30/2022	06/30/2023	03/31/2023	12/31/2022	12/31/2022	09/30/2022	06/30/2022	03/31/2022
GAAP revenue	$ 532,795	$ 522,051	$ 271,042	$ 261,753	$ 1,058,105	$ 274,757	$ 261,297	$ 264,927	$ 257,124
GAAP revenue growth	**2.1 %**		**2.3 %**	**1.8 %**					
Less: Non-GAAP revenue from divested businesses[1]	—	(2,613)	—	—	(3,535)	(10)	(912)	(1,304)	(1,309)
Non-GAAP organic revenue[2]	$ 532,795	$ 519,438	$ 271,042	$ 261,753	$ 1,054,570	$ 274,747	$ 260,385	$ 263,623	$ 255,815
Non-GAAP organic revenue growth	**2.6 %**		**2.8 %**	**2.3 %**					
Non-GAAP organic revenue[2]	$ 532,795	$ 519,438	$ 271,042	$ 261,753	1,054,570	$ 274,747	$ 260,385	$ 263,623	$ 255,815
Foreign currency impact on Non-GAAP organic revenue[3]	3,657	—	980	2,677	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis[3]	$ 536,452	$ 519,438	$ 272,022	$ 264,430	$ 1,054,570	$ 274,747	$ 260,385	$ 263,623	$ 255,815
Non-GAAP organic revenue growth on constant currency basis	**3.3 %**		**3.2 %**	**3.4 %**					
GAAP recurring revenue	515,138	497,173	262,390	252,748	1,011,733	265,173	249,387	252,507	244,666
GAAP recurring revenue growth	**3.6 %**		**3.9 %**	**3.3 %**					
Less: Non-GAAP recurring revenue from divested businesses[1]	—	(2,545)	—	—	(3,439)	(1)	(893)	(1,266)	(1,279)
Non-GAAP organic recurring revenue[2]	$ 515,138	$ 494,628	$ 262,390	$ 252,748	$ 1,008,294	$ 265,172	$ 248,494	$ 251,241	$ 243,387
Non-GAAP organic recurring revenue growth	**4.1 %**		**4.4 %**	**3.8 %**					
Non-GAAP organic recurring revenue[2]	$ 515,138	$ 494,628	$ 262,390	$ 252,748	1,008,294	$ 265,172	$ 248,494	$ 251,241	$ 243,387
Foreign currency impact on non-GAAP organic recurring revenue[3]	3,388	—	916	2,472	—	—	—	—	—
Non-GAAP organic recurring revenue on constant currency basis[3]	$ 518,526	$ 494,628	$ 263,306	$ 255,220	$ 1,008,294	$ 265,172	$ 248,494	$ 251,241	$ 243,387
Non-GAAP organic recurring revenue growth on constant currency basis	**4.8 %**		**4.8 %**	**4.9 %**					

(1) Non-GAAP revenue from divested businesses excludes revenue associated with divested businesses. The exclusion of the prior period revenue is to present the results of the divested business with the results of the combined company for the same period of time in both the prior and current periods.

(2) Non-GAAP organic revenue and non-GAAP organic recurring 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 and non-GAAP organic recurring 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		Six months ended	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
GAAP net income	$ 2,105	$ (3,422)	$ (12,596)	$ (13,829)
Non-GAAP adjustments:				
Add: Interest, net	8,859	8,862	18,285	16,338
Less: GAAP income tax benefit	(10,200)	(2,367)	(14,101)	(4,417)
Add: Depreciation	3,272	3,585	6,608	7,123
Add: Amortization of intangibles from business combinations	13,924	13,209	27,809	26,509
Add: Amortization of software and content development costs(1)	10,934	9,488	21,540	18,733
Subtotal	26,789	32,777	60,141	64,286
Non-GAAP EBITDA	$ 28,894	$ 29,355	$ 47,545	$ 50,457
Non-GAAP EBITDA margin	10.7 %		8.9 %	
Non-GAAP adjustments:				
Add: Stock-based compensation expense	33,364	27,854	63,289	55,714
Add: Employee severance	632	462	4,954	462
Add: Acquisition and disposition-related costs	(849)	2,292	(230)	3,249
Add: Restructuring and other real estate activities	—	—	—	71
Add: Security Incident-related costs, net of insurance(2)	26,777	8,348	44,560	15,549
Add: Impairment of capitalized software development costs	—	2,263	—	2,263
Subtotal	59,924	41,219	112,573	77,308
Non-GAAP adjusted EBITDA	$ 88,818	$ 70,574	$ 160,118	$ 127,765
Non-GAAP adjusted EBITDA margin	**32.8 %**		**30.1 %**	
Rule of 40(3)	**35.6 %**		**32.7 %**	
Non-GAAP adjusted EBITDA	88,818	70,574	160,118	127,765
Foreign currency impact on Non-GAAP adjusted EBITDA(4)	574	1,651	1,871	2,152
Non-GAAP adjusted EBITDA on constant currency basis(4)	$ 89,392	$ 72,225	$ 161,989	$ 129,917
Non-GAAP adjusted EBITDA margin on constant currency basis	**32.9 %**		**30.2 %**	
Rule of 40 on constant currency basis(5)	**36.1 %**		**33.5 %**	

