

blackbaud®



Blackbaud Investor Presentation

Ticker: BLKB

July 30, 2024

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; 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.

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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 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, 2024, for the fiscal year ended December 31, 2023 and the interim periods therein; calculations for recurring revenue growth and total revenue growth for the six month period ended June 30, 2024 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 also 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, 2023 and interim consolidated balance sheets for each of the quarters within fiscal 2024 and 2023; historical consolidated statements of comprehensive income for the fiscal year ended December 31, 2023 and interim consolidated statements of comprehensive income for each of the quarters within fiscal 2024 and 2023; historical consolidated statements of cash flows for the fiscal year ended December 31, 2023 and interim consolidated statements of cash flows for each of the interim year-to-date periods within fiscal 2024 and 2023; and historical non-GAAP financial information for the fiscal year ended December 31, 2023 and for each of the quarters within fiscal 2024 and 2023 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 Investment Pillars

Rich Market Opportunity

- Global market leadership
- Significant available TAM
- Stable end markets
- Fragmented competitive landscape

Innovation Driving Product Value

- AI empowering customers
- Security encryption unique to industry
- Product first approach driving high retention rates
- Portfolio depth and breadth is market leading
- Migration to 3rd party cloud enables leverage/efficiencies

Attractive Financial Profile

- 5 point operating plan
- Enviable recurring revenue stream
- Revenue diversification
- Large and diverse customer base
- Repeated earnings growth
- Strong cash flows

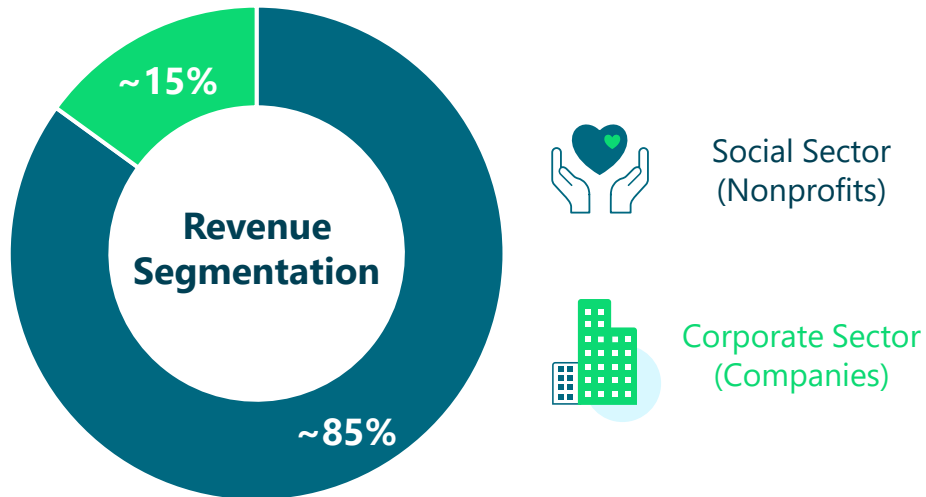
Purposeful Capital Allocation

- Material share repurchase program (up to 10% in FY24)
- \$200M ASR underway with final settlement later this year
- Prudent use of debt
- Targeted M&A to bolster innovation

Blackbaud At-a-Glance

Clear market leader providing software that powers social impact

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



Social Sector
(Nonprofits)



Corporate Sector
(Companies)

40+

years serving industry with demonstrated track record

\$100B+

donated, granted, and invested through our platforms every year

\$1.2B

annual recurring revenue¹

40,000+

customers under contract²

~3,000

remote employees

Millions

of users and supporters in 100+ countries

¹ Non-GAAP, at mid-point of 2024 financial guidance, rounded to one decimal. Financial goals represent full year targets.

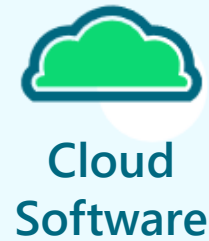
² Customers with contractual billing arrangements in 2023

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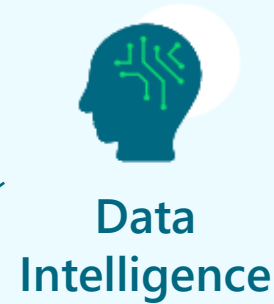
Business overview

Blackbaud is the leading provider of software for powering social impact

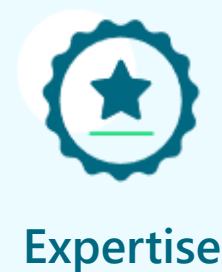
We build, integrate and implement vertical-specific solutions purpose-built for the unique needs of our customers.



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



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



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

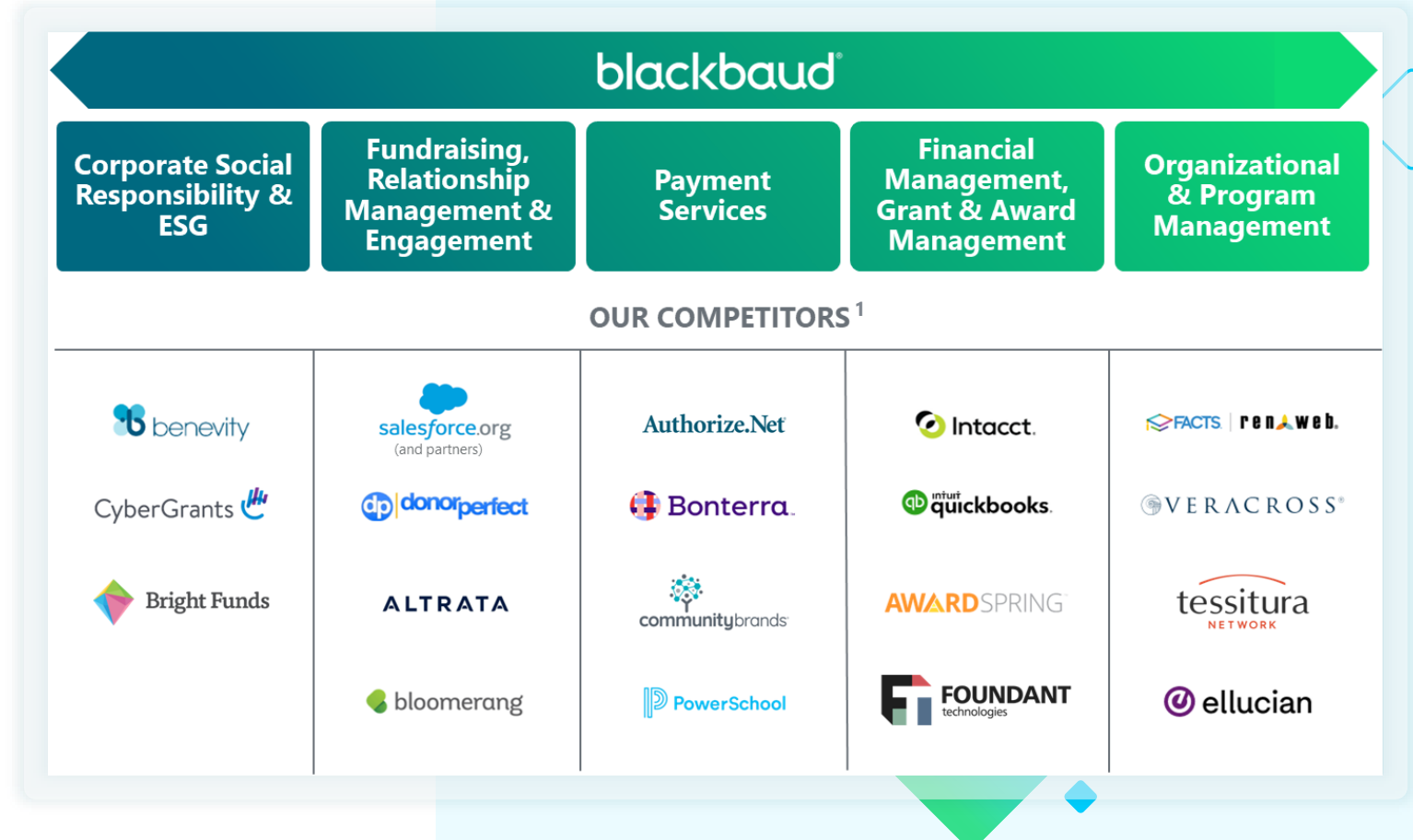


Services

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**



¹Informed 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 event powered by JustGiving® from Blackbaud® Peer-to-Peer Fundraising