(1) Includes amortization expense related to software and content 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 and accruals for certain loss contingencies. 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.

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

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

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

Three Months Ended June 30, 2023								
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Employee severance	Acquisition and disposition-related costs	Security Incident-related costs, net of insurance[(1)]	Non-GAAP adjustments subtotal	Non-GAAP
Revenue								
Recurring	$ 262,390	$ —	$ —	$ —	$ —	$ —	$ —	$ 262,390
One-time services and other	8,652	—	—	—	—	—	—	8,652
Total revenue	**271,042**	—	—	—	—	—	—	**271,042**
Cost of revenue								
Cost of recurring	113,926	(3,559)	(12,790)	(22)	—	—	(16,371)	97,555
Cost of one-time services and other	7,549	(584)	(346)	(32)	—	—	(962)	6,587
Total cost of revenue	**121,475**	**(4,143)**	**(13,136)**	**(54)**	—	—	**(17,333)**	**104,142**
Gross profit	**149,567**	**4,143**	**13,136**	**54**	—	—	**17,333**	**166,900**
Recurring gross margin	*56.6 %*						*6.2 %*	*62.8 %*
One-time services and other gross margin	*12.7 %*						*11.2 %*	*23.9 %*
Total gross margin	***55.2 %***						***6.4 %***	***61.6 %***
Operating expenses								
Sales, marketing and customer success	53,191	(7,193)	—	(453)	—	—	(7,646)	45,545
Research and development	36,146	(7,605)	—	(2)	—	—	(7,607)	28,539
General and administrative	59,148	(14,423)	—	(123)	849	(26,777)	(40,474)	18,674
Amortization	788	—	(788)	—	—	—	(788)	—
Total operating expenses	**149,273**	**(29,221)**	**(788)**	**(578)**	**849**	**(26,777)**	**(56,515)**	**92,758**
Income from operations	**294**	**33,364**	**13,924**	**632**	**(849)**	**26,777**	**73,848**	**74,142**
Total operating margin	***0.1 %***						***27.3 %***	***27.4 %***
Net Income	**$ 2,105**							**$ 52,602**
Shares used in computing diluted earnings per share	53,643							53,643
Diluted earnings per share	**$ 0.04**							**$ 0.98**

(1) Includes Security Incident-related costs incurred, net of 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 and accruals for certain loss contingencies. 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)