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



Archbishop
Moeller
High School



m c a s d
Museum of
Contemporary Art
San Diego

200%

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

100x

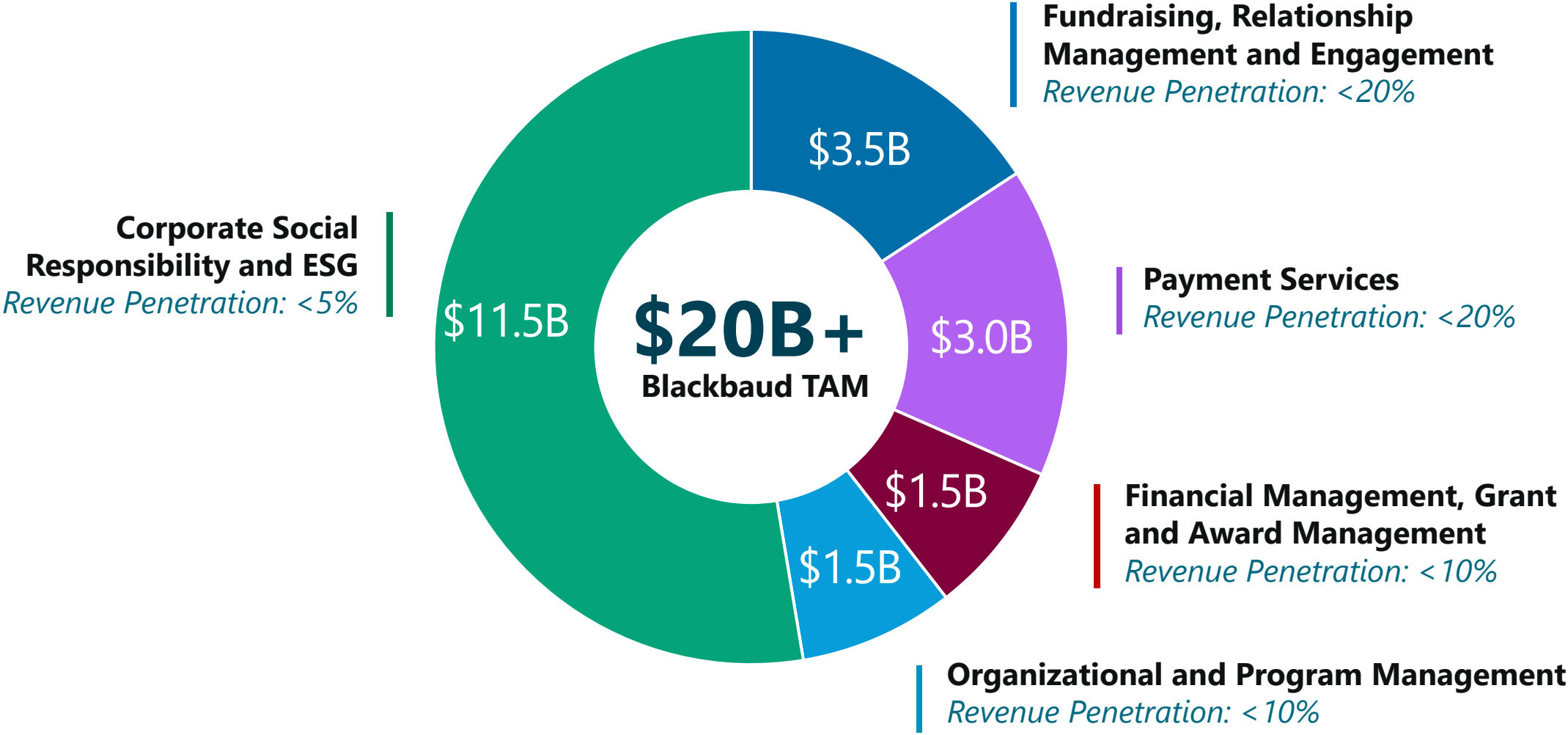
reduction in time setting up tuition account with Blackbaud's suite of education management solutions

350%

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



Large and underpenetrated total addressable market

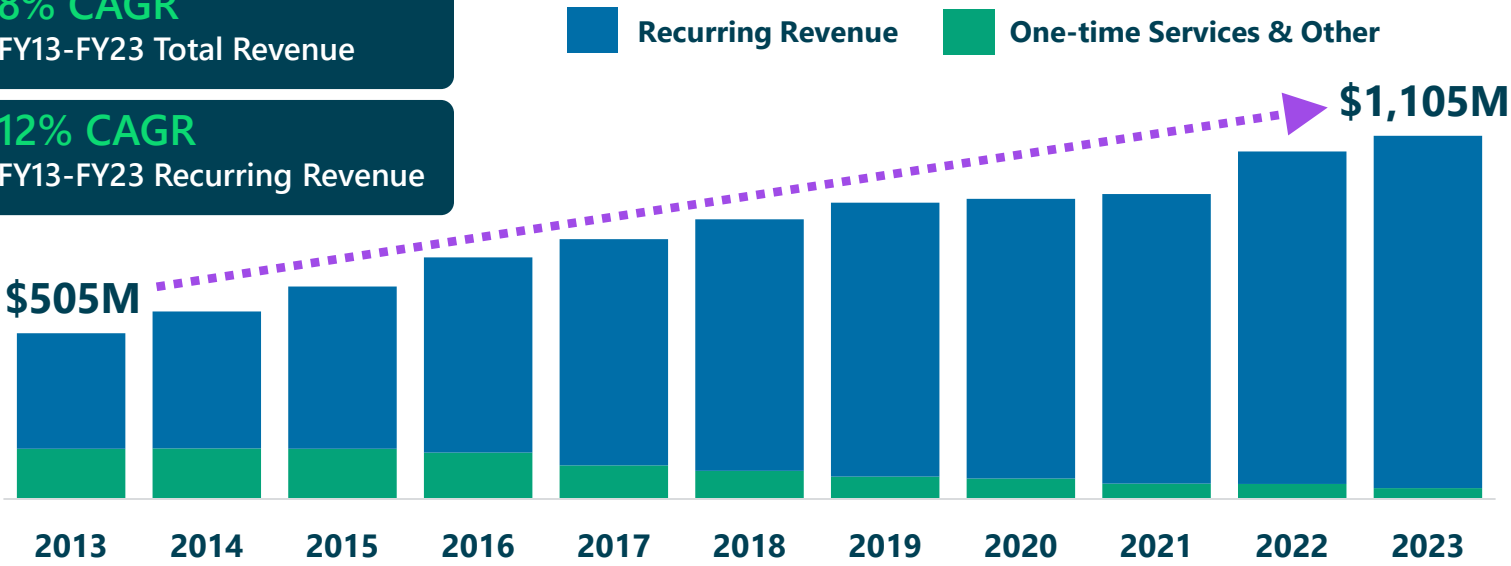


Sources: FY 2023 Blackbaud Revenue. Global Blackbaud TAM based on IRS data, Canadian Revenue Agency, Private School Universe, IPEDS, Dun & Bradstreet, HIMSS, Guidestar, S&P Global database, Small Business & Entrepreneurship Council, Blackbaud internal data

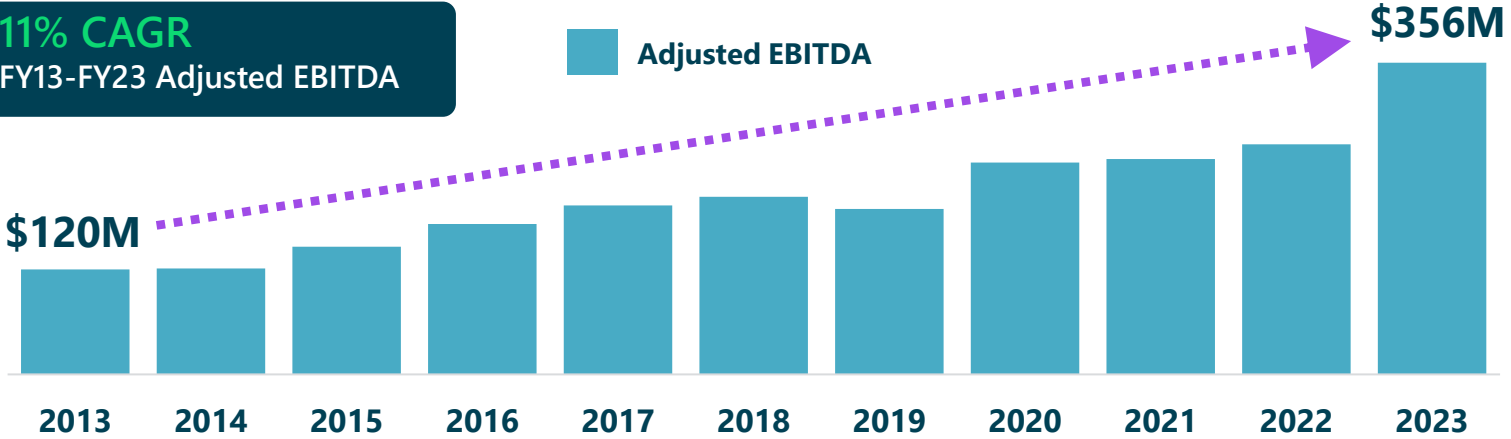
Record of delivering strong recurring revenue and adjusted EBITDA growth

8% CAGR
FY13-FY23 Total Revenue

12% CAGR
FY13-FY23 Recurring Revenue



11% CAGR
FY13-FY23 Adjusted EBITDA



- Recurring revenue represented 97% of total revenue in 2023
- 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 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.



The background features several decorative geometric shapes. In the top-left corner, there is a large cyan rounded square with a white outline of a diamond inside it. Below it is a smaller purple-to-cyan gradient diamond. In the bottom-left, there is a cyan rounded square and a purple diamond. In the bottom-right, there is a large cyan rounded square with a green diamond on top of it, and a white line forming a peak shape below. The text is centered in the middle of the slide.

Update on operational initiatives

Operating plan driving improved financial performance

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

Adding substantial value for customers through product delivery and innovation

UBIQ Strategic Investment

Focus of the investment will be on delivering a native integration, extending Blackbaud's Total School Solution to include UBIQ's cutting-edge suite of marketing and admissions tools with seamless data integration across the platform

Prospect Insights Pro

New add-on capability within Raiser's Edge NXT® that gives fundraisers access to AI-driven insights to support planned and major gift fundraising

Raiser's Edge NXT® Enhancements

In April 2024, announced a major wave of all-new innovation and powerful enhancements coming to Raiser's Edge NXT®, including powerful new fundraising AI, a new streamlined user experience, and personalized productivity dashboards

Impact Edge™

A first-of-its-kind AI-powered, social impact reporting and storytelling solution for corporate social responsibility (CSR) and social impact teams of all sizes

Optimized Donation Forms

New donation forms that fully integrate with Blackbaud's payment processing and CRM software and enable customers to raise more money while reduce processing costs

JustGiving Storywriter

With new generative AI capabilities, fundraisers on JustGiving are able to quickly and easily create personal stories to share with their networks. JustGiving's research shows that pages that include a clear and personal story raise around 65% more than those that don't

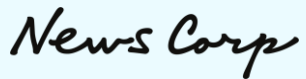
Direct sales force focused on signing new logos as well as upsell and cross-sell opportunities



5cities homeless coalition
resources. support. hope.

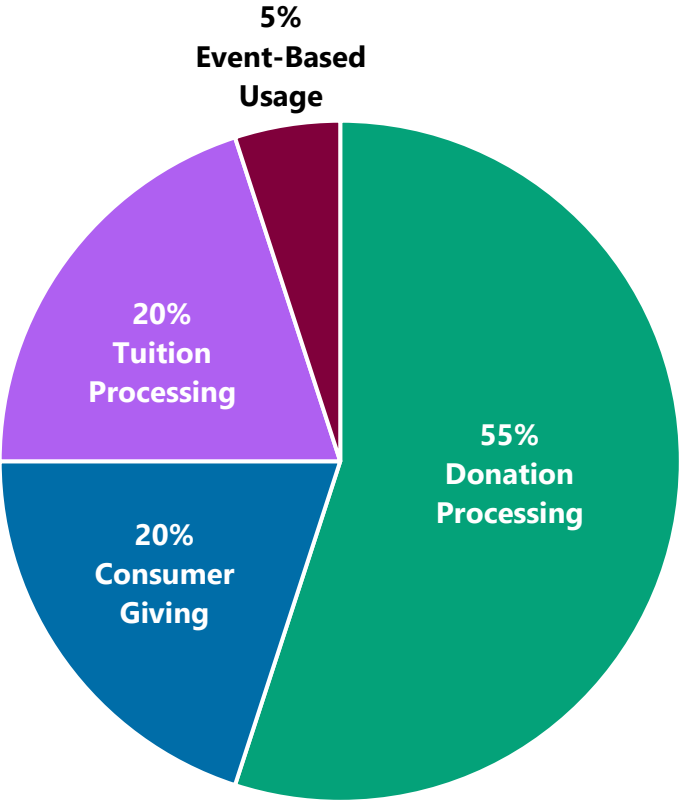


Select recent sales wins across Social Sector and Corporate Sector end markets

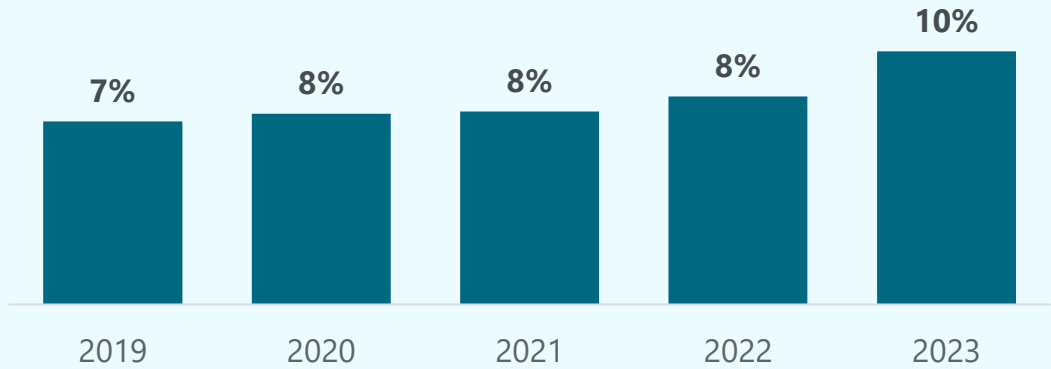


Initiatives across resilient and diverse transactional revenue streams drive continued consistent growth

Transactional recurring revenue streams¹



Transactional recurring revenue growth



- Strong momentum in consumer giving and tuition processing as payments further migrate online
- Rate increases across select areas of payments portfolio
- Additional payments solutions optimization to drive enhanced donor experience

¹ Based on 2023 transactional revenue

Modernized renewal pricing provides better economics and visibility

PRIOR APPROACH

NEW APPROACH *(since March 2023)*

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

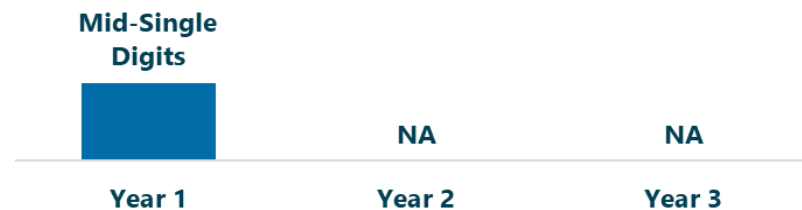
Mid- to high-teens rate increase upon renewal

Embedded Escalator in Multi-Year Contracts

No embedded annual price increase on multi-year contracts

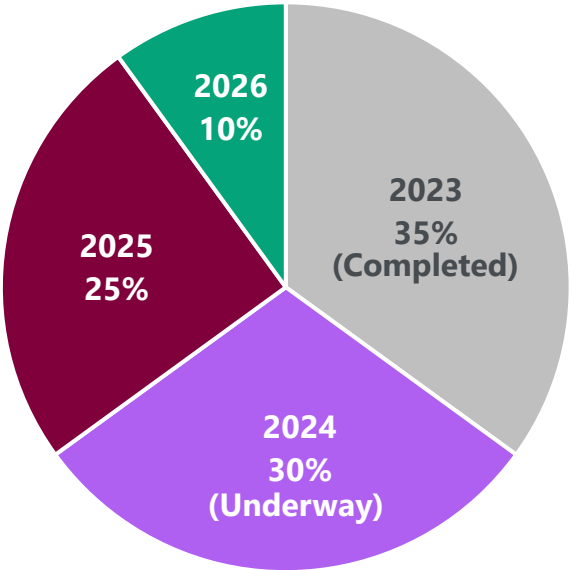
Mid- to high-single digit rate increase embedded in both years 2 & 3

Illustration of Rate Increase on a 3-Year Contract Renewal

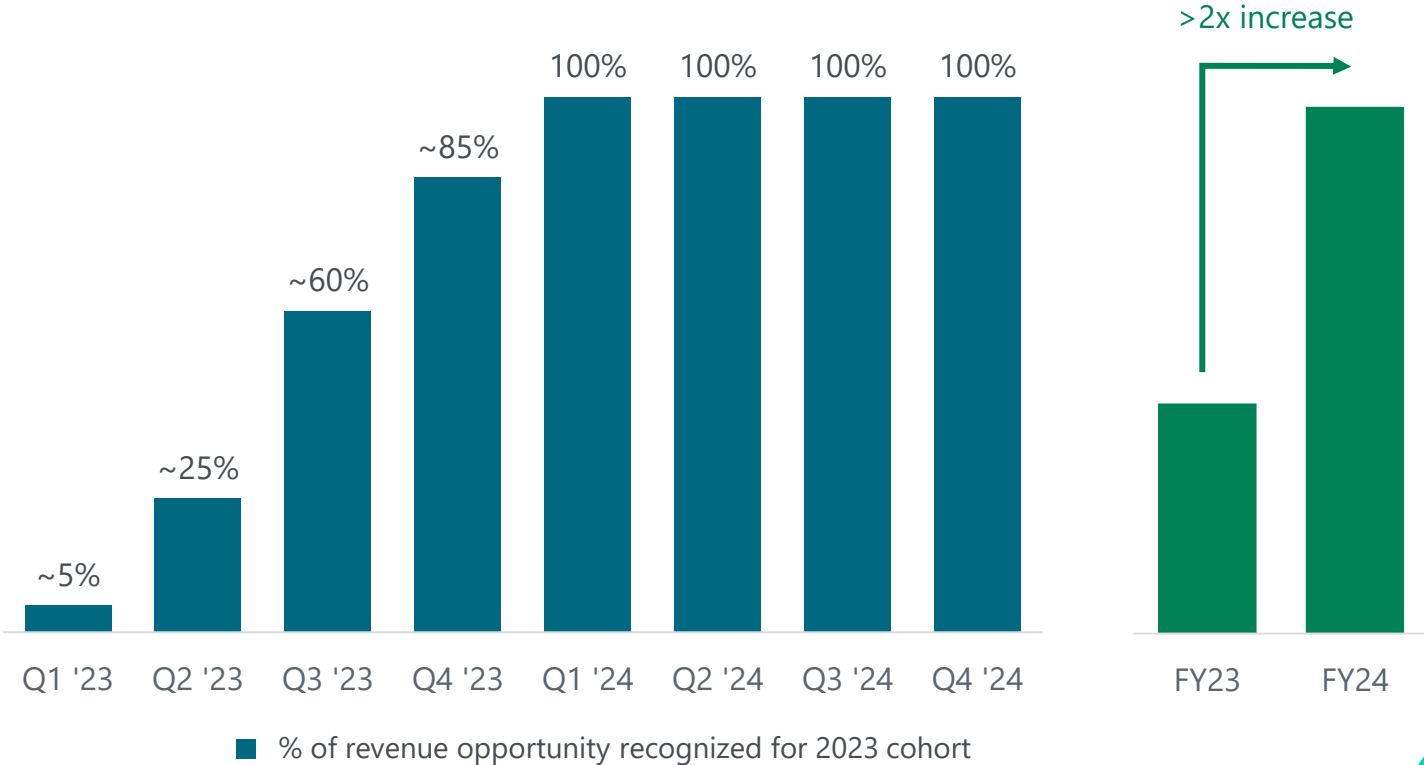


Contract renewal distribution creates sustainable longer-term growth

Mix of contracts eligible for renewal rate increase by renewal year¹



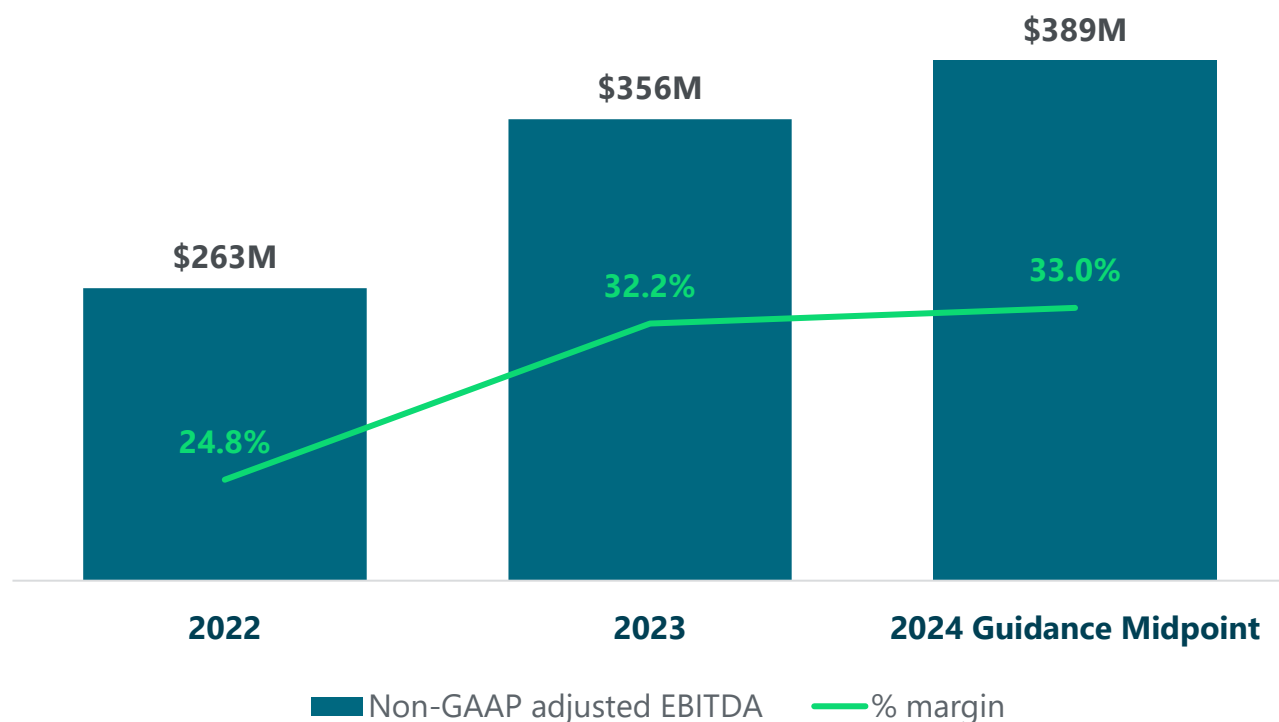
Revenue uplift from 2023 cohort more than doubles in 2024



¹ Estimate as of end of July 2023, excludes new bookings.