Six Months Ended June 30, 2023								
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Employee severance	Acquisition and disposition-related costs	Security Incident-related costs, net of insurance(1)	Non-GAAP adjustments subtotal	Non-GAAP
Revenue								
Recurring	$ 515,138	$ —	$ —	$ —	$ —	$ —	$ —	$ 515,138
One-time services and other	17,657	—	—	—	—	—	—	17,657
Total revenue	**532,795**	—	—	—	—	—	—	**532,795**
Cost of revenue								
Cost of recurring	228,426	(6,746)	(25,556)	(433)	—	—	(32,735)	195,691
Cost of one-time services and other	16,161	(1,351)	(691)	(364)	—	—	(2,406)	13,755
Total cost of revenue	**244,587**	**(8,097)**	**(26,247)**	**(797)**	—	—	**(35,141)**	**209,446**
Gross profit	**288,208**	**8,097**	**26,247**	**797**	—	—	**35,141**	**323,349**
Recurring gross margin	*55.7 %*						*6.3 %*	*62.0 %*
One-time services and other gross margin	*8.5 %*						*13.6 %*	*22.1 %*
Total Gross Margin	***54.1 %***						***6.6 %***	***60.7 %***
Operating expenses								
Sales, marketing and customer success	107,576	(12,708)	—	(2,089)	—	—	(14,797)	92,779
Research and development	76,737	(14,907)	—	(1,135)	—	—	(16,042)	60,695
General and administrative	111,986	(27,577)	—	(933)	230	(44,560)	(72,840)	39,146
Amortization	1,562	—	(1,562)	—	—	—	(1,562)	—
Total operating expenses	**297,861**	**(55,192)**	**(1,562)**	**(4,157)**	**230**	**(44,560)**	**(105,241)**	**192,620**
Income from operations	**(9,653)**	**63,289**	**27,809**	**4,954**	**(230)**	**44,560**	**140,382**	**130,729**
Total Operating Margin	***(1.8)%***						***26.3 %***	***24.5 %***
Net (loss) income	**$ (12,596)**							**$ 90,948**
Shares used in computing diluted (loss) earnings per share	52,389							53,169
Diluted (loss) earnings per share	**$ (0.24)**							**$ 1.71**

(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 and accruals for certain loss contingencies. 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 June 30, 2022									
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Employee severance	Acquisition and disposition-related costs	Security Incident-related costs, net of insurance(1)	Impairment of capitalized software development costs	Non-GAAP adjustments subtotal	Non-GAAP
Revenue									
Recurring	$ 252,507	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 252,507
One-time services and other	12,420	—	—	—	—	—	—	—	12,420
Total revenue	**264,927**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**264,927**
Cost of revenue									
Cost of recurring	114,487	(2,888)	(12,059)	(50)	—	—	—	(14,997)	99,490
Cost of one-time services and other	11,120	(876)	(345)	(331)	—	—	—	(1,552)	9,568
Total cost of revenue	**125,607**	**(3,764)**	**(12,404)**	**(381)**	**—**	**—**	**—**	**(16,549)**	**109,058**
Gross profit	**139,320**	**3,764**	**12,404**	**381**	**—**	**—**	**—**	**16,549**	**155,869**
Recurring gross margin	*54.7 %*							*5.9 %*	*60.6 %*
One-time services and other gross margin	*10.5 %*							*12.5 %*	*23.0 %*
Total gross margin	***52.6 %***							***6.2 %***	***58.8 %***
Operating expenses									
Sales, marketing and customer success	52,737	(5,293)	—	—	—	—	—	(5,293)	47,444
Research and development	38,333	(5,875)	—	—	—	—	—	(5,875)	32,458
General and administrative	47,391	(12,922)	—	(81)	(2,292)	(8,348)	(2,263)	(25,906)	21,485
Amortization	805	—	(805)	—	—	—	—	(805)	—
Total operating expenses	**139,266**	**(24,090)**	**(805)**	**(81)**	**(2,292)**	**(8,348)**	**(2,263)**	**(37,879)**	**101,387**
Income from operations	**54**	**27,854**	**13,209**	**462**	**2,292**	**8,348**	**2,263**	**54,428**	**54,482**
Total Operating Margin	***— %***							***20.6 %***	***20.6 %***
Net (loss) income	**$ (3,422)**								**$ 38,911**
Shares used in computing diluted (loss) earnings per share	51,661								51,986
Diluted (loss) earnings per share	**$ (0.07)**								**$ 0.75**

(1) Includes Security Incident-related costs incurred, net of probable insurance recoveries. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims and accruals for certain loss contingencies. 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)