Keen attention to cost management will contribute to ongoing margin expansion

Non-GAAP adjusted EBITDA



Drivers of continued margin improvement:

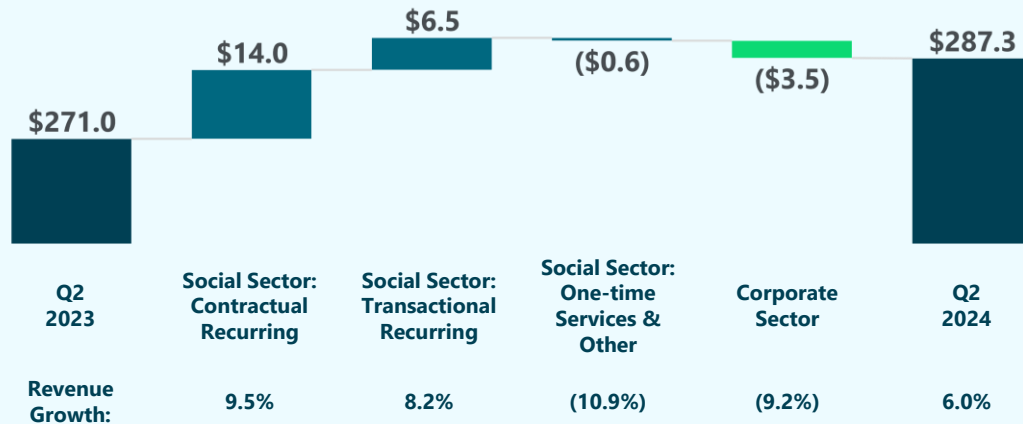
- Intend to maintain headcount at current level of approximately 3,000 employees for foreseeable future
- Fall-through benefit from renewal price increases
- IT consolidation as we complete migration to third party cloud (2 data centers remaining to close)
- Continue to manage cost structure to realize scale from expense base

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Financial Outlook

Strong Q2 2024 Performance

Revenue Year over Year



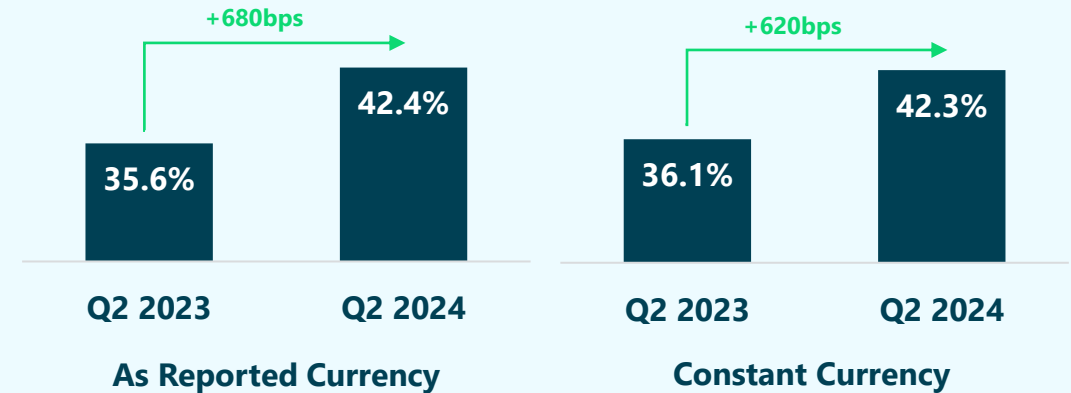
Social Sector Revenue

- Contractual recurring growth supported by sales bookings and modernized approach to renewal pricing launched in March '23
- Increased donation volumes as well as processing rate increases drove transactional recurring growth
- One-time services continues to decline in line with strategic decision to minimize non-recurring revenue

Corporate Sector Revenue

- Macro headwinds leading to softer bookings and retention for EverFi
- Divested EverFi's nonrecurring services business in the UK in Q1
- Dilutive to overall company growth

Rule of 40 Year over Year¹



Rule of 40 Highlights:

- Significant YoY improvement driven by revenue growth acceleration and adjusted EBITDA margin expansion
- Targeting 40% Rule of 40 at the midpoint of FY 2024 financial guidance, which will be a three-point improvement over FY 2023

¹ Non-GAAP performance through 6/30/24. Rule of 40 at as reported currency measured by non-GAAP organic revenue growth plus non-GAAP Adjusted EBITDA margin. 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.



2024 total company guidance

Metric		Mid-Point
Total Revenue	\$1,164M - \$1,194M	\$1,179M
Adjusted EBITDA Margin	32.5% - 33.5%	33.0%
Diluted EPS	\$4.12 - \$4.38	\$4.25
Adjusted Free Cash Flow	\$254M - \$274M	\$264M



7.4% organic revenue growth rate, up from 4.8% in 2023. Social Sector growing high single to low double digits, offset by decline in Corporate Sector



33.0% adjusted EBITDA margin is 80bps improvement over 2023 and inclusive of material investment to accelerate cybersecurity initiatives



EPS up \$0.27 despite increase in non-GAAP effective tax rate from 20% to 24.5%



A \$50 million increase from 2023, representing a 310bps improvement in adjusted free cash flow margin YoY

Non-GAAP. Assumptions included in full year 2024 financial guidance: Non-GAAP annualized effective tax rate of 24.5%; Interest expense for the year of \$48M - \$52M; Fully diluted shares for the year in the range of 52M - 53M; Capital expenditures for the year in the range of \$65M to \$75M, including approx. \$60M to \$70M 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. For full year 2024, Blackbaud currently expects net cash outlays of \$8 million to \$13 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 March 31, 2024, we have recorded approximately \$8.5 million in aggregate liabilities for loss contingencies based primarily on recent negotiations with certain governmental agencies related to the Security Incident that we believed we could reasonably estimate in accordance with our loss contingency procedures. Please refer to the section below titled "Non-GAAP Financial Measures" for more information on Blackbaud's use of non-GAAP financial measures.

Revenue growth rate disaggregation

	Revenue Growth Rate				
	Revenue Mix 2023 Actual	2022 Actual	2023 Actual	2024 Estimate ³	Commentary
Contractual Recurring	55%	2%	4% ²	~10%	Improvement driven by sales bookings, standard renewal price increases and modernized approach to renewal pricing launched in March 2023
Transactional Recurring	29%	7%	11% ²	~7%	Global events drove elevated giving in 2H 2023 creating a tough compare for 2024. Expect reversion to historical norm of ~7%
One-time Services & Other	2%	(30%)	(29%) ²	~(6%)	One-time services decline in line with strategic decision to minimize non-recurring revenue
Subtotal: Social Sector	86%	2%	5%²	~9%	~400bps increase YoY
Corporate Sector	14%	298%¹	0%	~(4%)	Macro headwinds leading to softer bookings and retention
Total Revenue (organic)	100%	2.7%	4.8%	~7.4%	A 260bps increase YoY at the midpoint of 2024 guidance

1) Growth rate positively impacted by acquisition of EVERFI on December 31, 2021

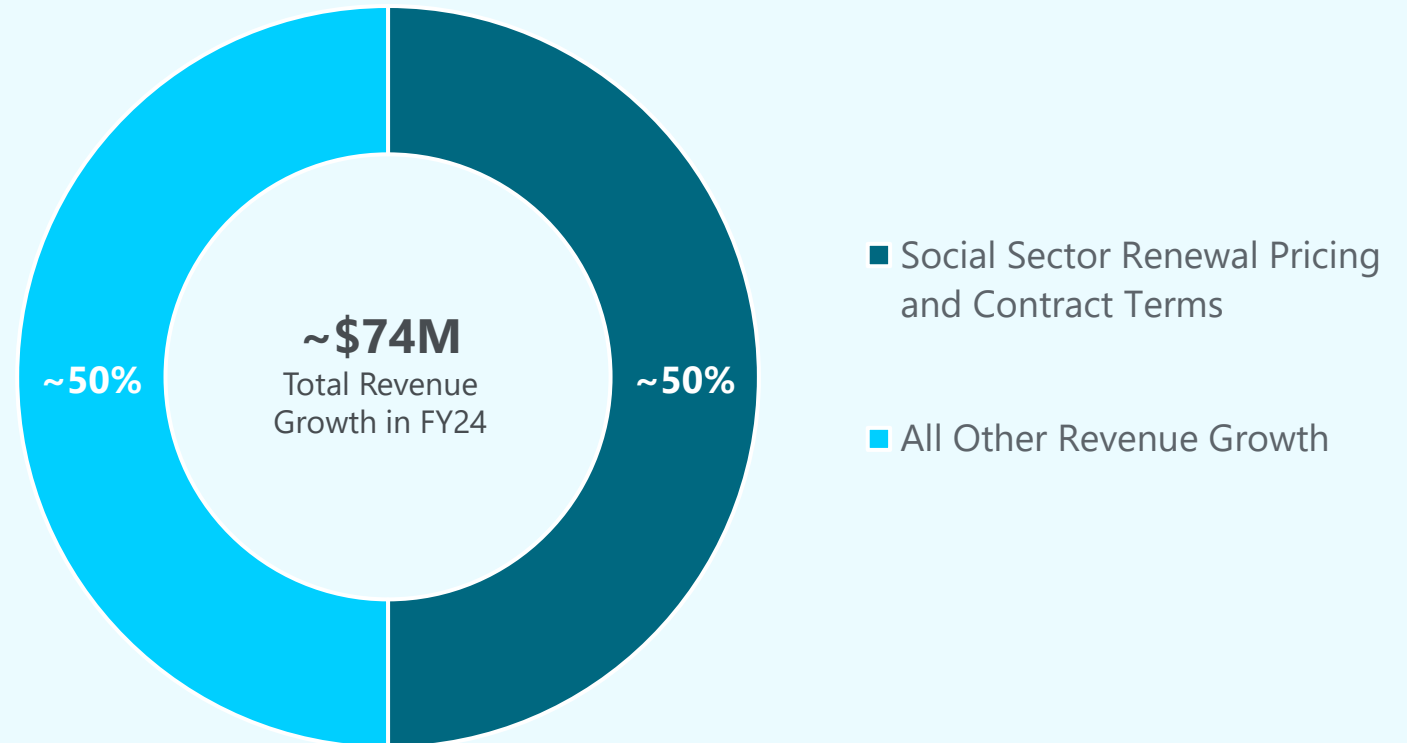
2) Growth rates negatively impacted by divestiture of our Foundation Information Management System ("FIMS") and DonorCentral NXT solutions on September 9, 2022