	Six Months Ended June 30, 2022									
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Employee severance	Acquisition and disposition-related costs	Restructuring and other real estate activities	Security Incident-related costs, net of insurance(1)	Impairment of capitalized software development costs	Non-GAAP adjustments subtotal	Non-GAAP
Revenue										
Recurring	$ 497,173	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 497,173
One-time services and other	24,878	—	—	—	—	—	—	—	—	24,878
Total revenue	**522,051**	—	—	—	—	—	—	—	—	**522,051**
Cost of revenue										
Cost of recurring	226,661	(6,006)	(24,189)	(50)	—	—	—	—	(30,245)	196,416
Cost of one-time services and other	22,308	(1,907)	(704)	(331)	—	—	—	—	(2,942)	19,366
Total cost of revenue	**248,969**	**(7,913)**	**(24,893)**	**(381)**	—	—	—	—	**(33,187)**	**215,782**
Gross profit	**273,082**	**7,913**	**24,893**	**381**	—	—	—	—	**33,187**	**306,269**
Recurring gross margin	*54.4 %*								*6.1 %*	*60.5 %*
One-time services and other gross margin	*10.3 %*								*11.9 %*	*22.2 %*
Total Gross Margin	***52.3 %***								***6.4 %***	***58.7 %***
Operating expenses										
Sales, marketing and customer success	107,953	(10,304)	—	—	—	—	—	—	(10,304)	97,649
Research and development	78,285	(12,117)	—	—	—	—	—	—	(12,117)	66,168
General and administrative	91,153	(25,380)	—	(81)	(3,249)	(71)	(15,549)	(2,263)	(46,593)	44,560
Amortization	1,616	—	(1,616)	—	—	—	—	—	(1,616)	—
Total operating expenses	**279,007**	**(47,801)**	**(1,616)**	**(81)**	**(3,249)**	**(71)**	**(15,549)**	**(2,263)**	**(70,630)**	**208,377**
Income from operations	**(5,925)**	**55,714**	**26,509**	**462**	**3,249**	**71**	**15,549**	**2,263**	**103,817**	**97,892**
Total Operating Margin	***(1.1)%***								***19.9 %***	***18.8 %***
Net (loss) income	**$ (13,829)**									**$ 68,457**
Shares used in computing diluted (loss) earnings per share	51,432									51,954
Diluted (loss) earnings per share	**$ (0.27)**									**$ 1.32**

(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 and accruals for certain loss contingencies. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

Historical Consolidated Balance Sheets (Unaudited)

(in thousands)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Assets						
Current assets:						
Cash and cash equivalents	$ 33,786	$ 29,029	$ 31,413	$ 31,691	$ 24,083	$ 29,041
Restricted cash	279,594	449,491	343,928	702,240	364,071	761,289
Accounts receivable, net of allowance	91,770	149,237	86,704	102,809	100,253	168,908
Customer funds receivable	2,049	1,194	1,853	249	2,136	3,731
Prepaid expenses and other current assets	99,913	98,041	83,639	81,654	88,779	81,597
Total current assets	507,112	726,992	547,537	918,643	579,322	1,044,566
Property and equipment, net	112,675	111,865	109,474	107,426	105,309	104,672
Operating lease right-of-use assets	51,808	50,036	47,430	45,899	47,176	45,497
Software and content development costs, net	126,766	130,329	135,594	141,023	145,705	151,158
Goodwill	1,056,794	1,051,230	1,047,178	1,050,272	1,051,652	1,053,342
Intangible assets, net	683,348	664,400	643,994	635,136	622,237	609,524
Other assets	90,194	90,670	95,376	94,304	87,947	84,254
Total assets	$ 2,628,697	$ 2,825,522	$ 2,626,583	$ 2,992,703	$ 2,639,348	$ 3,093,013
Liabilities and stockholders' equity						
Current liabilities:						
Trade accounts payable	$ 39,490	$ 36,640	$ 36,374	$ 42,559	$ 46,528	$ 40,730
Accrued expenses and other current liabilities	72,195	77,411	78,471	86,002	72,799	102,747
Due to customers	278,179	449,402	344,305	700,860	364,397	763,845
Debt, current portion	18,116	18,154	18,193	18,802	19,136	19,176
Deferred revenue, current portion	350,952	412,712	393,679	382,419	361,003	434,631
Total current liabilities	758,932	994,319	871,022	1,230,642	863,863	1,361,129
Debt, net of current portion	963,109	921,619	835,881	840,241	858,912	827,403
Deferred tax liability	144,590	135,393	131,773	125,759	131,460	91,306
Deferred revenue, net of current portion	4,725	3,547	2,920	2,817	6,956	3,520
Operating lease liabilities, net of current portion	50,785	48,542	46,400	44,918	45,190	43,529
Other liabilities	1,506	1,628	5,775	4,294	13,234	4,756
Total liabilities	1,923,647	2,105,048	1,893,771	2,248,671	1,919,615	2,331,643
Commitments and contingencies						
Stockholders' equity:						
Preferred stock	—	—	—	—	—	—
Common stock, $0.001 par value	68	68	68	68	69	69
Additional paid-in capital	993,223	1,020,835	1,048,688	1,075,264	1,105,189	1,138,553
Treasury stock, at cost	(535,585)	(536,511)	(536,968)	(537,287)	(568,277)	(570,547)
Accumulated other comprehensive income	15,295	7,455	2,716	8,938	404	8,842
Retained earnings	232,049	228,627	218,308	197,049	182,348	184,453
Total stockholders' equity	705,050	720,474	732,812	744,032	719,733	761,370
Total liabilities and stockholders' equity	$ 2,628,697	$ 2,825,522	$ 2,626,583	$ 2,992,703	$ 2,639,348	$ 3,093,013

Historical Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands, except share and per share amounts)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022	Q1 2023	Q2 2023
Revenue							
Recurring	$ 244,666	$ 252,507	$ 249,387	$ 265,173	$ 1,011,733	$ 252,748	$ 262,390
One-time services and other	12,458	12,420	11,910	9,584	46,372	9,005	8,652
Total revenue	257,124	264,927	261,297	274,757	1,058,105	261,753	271,042
Cost of revenue							
Cost of recurring	112,174	114,487	111,488	125,300	463,449	114,500	113,926
Cost of one-time services and other	11,188	11,120	9,449	10,183	41,940	8,612	7,549
Total cost of revenue	123,362	125,607	120,937	135,483	505,389	123,112	121,475
Gross profit	133,762	139,320	140,360	139,274	552,716	138,641	149,567
Operating expenses							
Sales, marketing and customer success	55,216	52,737	56,414	57,088	221,455	54,385	53,191
Research and development	39,952	38,333	40,451	38,177	156,913	40,591	36,146
General and administrative	43,762	47,391	49,860	58,895	199,908	52,838	59,148
Amortization	811	805	647	662	2,925	774	788
Total operating expenses	139,741	139,266	147,372	154,822	581,201	148,588	149,273
(Loss) income from operations	(5,979)	54	(7,012)	(15,548)	(28,485)	(9,947)	294
Interest expense	(7,599)	(8,976)	(9,337)	(9,891)	(35,803)	(10,662)	(11,167)
Other income, net	1,121	3,133	4,454	5	8,713	2,007	2,778
Loss before benefit for income taxes	(12,457)	(5,789)	(11,895)	(25,434)	(55,575)	(18,602)	(8,095)
Income tax benefit	(2,050)	(2,367)	(1,576)	(4,175)	(10,168)	(3,901)	(10,200)
Net (loss) income	$ (10,407)	$ (3,422)	$ (10,319)	$ (21,259)	$ (45,407)	$ (14,701)	$ 2,105
(Loss) earnings per share							
Basic	$ (0.20)	$ (0.07)	$ (0.20)	$ (0.41)	$ (0.88)	$ (0.28)	$ 0.04
Diluted	$ (0.20)	$ (0.07)	$ (0.20)	$ (0.41)	$ (0.88)	$ (0.28)	$ 0.04
Common shares and equivalents outstanding							
Basic weighted average shares	51,199,717	51,660,739	51,692,152	51,716,948	51,569,148	52,132,999	52,642,411
Diluted weighted average shares	51,199,717	51,660,739	51,692,152	51,716,948	51,569,148	52,132,999	53,643,124
Other comprehensive (loss) income							
Foreign currency translation adjustment	(2,132)	(10,398)	(11,536)	7,906	(16,160)	2,158	3,055
Unrealized gain (loss) on derivative instruments, net of tax	10,905	2,558	6,797	(1,684)	18,576	(10,692)	5,383
Total other comprehensive income (loss)	8,773	(7,840)	(4,739)	6,222	2,416	(8,534)	8,438
Comprehensive (loss) income	$ (1,634)	$ (11,262)	$ (15,058)	$ (15,037)	$ (42,991)	$ (23,235)	$ 10,543