3) 2024 Estimate represents expected revenue growth rate by revenue category. At the midpoint of 2024 financial guidance, Blackbaud expects \$1,179M in total revenue which represents an organic growth rate of 7.4%

Expected 2024 revenue growth contribution from Social Sector renewal pricing and contract terms¹

- At the midpoint of 2024 financial guidance, the Company expects approximately half of total revenue growth to come from Social Sector renewal pricing and contract terms
- The new Social Sector renewal pricing initiative launched in March 2023 has three components:
 1. Price increases in each year of a 3-year contract
 2. Annual price increases slightly higher than historical rates
 3. First year price increase that includes an incremental inflationary price increase
- This new initiative was rolled out to ~35% of contracts in 2023, ~30% in 2024, ~25% in 2025 and the remaining ~10% in 2026

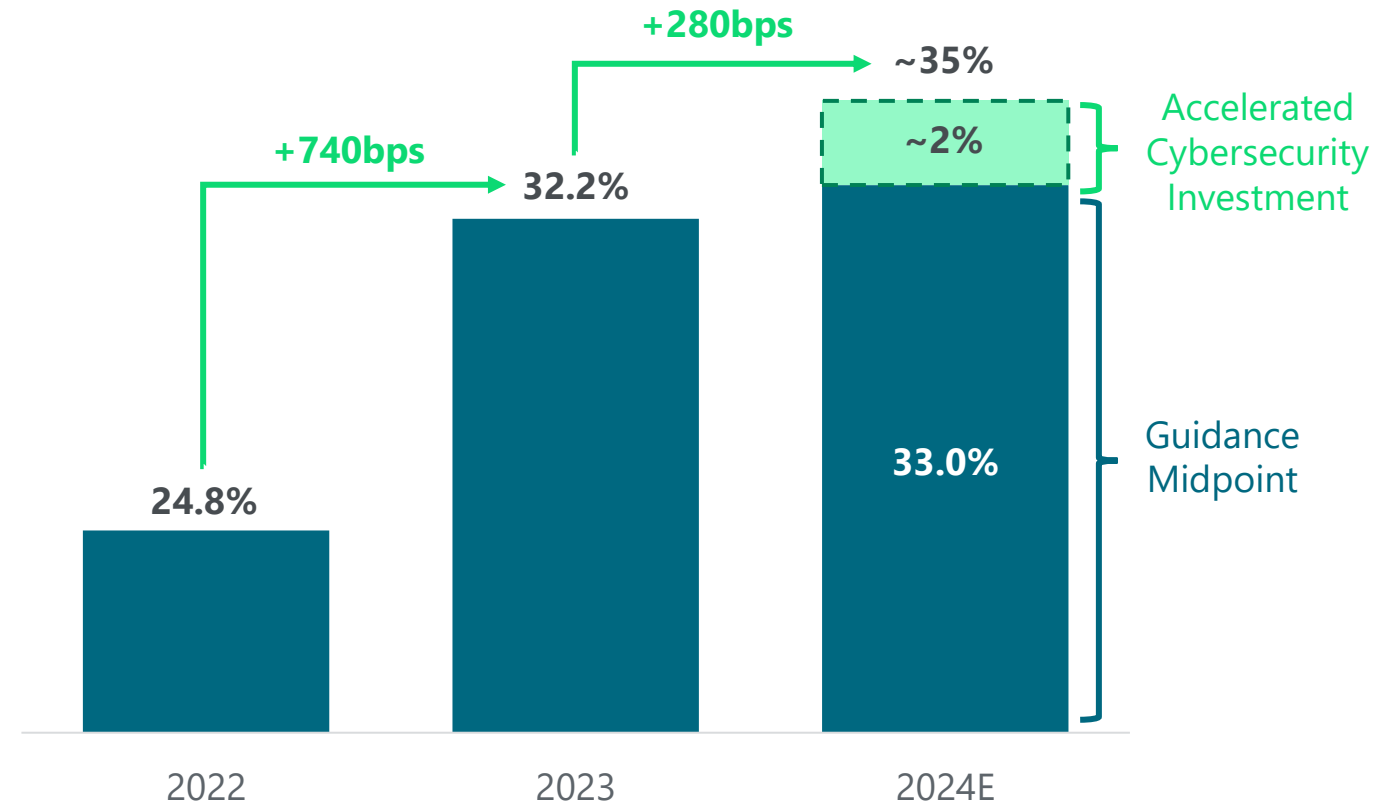
2024 Revenue Growth at Guidance Midpoint



Strong non-GAAP adjusted EBITDA margin expansion

- Five-point operating plan drove 740 basis points of adjusted EBITDA margin expansion in 2023
- 2024 guidance is inclusive of a material, one-time step up in expense that will accelerate the completion of key security initiatives and will greatly benefit our customers for the long-term, including:
 - Cybersecurity talent (employees and third-party resources)
 - Systems and tooling to enhance identity & privilege access management and data loss prevention
- This accelerated cybersecurity investment negatively impacted 2024 adjusted EBITDA margins by ~200bps
- We do not expect the 2024 accelerated cybersecurity investment to repeat in 2025 and beyond

Non-GAAP Adjusted EBITDA Margin

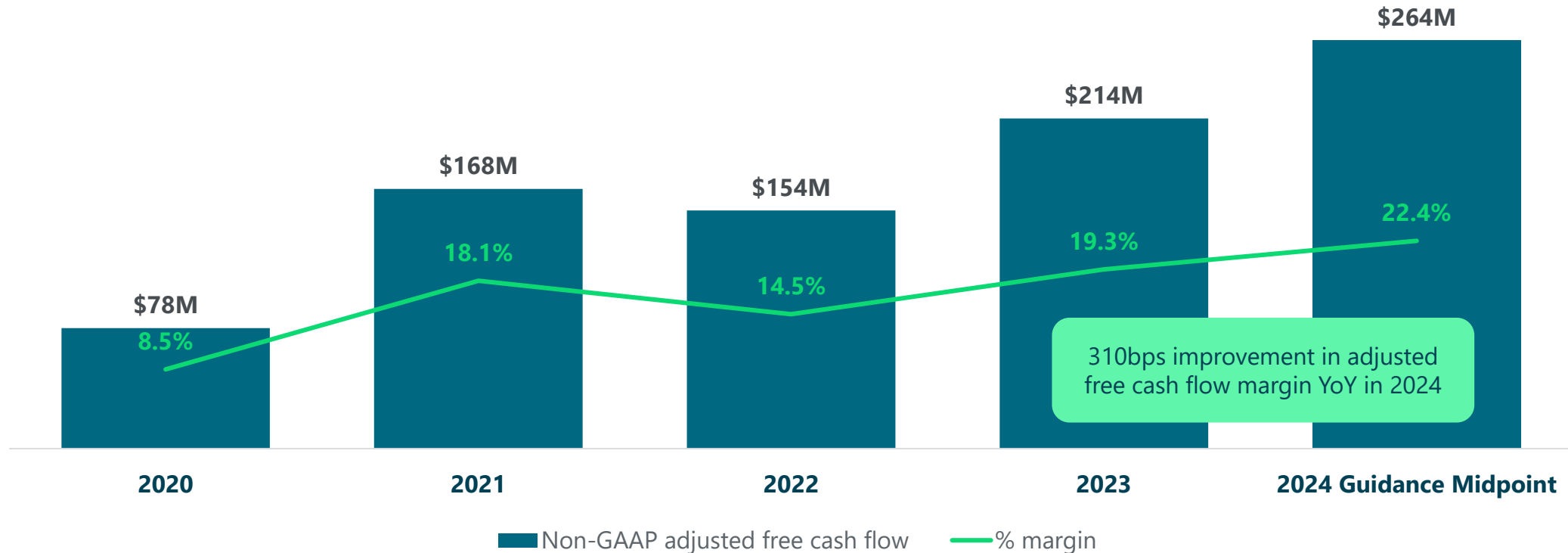


Sustained Rule of 40 performance in FY24

	2022	2023	2024 <i>Guidance Midpoint</i>	Drivers of sustained Rule of 40 improvement
Organic revenue growth	2.7%	4.8%	7.4%	1 Product delivery & innovation
Adjusted EBITDA margin	24.8%	32.2%	33.0%	2 Bookings growth & acceleration
Rule of 40	27.5%	37.0%	40.4%	3 Transactional revenue optimization & expansion
				4 Modernized approach to renewals
				5 Keen attention to cost management

Significant, sustainable adjusted free cash flow growth in 2023 expected to continue in 2024

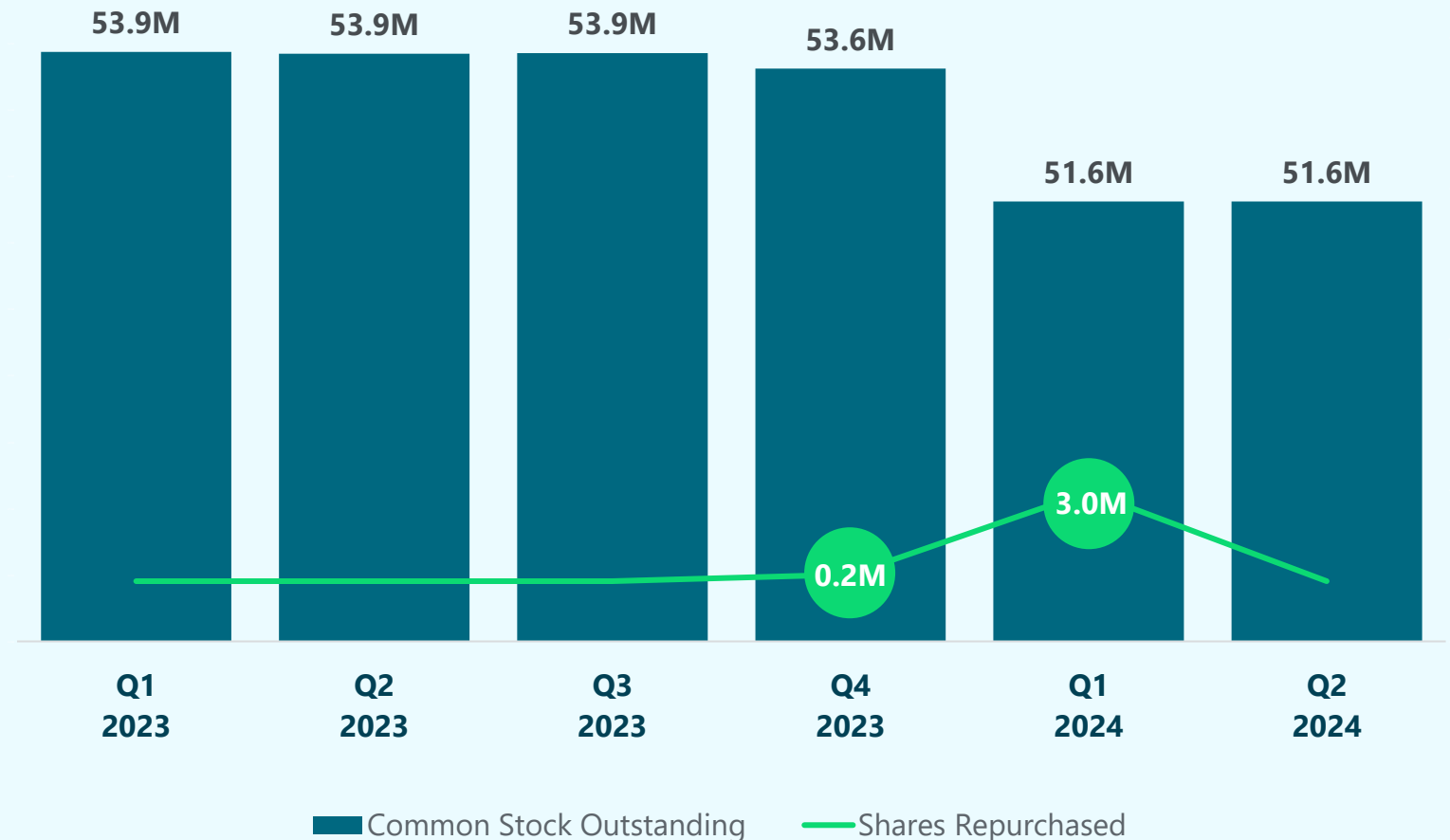
Non-GAAP adjusted free cash flow¹



1) FY 2024 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.

Blackbaud intends to repurchase up to 10% of outstanding stock in 2024¹

- Repurchased approximately 3 million shares in the first half of 2024, representing **~5.5% of the common stock outstanding at the end of 2023**
- March 2024 ASR delivered 2.1 million shares at execution and expect **more than 500,000 incremental shares** at settlement in 2H 2024
- In July, Blackbaud's board of directors approved a replenished and expanded **\$800 million stock repurchase authorization**
- Expect to **repurchase up to 10%** of common stock outstanding in FY2024



1) The timing and amount of repurchases depends on several factors, including market and business conditions, the trading price of our common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice.



Long-term capital allocation strategy focused on maximizing shareholder value

Stock Repurchases

Up to 10% repurchase expected in 2024 under \$800M authorization

Minimally expect to repurchase stock to offset dilution from annual stock-based compensation (SBC)

Accretive M&A

Target acquisition opportunities with high synergy value and a focus on vertical end markets already served by other Blackbaud products

Debt Repayment

Manage debt balance to maintain optimal capital structure

Blackbaud Investment Pillars

Rich Market Opportunity

- Global market leadership
- Significant available TAM
- Stable end markets
- Fragmented competitive landscape

Innovation Driving Product Value

- AI empowering customers
- Security encryption unique to industry
- Product first approach driving high retention rates
- Portfolio depth and breadth is market leading
- Migration to 3rd party cloud enables leverage/efficiencies

Attractive Financial Profile

- 5 point operating plan
- Envable recurring revenue stream
- Revenue diversification
- Large and diverse customer base
- Repeated earnings growth
- Strong cash flows

Purposeful Capital Allocation

- Material share repurchase program (up to 10% in FY24)
- \$200M ASR underway with final settlement later this year
- Prudent use of debt
- Targeted M&A to bolster innovation

The background features several decorative geometric shapes. In the top-left corner, there is a large cyan rounded square with a white outline of a diamond inside it. To its right is a smaller purple-to-cyan gradient diamond. In the bottom-left, there is a cyan rounded square and a purple-to-cyan gradient diamond. In the bottom-right, there is a large cyan rounded square with a green rounded square overlapping its top-left corner, and a white outline of a mountain-like shape below it.

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			
	06/30/2024	06/30/2023	06/30/2024	03/31/2024	12/31/2023	12/31/2023	09/30/2023	06/30/2023	03/31/2023
GAAP revenue	\$ 566,536	\$ 532,795	\$ 287,286	\$ 279,250	\$ 1,105,432	\$ 295,011	\$ 277,626	\$ 271,042	\$ 261,753
GAAP revenue growth	6.3 %		6.0 %	6.7 %					
Less: Non-GAAP revenue from divested businesses ⁽¹⁾	—	(2,497)	—	—	(7,402)	(2,213)	(2,692)	(1,851)	(646)
Non-GAAP organic revenue ⁽²⁾	\$ 566,536	\$ 530,298	\$ 287,286	\$ 279,250	\$ 1,098,030	\$ 292,798	\$ 274,934	\$ 269,191	\$ 261,107
Non-GAAP organic revenue growth	6.8 %		6.7 %	6.9 %					
Non-GAAP organic revenue ⁽²⁾	\$ 566,536	\$ 530,298	\$ 287,286	\$ 279,250	1,098,030	\$ 292,798	\$ 274,934	\$ 269,191	\$ 261,107
Foreign currency impact on Non-GAAP organic revenue ⁽³⁾	(1,106)	—	(195)	(911)	—	—	—	—	—
Non-GAAP organic revenue on constant currency basis ⁽³⁾	\$ 565,430	\$ 530,298	\$ 287,091	\$ 278,339	\$ 1,098,030	\$ 292,798	\$ 274,934	\$ 269,191	\$ 261,107
Non-GAAP organic revenue growth on constant currency basis	6.6 %		6.6 %	6.6 %					
GAAP recurring revenue	552,894	515,138	281,376	271,518	1,071,520	287,381	269,001	262,390	252,748
GAAP recurring revenue growth	7.3 %		7.2 %	7.4 %					
Less: Non-GAAP recurring revenue from divested businesses ⁽¹⁾	—	—	—	—	—	—	—	—	—
Non-GAAP organic recurring revenue ⁽²⁾	\$ 552,894	\$ 515,138	\$ 281,376	\$ 271,518	\$ 1,071,520	\$ 287,381	\$ 269,001	\$ 262,390	\$ 252,748
Non-GAAP organic recurring revenue growth	7.3 %		7.2 %	7.4 %					
Non-GAAP organic recurring revenue ⁽²⁾	\$ 552,894	\$ 515,138	\$ 281,376	\$ 271,518	1,071,520	\$ 287,381	\$ 269,001	\$ 262,390	\$ 252,748
Foreign currency impact on non-GAAP organic recurring revenue ⁽³⁾	(1,065)	—	(197)	(868)	—	—	—	—	—
Non-GAAP organic recurring revenue on constant currency basis ⁽³⁾	\$ 551,829	\$ 515,138	\$ 281,179	\$ 270,650	\$ 1,071,520	\$ 287,381	\$ 269,001	\$ 262,390	\$ 252,748
Non-GAAP organic recurring revenue growth on constant currency basis	7.1 %		7.2 %	7.1 %					

(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	
	06/30/2024	06/30/2023	06/30/2024	06/30/2023
GAAP net income	\$ 21,804	\$ 2,105	\$ 27,050	\$ (12,596)
Non-GAAP adjustments:				
Add: Interest, net	12,900	8,859	21,128	18,285
Add: GAAP income tax provision (benefit)	7,883	(10,200)	6,427	(14,101)
Add: Depreciation	3,253	3,272	6,328	6,608
Add: Amortization of intangibles from business combinations	15,541	13,924	31,108	27,809
Add: Amortization of software and content development costs ⁽¹⁾	12,639	10,934	24,729	21,540
Subtotal	52,216	26,789	89,720	60,141
Non-GAAP EBITDA	\$ 74,020	\$ 28,894	\$ 116,770	\$ 47,545
Non-GAAP EBITDA margin⁽²⁾	25.8 %		20.6 %	
Non-GAAP adjustments:				
Add: Stock-based compensation expense	24,286	33,364	57,856	63,289
Add: Employee severance	—	632	—	4,954
Add: Acquisition and disposition-related costs	2,398	(849)	4,653	(230)
Add: Security Incident-related costs ⁽³⁾	1,822	26,777	12,145	44,560
Subtotal	28,506	59,924	74,654	112,573
Non-GAAP adjusted EBITDA	\$ 102,526	\$ 88,818	\$ 191,424	\$ 160,118
Non-GAAP adjusted EBITDA margin⁽⁴⁾	35.7 %		33.8 %	
Rule of 40⁽⁵⁾	42.4 %		40.6 %	
Non-GAAP adjusted EBITDA	102,526	88,818	191,424	160,118
Foreign currency impact on Non-GAAP adjusted EBITDA ⁽⁶⁾	(88)	574	(503)	1,871
Non-GAAP adjusted EBITDA on constant currency basis⁽⁶⁾	\$ 102,438	\$ 89,392	\$ 190,921	\$ 161,989
Non-GAAP adjusted EBITDA margin on constant currency basis	35.7 %		33.8 %	
Rule of 40 on constant currency basis⁽⁷⁾	42.3 %		40.4 %	

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

(2) Measured by GAAP revenue divided by non-GAAP EBITDA.

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

(4) Measured by non-GAAP organic revenue divided by non-GAAP adjusted EBITDA.

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

(6) 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.