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 3/31/2022	6 months ended 6/30/2022	9 months ended 9/30/2022	12 months ended 12/31/2022	3 months ended 3/31/2023	6 months ended 6/30/2023
Cash flows from operating activities						
Net loss	$ (10,407)	$ (13,829)	$ (24,148)	$ (45,407)	$ (14,701)	$ (12,596)
Adjustments to reconcile net loss to net cash provided by operating activities:						
Depreciation and amortization	25,545	51,283	76,606	102,369	27,272	53,622
Provision for credit losses and sales returns	1,875	3,653	4,374	6,066	1,522	3,798
Stock-based compensation expense	27,860	55,714	83,659	110,294	29,925	63,289
Deferred taxes	(7,431)	(16,656)	(21,672)	(26,644)	9,245	(33,101)
Amortization of deferred financing costs and discount	645	1,254	1,827	2,364	500	963
Other non-cash adjustments	(150)	4,225	5,677	5,676	(215)	(1,569)
Changes in operating assets and liabilities, net of acquisition and disposal of businesses:						
Accounts receivable	9,010	(50,818)	9,998	(7,340)	1,139	(69,624)
Prepaid expenses and other assets	(2,067)	3,685	22,246	26,235	(2,750)	9,470
Trade accounts payable	15,919	12,769	14,435	21,607	3,362	(3,431)
Accrued expenses and other liabilities	(13,430)	(8,739)	(7,028)	(2,386)	(15,931)	11,948
Deferred revenue	(22,865)	39,238	23,832	11,059	(17,562)	52,233
Net cash provided by operating activities	24,504	81,779	189,806	203,893	21,806	75,002
Cash flows from investing activities						
Purchase of property and equipment	(4,266)	(7,518)	(10,512)	(12,289)	(1,364)	(2,779)
Capitalized software and content development costs	(12,683)	(27,183)	(42,757)	(58,774)	(13,967)	(28,756)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	(19,985)	(19,016)	(20,945)	(20,912)	—	—
Net cash used in sale of business	—	—	6,426	6,426	—	—
Net cash used in investing activities	(36,934)	(53,717)	(67,788)	(85,549)	(15,331)	(31,535)
Cash flows from financing activities						
Proceeds from issuance of debt	59,400	113,200	126,900	211,000	92,600	158,000
Payments on debt	(33,765)	(129,548)	(229,442)	(310,740)	(75,403)	(171,824)
Stock issuance costs	—	(557)	(1,205)	(1,339)	—	—
Employee taxes paid for withheld shares upon equity award settlement	(34,674)	(35,600)	(36,057)	(36,376)	(31,417)	(33,687)
Change in due to customers	(315,294)	(141,001)	(243,109)	111,386	(337,159)	61,313
Change in customer funds receivable	(1,115)	(546)	(1,291)	380	(1,859)	(3,359)
Net cash (used in) provided by financing activities	(325,448)	(194,052)	(384,204)	(25,689)	(353,238)	10,443
Effect of exchange rate on cash, cash equivalents, and restricted cash	(504)	(7,252)	(14,235)	(10,486)	986	2,489
Net (decrease) increase in cash, cash equivalents, and restricted cash	(338,382)	(173,242)	(276,421)	82,169	(345,777)	56,399
Cash, cash equivalents, and restricted cash, beginning of period	651,762	651,762	651,762	651,762	733,931	733,931
Cash, cash equivalents, and restricted cash, end of period	$ 313,380	$ 478,520	$ 375,341	$ 733,931	$ 388,154	$ 790,330