(7) 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, 2024							
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Acquisition and disposition-related costs	Security Incident-related costs ⁽¹⁾	Non-GAAP adjustments subtotal	Non-GAAP
Revenue							
Recurring	\$ 281,376	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 281,376
One-time services and other	5,910	—	—	—	—	—	5,910
Total revenue	287,286	—	—	—	—	—	287,286
Cost of revenue							
Cost of recurring	119,810	(3,023)	(14,319)	—	—	(17,342)	102,468
Cost of one-time services and other	4,890	(354)	(320)	—	—	(674)	4,216
Total cost of revenue	124,700	(3,377)	(14,639)	—	—	(18,016)	106,684
Gross profit	162,586	3,377	14,639	—	—	18,016	180,602
<i>Recurring gross margin</i>	<i>57.4 %</i>					<i>6.2 %</i>	<i>63.6 %</i>
<i>One-time services and other gross margin</i>	<i>17.3 %</i>					<i>11.4 %</i>	<i>28.7 %</i>
Total gross margin	56.6 %					6.3 %	62.9 %
Operating expenses							
Sales, marketing and customer success	47,081	(4,047)	—	—	—	(4,047)	43,034
Research and development	39,068	(6,211)	—	—	—	(6,211)	32,857
General and administrative	33,443	(10,651)	—	(2,398)	(1,822)	(14,871)	18,572
Amortization	902	—	(902)	—	—	(902)	—
Total operating expenses	120,494	(20,909)	(902)	(2,398)	(1,822)	(26,031)	94,463
Income from operations	42,092	24,286	15,541	2,398	1,822	44,047	86,139
Total operating margin	14.7 %					15.3 %	30.0 %
Net Income	\$ 21,804						\$ 55,669
Shares used in computing diluted earnings per share	51,677						51,677
Diluted earnings per share	\$ 0.42						\$ 1.08

(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, negotiated settlements 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, 2024							
(in thousands, except per share amounts)	GAAP	Stock-based compensation expense	Amortization of intangibles from business combinations	Acquisition and disposition-related costs	Security Incident-related costs ⁽¹⁾	Non-GAAP adjustments subtotal	Non-GAAP
Revenue							
Recurring	\$ 552,894	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 552,894
One-time services and other	13,642	—	—	—	—	—	13,642
Total revenue	566,536	—	—	—	—	—	566,536
Cost of revenue							
Cost of recurring	238,998	(6,161)	(28,643)	—	—	(34,804)	204,194
Cost of one-time services and other	11,908	(990)	(659)	—	—	(1,649)	10,259
Total cost of revenue	250,906	(7,151)	(29,302)	—	—	(36,453)	214,453
Gross profit	315,630	7,151	29,302	—	—	36,453	352,083
<i>Recurring gross margin</i>	<i>56.8 %</i>					<i>6.3 %</i>	<i>63.1 %</i>
<i>One-time services and other gross margin</i>	<i>12.7 %</i>					<i>12.1 %</i>	<i>24.8 %</i>
Total Gross Margin	55.7 %					6.4 %	62.1 %
Operating expenses							
Sales, marketing and customer success	97,946	(9,228)	—	—	—	(9,228)	88,718
Research and development	81,870	(13,987)	—	—	—	(13,987)	67,883
General and administrative	81,197	(27,490)	—	(4,653)	(12,145)	(44,288)	36,909
Amortization	1,806	—	(1,806)	—	—	(1,806)	—
Total operating expenses	262,819	(50,705)	(1,806)	(4,653)	(12,145)	(69,309)	193,510
Income from operations	52,811	57,856	31,108	4,653	12,145	105,762	158,573
Total Operating Margin	9.3 %					18.7 %	28.0 %
Net Income	\$ 27,050						\$ 105,125
Shares used in computing diluted earnings per share	52,372						52,372
Diluted earnings per share	\$ 0.52						\$ 2.01

(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, negotiated settlements 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, 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 ⁽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		
<i>Recurring gross margin</i>	<i>56.6 %</i>						<i>6.2 %</i>	<i>62.8 %</i>		
<i>One-time services and other gross margin</i>	<i>12.7 %</i>						<i>11.2 %</i>	<i>23.9 %</i>		
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 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, negotiated settlements 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 ⁽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		
<i>Recurring gross margin</i>	<i>55.7 %</i>						<i>6.3 %</i>	<i>62.0 %</i>		
<i>One-time services and other gross margin</i>	<i>8.5 %</i>						<i>13.6 %</i>	<i>22.1 %</i>		
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, negotiated settlements 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 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Assets						
Current assets:						
Cash and cash equivalents	\$ 24,083	\$ 29,041	\$ 31,091	\$ 31,251	\$ 26,376	\$ 30,438
Restricted cash	364,071	761,289	359,596	697,006	356,493	800,670
Accounts receivable, net of allowance	100,253	168,908	102,755	101,862	96,097	152,832
Customer funds receivable	2,136	3,731	3,557	353	3,529	2,943
Prepaid expenses and other current assets	88,779	81,597	82,407	99,285	94,589	92,290
Total current assets	579,322	1,044,566	579,406	929,757	577,084	1,079,173
Property and equipment, net	105,309	104,672	100,575	98,689	96,074	98,066
Operating lease right-of-use assets	47,176	45,497	38,374	36,927	35,464	28,489
Software and content development costs, net	145,705	151,158	155,937	160,194	162,491	165,465
Goodwill	1,051,652	1,053,342	1,051,163	1,053,738	1,053,130	1,053,249
Intangible assets, net	622,237	609,524	594,169	581,937	565,008	549,521
Other assets	87,947	84,254	83,654	51,037	59,883	68,785
Total assets	\$ 2,639,348	\$ 3,093,013	\$ 2,603,278	\$ 2,912,279	\$ 2,549,134	\$ 3,042,748
Liabilities and stockholders' equity						
Current liabilities:						
Trade accounts payable	\$ 46,528	\$ 40,730	\$ 39,357	\$ 25,184	\$ 48,863	\$ 44,038
Accrued expenses and other current liabilities	72,799	102,747	101,379	64,322	75,271	51,682
Due to customers	364,397	763,845	361,837	695,842	358,836	802,372
Debt, current portion	19,136	19,176	19,217	19,259	19,302	23,786
Deferred revenue, current portion	361,003	434,631	415,810	392,530	360,355	427,098
Total current liabilities	863,863	1,361,129	937,600	1,197,137	862,627	1,348,976
Debt, net of current portion	858,912	827,403	723,376	760,405	1,020,520	998,071
Deferred tax liability	131,460	91,306	94,322	93,292	82,446	75,397
Deferred revenue, net of current portion	6,956	3,520	3,022	2,397	6,832	2,315
Operating lease liabilities, net of current portion	45,190	43,529	41,811	40,085	38,492	36,290
Other liabilities	13,234	4,756	2,976	10,258	4,163	4,362
Total liabilities	1,919,615	2,331,643	1,803,107	2,103,574	2,015,080	2,465,411
Commitments and contingencies						
Stockholders' equity:						
Preferred stock	—	—	—	—	—	—
Common stock, \$0.001 par value	69	69	69	69	71	71
Additional paid-in capital	1,105,189	1,138,553	1,170,919	1,203,012	1,184,338	1,208,624
Treasury stock, at cost	(568,277)	(570,547)	(572,428)	(591,557)	(855,692)	(857,452)
Accumulated other comprehensive income (loss)	404	8,842	8,141	(1,688)	1,222	175
Retained earnings	182,348	184,453	193,470	198,869	204,115	225,919
Total stockholders' equity	719,733	761,370	800,171	808,705	534,054	577,337
Total liabilities and stockholders' equity	\$ 2,639,348	\$ 3,093,013	\$ 2,603,278	\$ 2,912,279	\$ 2,549,134	\$ 3,042,748

Historical Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands, except share and per share amounts)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023	Q1 2024	Q2 2024
Revenue							
Recurring	\$ 252,748	\$ 262,390	\$ 269,001	\$ 287,381	\$ 1,071,520	\$ 271,518	\$ 281,376
One-time services and other	9,005	8,652	8,625	7,630	33,912	7,732	5,910
Total revenue	261,753	271,042	277,626	295,011	1,105,432	279,250	287,286
Cost of revenue							
Cost of recurring	114,500	113,926	114,132	127,897	470,455	119,188	119,810
Cost of one-time services and other	8,612	7,549	7,634	7,938	31,733	7,018	4,890
Total cost of revenue	123,112	121,475	121,766	135,835	502,188	126,206	124,700
Gross profit	138,641	149,567	155,860	159,176	603,244	153,044	162,586
Operating expenses							
Sales, marketing and customer success	54,385	53,191	52,462	52,120	212,158	50,865	47,081
Research and development	40,591	36,146	37,965	38,602	153,304	42,802	39,068
General and administrative	52,838	59,148	42,596	35,356	189,938	47,754	33,443
Amortization	774	788	793	784	3,139	904	902
Total operating expenses	148,588	149,273	133,816	126,862	558,539	142,325	120,494
(Loss) income from operations	(9,947)	294	22,044	32,314	44,705	10,719	42,092
Interest expense	(10,662)	(11,167)	(9,620)	(8,473)	(39,922)	(10,276)	(15,715)
Other income, net	2,007	2,778	5,662	2,414	12,861	3,347	3,310
(Loss) income before (benefit) provision for income taxes	(18,602)	(8,095)	18,086	26,255	17,644	3,790	29,687
Income tax (benefit) provision	(3,901)	(10,200)	9,069	20,856	15,824	(1,456)	7,883
Net (loss) income	\$ (14,701)	\$ 2,105	\$ 9,017	\$ 5,399	\$ 1,820	\$ 5,246	\$ 21,804
(Loss) earnings per share							
Basic	\$ (0.28)	\$ 0.04	\$ 0.17	\$ 0.10	\$ 0.03	\$ 0.10	\$ 0.43
Diluted	\$ (0.28)	\$ 0.04	\$ 0.17	\$ 0.10	\$ 0.03	\$ 0.10	\$ 0.42
Common shares and equivalents outstanding							
Basic weighted average shares	52,132,999	52,642,411	52,704,974	52,697,294	52,546,406	52,052,370	50,747,337
Diluted weighted average shares	52,132,999	53,643,124	54,089,897	54,439,689	53,721,342	53,414,495	51,677,418
Other comprehensive (loss) income							
Foreign currency translation adjustment	2,158	3,055	(4,794)	4,630	5,049	(1,185)	339
Unrealized (loss) gain on derivative instruments, net of tax	(10,692)	5,383	4,093	(14,459)	(15,675)	4,095	(1,386)
Total other comprehensive (loss) income	(8,534)	8,438	(701)	(9,829)	(10,626)	2,910	(1,047)
Comprehensive (loss) income	\$ (23,235)	\$ 10,543	\$ 8,316	\$ (4,430)	\$ (8,806)	\$ 8,156	\$ 20,757

Historical Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	3 months ended 3/31/2023	6 months ended 6/30/2023	9 months ended 9/30/2023	12 months ended 12/31/2023	3 months ended 3/31/2024	6 months ended 6/30/2024
Cash flows from operating activities						
Net (loss) income	\$ (14,701)	\$ (12,596)	\$ (3,579)	\$ 1,820	\$ 5,246	\$ 27,050
Adjustments to reconcile net (loss) income to net cash provided by operating activities:						
Depreciation and amortization	27,272	53,622	81,627	109,487	30,095	60,553
Provision for credit losses and sales returns	1,522	3,798	4,815	4,500	305	519
Stock-based compensation expense	29,925	63,289	95,668	127,762	33,570	57,856
Deferred taxes	9,245	(33,101)	(31,163)	(24,368)	(12,239)	(18,810)
Amortization of deferred financing costs and discount	500	963	1,388	1,775	349	984
Loss on disposition of business	—	—	—	—	1,561	1,561
Other non-cash adjustments	(215)	(1,569)	5,106	5,023	—	2,462
Changes in operating assets and liabilities, net of acquisition and disposal of businesses:						
Accounts receivable	1,139	(69,624)	(4,757)	(3,237)	3,844	(53,062)
Prepaid expenses and other assets	(2,750)	9,470	14,488	16,851	(3,265)	(2,473)
Trade accounts payable	3,362	(3,431)	(3,362)	(18,576)	23,086	19,146
Accrued expenses and other liabilities	(15,931)	11,948	9,073	(30,275)	7,912	(13,579)
Deferred revenue	(17,562)	52,233	33,679	8,872	(25,845)	36,228
Net cash provided by operating activities	21,806	75,002	202,983	199,634	64,619	118,435
Cash flows from investing activities						
Purchase of property and equipment	(1,364)	(2,779)	(4,243)	(4,685)	(261)	(6,118)
Capitalized software and content development costs	(13,967)	(28,756)	(44,664)	(59,443)	(13,070)	(28,392)
Purchase of net assets of acquired companies, net of cash and restricted cash acquired	—	—	(13)	(13)	—	—
Net cash used in disposition of business	—	—	—	—	(1,179)	(1,179)
Other investing activities	—	—	(250)	(250)	—	(5,029)
Net cash used in investing activities	(15,331)	(31,535)	(49,170)	(64,391)	(14,510)	(40,718)
Cash flows from financing activities						
Proceeds from issuance of debt	92,600	158,000	175,800	293,200	339,800	1,211,600
Payments on debt	(75,403)	(171,824)	(293,957)	(374,595)	(79,343)	(966,680)
Debt issuance costs	—	—	—	—	—	(6,458)
Employee taxes paid for withheld shares upon equity award settlement	(31,417)	(33,687)	(35,568)	(35,867)	(52,723)	(54,483)
Change in due to customers	(337,159)	61,313	(339,735)	(6,812)	(336,578)	106,851
Change in customer funds receivable	(1,859)	(3,359)	(3,286)	(60)	(3,197)	(2,577)
Purchase of treasury stock	—	—	—	(18,831)	(262,596)	(262,596)
Net cash (used in) provided by financing activities	(353,238)	10,443	(496,746)	(142,965)	(394,637)	25,657
Effect of exchange rate on cash, cash equivalents, and restricted cash	986	2,489	(311)	2,048	(860)	(523)
Net (decrease) increase in cash, cash equivalents, and restricted cash	(345,777)	56,399	(343,244)	(5,674)	(345,388)	102,851
Cash, cash equivalents, and restricted cash, beginning of period	733,931	733,931	733,931	733,931	728,257	728,257
Cash, cash equivalents, and restricted cash, end of period	\$ 388,154	\$ 790,330	\$ 390,687	\$ 728,257	\$ 382,869	\$ 831,108

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

(in thousands, except share and per share amounts)	Q1 2023	Q2 2023	Q3 2023	Q4 2023	FY 2023 ⁽¹⁾	Q1 2024	Q2 2024
GAAP Revenue	\$ 261,753	\$ 271,042	\$ 277,626	\$ 295,011	\$ 1,105,432	\$ 279,250	\$ 287,286
GAAP gross profit	\$ 138,641	\$ 149,567	\$ 155,860	\$ 159,176	\$ 603,244	\$ 153,044	\$ 162,586
GAAP gross margin	53.0 %	55.2 %	56.1 %	54.0 %	54.6 %	54.8 %	56.6 %
Non-GAAP adjustments:							
Add: Stock-based compensation expense	3,954	4,143	4,145	4,416	16,658	3,774	3,377
Add: Amortization of intangibles from business combinations	13,111	13,136	13,117	13,099	52,463	14,663	14,639
Add: Employee severance	743	54	—	—	797	—	—
Subtotal	17,808	17,333	17,262	17,515	69,918	18,437	18,016
Non-GAAP gross profit	\$ 156,449	\$ 166,900	\$ 173,122	\$ 176,691	\$ 673,162	\$ 171,481	\$ 180,602
Non-GAAP gross margin	59.8 %	61.6 %	62.4 %	59.9 %	60.9 %	61.4 %	62.9 %
GAAP (loss) income from operations	\$ (9,947)	\$ 294	\$ 22,044	\$ 32,314	\$ 44,705	\$ 10,719	\$ 42,092
GAAP operating margin	(3.8)%	0.1 %	7.9 %	11.0 %	4.0 %	3.8 %	14.7 %
Non-GAAP adjustments:							
Add: Stock-based compensation expense	29,925	33,364	32,379	32,094	127,762	33,570	24,286
Add: Amortization of intangibles from business combinations	13,885	13,924	13,910	13,883	55,602	15,567	15,541
Add: Employee severance	4,322	632	140	55	5,149	—	—
Add: Acquisition and disposition-related costs	619	(849)	7,029	657	7,456	2,255	2,398
Add: Security Incident-related costs ⁽²⁾	17,783	26,777	4,086	4,780	53,426	10,323	1,822
Subtotal	66,534	73,848	57,544	51,469	249,395	61,715	44,047
Non-GAAP income from operations	\$ 56,587	\$ 74,142	\$ 79,588	\$ 83,783	\$ 294,100	\$ 72,434	\$ 86,139
Non-GAAP operating margin	21.6 %	27.4 %	28.7 %	28.4 %	26.6 %	25.9 %	30.0 %
GAAP (loss) income before (benefit) provision for income taxes	\$ (18,602)	\$ (8,095)	\$ 18,086	\$ 26,255	\$ 17,644	\$ 3,790	\$ 29,687
GAAP net (loss) income	\$ (14,701)	\$ 2,105	\$ 9,017	\$ 5,399	\$ 1,820	\$ 5,246	\$ 21,804
Shares used in computing GAAP diluted (loss) earnings per share	52,132,999	53,643,124	54,089,897	54,439,689	53,721,342	53,414,495	51,677,418
GAAP diluted (loss) earnings per share	\$ (0.28)	\$ 0.04	\$ 0.17	\$ 0.10	\$ 0.03	\$ 0.10	\$ 0.42
Non-GAAP adjustments:							
Add: GAAP income tax (benefit) provision	(3,901)	(10,200)	9,069	20,856	15,824	(1,456)	7,883
Add: Total Non-GAAP adjustments affecting income from operations	66,534	73,848	57,544	51,469	249,395	61,715	44,047
Non-GAAP income before provision for income taxes	47,932	65,753	75,630	77,724	267,039	65,505	73,734
Assumed non-GAAP income tax provision ⁽³⁾	9,586	13,151	15,126	15,545	53,408	16,049	18,065
Non-GAAP net income	\$ 38,346	\$ 52,602	\$ 60,504	\$ 62,179	\$ 213,631	\$ 49,456	\$ 55,669
Shares used in computing Non-GAAP diluted earnings per share	53,171,410	53,643,124	54,089,897	54,439,689	53,721,342	53,414,495	51,677,418
Non-GAAP diluted earnings per share	\$ 0.72	\$ 0.98	\$ 1.12	\$ 1.14	\$ 3.98	\$ 0.93	\$ 1.08

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

(2) Includes Security Incident-related costs incurred. Recorded expenses consisted primarily of payments to third-party service providers and consultants, including legal fees, as well as settlements of customer claims, negotiated settlements and accruals for certain loss contingencies. Not included in this adjustment were costs associated with enhancements to our cybersecurity program.

(3) Beginning in 2024, we now apply a non-GAAP effective tax rate of 24.5% when calculating non-GAAP net income and non-GAAP diluted earnings per share. For all periods in 2023, the tax impact related to non-GAAP adjustments is calculated under our historical non-GAAP effective tax rate of 20.0%.

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

(in thousands)	3 months ended	6 months ended	9 months ended	12 months ended	3 months ended	6 months ended
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	06/30/2024
GAAP net cash provided by operating activities	21,806	75,002	202,983	199,634	64,619	118,435
GAAP operating cash flow margin	8.3 %	14.1 %	25.0 %	18.1 %	23.1 %	20.9 %
Non-GAAP adjustments:						
Less: purchase of property and equipment	(1,364)	(2,779)	(4,243)	(4,685)	(261)	(6,118)
Less: capitalized software and content development costs	(13,967)	(28,756)	(44,664)	(59,443)	(13,070)	(28,392)
Non-GAAP free cash flow	\$ 6,475	\$ 43,467	\$ 154,076	\$ 135,506	\$ 51,288	\$ 83,925
Non-GAAP free cash flow margin	2.5 %	8.2 %	19.0 %	12.3 %	18.4 %	14.8 %
Non-GAAP adjustments:						
Add: Security Incident-related cash flows	9,223	15,822	23,100	78,010	2,028	5,822
Non-GAAP adjusted free cash flow	\$ 15,698	\$ 59,289	\$ 177,176	\$ 213,516	\$ 53,316	\$ 89,747
Non-GAAP adjusted free cash flow margin	6.0 %	11.1 %	21.9 %	19.3 %	19.1 %	15.8 %

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Thank you