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 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022[1]	Q1 2023	Q2 2023
GAAP Revenue	$ 257,124	$ 264,927	$ 261,297	$ 274,757	$ 1,058,105	$ 261,753	$ 271,042
GAAP gross profit	$ 133,762	$ 139,320	$ 140,360	$ 139,274	$ 552,716	$ 138,641	$ 149,567
GAAP gross margin	52.0 %	52.6 %	53.7 %	50.7 %	52.2 %	53.0 %	55.2 %
Non-GAAP adjustments:							
Add: Stock-based compensation expense	4,149	3,764	3,414	3,109	14,436	3,954	4,143
Add: Amortization of intangibles from business combinations	12,489	12,404	11,913	11,686	48,492	13,111	13,136
Add: Employee severance	—	381	(33)	1,787	2,135	743	54
Subtotal	16,638	16,549	15,294	16,582	65,063	17,808	17,333
Non-GAAP gross profit	$ 150,400	$ 155,869	$ 155,654	$ 155,856	$ 617,779	$ 156,449	$ 166,900
Non-GAAP gross margin	58.5 %	58.8 %	59.6 %	56.7 %	58.4 %	59.8 %	61.6 %
GAAP (loss) income from operations	$ (5,979)	$ 54	$ (7,012)	$ (15,548)	$ (28,485)	$ (9,947)	$ 294
GAAP operating margin	(2.3)%	— %	(2.7)%	(5.7)%	(2.7)%	(3.8)%	0.1 %
Non-GAAP adjustments:							
Add: Stock-based compensation expense	27,860	27,854	27,945	26,635	110,294	29,925	33,364
Add: Amortization of intangibles from business combinations	13,300	13,209	12,560	12,348	51,417	13,885	13,924
Add: Employee severance	—	462	232	4,470	5,164	4,322	632
Add: Acquisition and disposition-related costs	957	2,292	2,456	430	6,135	619	(849)
Add: Restructuring and other real estate activities	71	—	—	—	71	—	—
Add: Security Incident-related costs, net of insurance[2]	7,201	8,348	13,658	26,516	55,723	17,783	26,777
Add: Impairment of capitalized software development costs	—	2,263	—	—	2,263	—	—
Subtotal	49,389	54,428	56,851	70,399	231,067	66,534	73,848
Non-GAAP income from operations	$ 43,410	$ 54,482	$ 49,839	$ 54,851	$ 202,582	$ 56,587	$ 74,142
Non-GAAP operating margin	16.9 %	20.6 %	19.1 %	20.0 %	19.1 %	21.6 %	27.4 %
GAAP loss before benefit for income taxes	$ (12,457)	$ (5,789)	$ (11,895)	$ (25,434)	$ (55,575)	$ (18,602)	$ (8,095)
GAAP net (loss) income	$ (10,407)	$ (3,422)	$ (10,319)	$ (21,259)	$ (45,407)	$ (14,701)	$ 2,105
Shares used in computing GAAP diluted (loss) earnings per share	51,199,717	51,660,739	51,692,152	51,716,948	51,569,148	52,132,999	53,643,124
GAAP diluted (loss) earnings per share	$ (0.20)	$ (0.07)	$ (0.20)	$ (0.41)	$ (0.88)	$ (0.28)	$ 0.04
Non-GAAP adjustments:							
Less: GAAP income tax benefit	(2,050)	(2,367)	(1,576)	(4,175)	(10,168)	(3,901)	(10,200)
Add: Total Non-GAAP adjustments affecting income from operations	49,389	54,428	56,851	70,399	231,067	66,534	73,848
Non-GAAP income before provision for income taxes	36,932	48,639	44,956	44,965	175,492	47,932	65,753
Assumed non-GAAP income tax provision[3]	7,386	9,728	8,991	8,993	35,098	9,586	13,151
Non-GAAP net income	$ 29,546	$ 38,911	$ 35,965	$ 35,972	$ 140,394	$ 38,346	$ 52,602
Shares used in computing Non-GAAP diluted earnings per share	52,076,858	51,985,530	52,362,781	52,923,158	52,207,573	53,171,410	53,643,124
Non-GAAP diluted earnings per share	$ 0.57	$ 0.75	$ 0.69	$ 0.68	$ 2.69	$ 0.72	$ 0.98

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

(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 and accruals for certain loss contingencies. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

(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 3/31/2022	6 months ended 6/30/2022	9 months ended 9/30/2022	12 months ended 12/31/2022	3 months ended 3/31/2023	6 months ended 06/30/2023
GAAP net cash provided by operating activities	24,504	81,779	189,806	203,893	21,806	75,002
Less: purchase of property and equipment	(4,266)	(7,518)	(10,512)	(12,289)	(1,364)	(2,779)
Less: capitalized software and content development costs	(12,683)	(27,183)	(42,757)	(58,774)	(13,967)	(28,756)
Non-GAAP free cash flow	$ 7,555	$ 47,078	$ 136,537	$ 132,830	$ 6,475	$ 43,467
Add: Security Incident-related cash flows, net of insurance	823	5,164	9,536	20,864	9,223	15,822
Non-GAAP adjusted free cash flow	$ 8,378	$ 52,242	$ 146,073	$ 153,694	$ 15,698	$ 59,289

Thank you