

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO
COMPARABLE GAAP MEASURES**
(unaudited, in thousands, except per share and share amounts)

The following is a reconciliation of the non-GAAP financial measures used by RealPage to its financial results determined in accordance with accounting principles generally accepted in the United States of America ("GAAP"). An explanation of these measures is also included under the heading "Explanation of Non-GAAP Financial Measures."

While the company believes that these non-GAAP financial measures provide useful supplemental information to investors regarding the underlying performance of our business operations, investors are reminded to consider these non-GAAP measures in addition to, and not as a substitute for, financial performance measures prepared in accordance with GAAP. In addition, it should be noted that these non-GAAP financial measures may be different from non-GAAP measures used by other companies, and the company may utilize other measures to illustrate performance in the future. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP.

Non-GAAP Total Revenue

Set forth below is a presentation of the company's "Non-GAAP Total Revenue." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Revenue (GAAP)	\$ 276,673	\$ 234,306
Acquisition-related deferred revenue	400	224
Non-GAAP Total Revenue	<u>\$ 277,073</u>	<u>\$ 234,530</u>

Adjusted Gross Profit

Set forth below is a presentation of the company's "Adjusted Gross Profit." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Gross profit (GAAP)	\$ 153,991	\$ 134,598
Acquisition-related deferred revenue	400	224
Depreciation	3,780	3,671
Amortization of product technologies	13,772	9,514
Organizational realignment	198	-
Stock-based expense	2,010	1,331
Adjusted Gross Profit	<u>\$ 174,151</u>	<u>\$ 149,338</u>

Adjusted EBITDA

Set forth below is a presentation of the company's "Adjusted EBITDA." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Net income (GAAP)	\$ 5,605	\$ 11,272
Acquisition-related deferred revenue	400	224
Depreciation, asset impairment, and loss on disposal of assets	8,383	8,760
Amortization of product technologies and intangible assets	25,191	19,350
Change in fair value of equity investment	-	(2,600)
Acquisition-related expense	3,724	29
Organizational realignment	1,211	-
Regulatory and legal matters	359	-
Stock-based expense	16,201	14,913
Interest expense, net	12,905	8,581
Income tax (benefit) expense	(2,501)	4,647
Adjusted EBITDA	<u>\$ 71,478</u>	<u>\$ 65,176</u>

Non-GAAP Product Development Expense

Set forth below is a presentation of the company's "Non-GAAP Product Development Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Product development expense (GAAP)	\$ 31,548	\$ 29,897
Less: Organizational realignment	233	-
Stock-based expense	1,937	2,480
Non-GAAP Product Development Expense	<u>\$ 29,378</u>	<u>\$ 27,417</u>

Non-GAAP Sales and Marketing Expense

Set forth below is a presentation of the company's "Non-GAAP Sales and Marketing Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Sales and marketing expense (GAAP)	\$ 54,657	\$ 44,823
Less: Organizational realignment	611	-
Stock-based expense	5,888	5,350
Non-GAAP Sales and Marketing Expense	<u>\$ 48,158</u>	<u>\$ 39,473</u>

Non-GAAP General and Administrative Expense

Set forth below is a presentation of the company's "Non-GAAP General and Administrative Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
General and administrative expense (GAAP)	\$ 40,528	\$ 28,143
Less: Organizational realignment	169	-
Asset impairment and loss on disposal of assets	12	286
Acquisition-related expense	3,724	29
Regulatory and legal matters	359	-
Stock-based expense	6,366	5,752
Non-GAAP General and Administrative Expense	<u>\$ 29,898</u>	<u>\$ 22,076</u>

Non-GAAP Operating Expense

Set forth below is a presentation of the company's "Non-GAAP Operating Expense." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Operating expense (GAAP)	\$ 138,152	\$ 112,699
Less: Organizational realignment	1,013	-
Asset impairment and loss on disposal of assets	12	286
Amortization of intangible assets	11,419	9,836
Acquisition-related expense	3,724	29
Regulatory and legal matters	359	-
Stock-based expense	14,191	13,582
Non-GAAP Operating Expense	<u>\$ 107,434</u>	<u>\$ 88,966</u>

Non-GAAP Operating Income

Set forth below is a presentation of the company's "Non-GAAP Operating Income." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Operating income (GAAP)	\$ 15,839	\$ 21,899
Acquisition-related deferred revenue	400	224
Asset impairment and loss on disposal of assets	12	286
Amortization of product technologies and intangible assets	25,191	19,350
Acquisition-related expense	3,724	29
Organizational realignment	1,211	-
Regulatory and legal matters	359	-
Stock-based expense	16,201	14,913
Non-GAAP Operating Income	<u>\$ 62,937</u>	<u>\$ 56,701</u>

Non-GAAP Net Income

Set forth below is a presentation of the company's "Non-GAAP Net Income" and "Non-GAAP Net Income per Diluted Share." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Net income (GAAP)	\$ 5,605	\$ 11,272
Income tax (benefit) expense	(2,501)	4,647
Income before income taxes	3,104	15,919
Acquisition-related deferred revenue	400	224
Asset impairment and loss on disposal of assets	12	286
Amortization of product technologies and intangible assets	25,191	19,350
Change in fair value of equity investment	-	(2,600)
Acquisition-related expense	3,724	29
Organizational realignment	1,211	-
Regulatory and legal matters	359	-
Amortization of convertible note discount	2,838	2,676
Stock-based expense	16,201	14,913
Non-GAAP income before income taxes	53,040	50,797
Assumed rate for income tax expense (1)	24.0 %	26.0 %
Assumed provision for non-GAAP income tax expense	12,730	13,207
Non-GAAP Net Income	<u>\$ 40,310</u>	<u>\$ 37,590</u>
Net income per diluted share	\$ 0.06	\$ 0.12
Non-GAAP Net Income per Diluted Share	\$ 0.43	\$ 0.40
Weighted average outstanding shares - basic	92,654	91,490
Non-GAAP Adjusted Diluted Weighted Average Shares Outstanding:		
Weighted average outstanding shares - diluted	95,919	95,561
Dilution offset from convertible note hedge transactions	(2,170)	(2,207)
Non-GAAP Diluted Weighted Average Shares Outstanding ⁽²⁾	<u>93,749</u>	<u>93,354</u>

Non-GAAP On Demand Revenue

Set forth below is a presentation of the company's "Non-GAAP On Demand Revenue." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
On demand revenue (GAAP)	\$ 268,471	\$ 226,519
Acquisition-related deferred revenue	400	224
Non-GAAP On Demand Revenue	<u>\$ 268,871</u>	<u>\$ 226,743</u>

Ending On Demand Units, Average On Demand Units, ACV, and RPU

Set forth below is a presentation of the company's "Ending On Demand Units," "Average On Demand Units," "ACV," and "RPU." Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Three Months Ended	
	March 31,	
	2020	2019
Ending on demand units	18,949	16,401
Average on demand units	18,712	16,310
ACV	\$ 1,089,189	\$ 912,060
RPU	\$ 57.48	\$ 55.61

Non-GAAP Total Revenue Guidance

Set forth below is a presentation of the company's "Non-GAAP Total Revenue" guidance for the three months ending June 30, 2020, and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending June 30, 2020		Guidance Range for the Twelve Months Ending December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
	Revenue (GAAP)	\$ 275,580	\$ 279,580	\$ 1,113,720
Acquisition-related deferred revenue	420	420	1,280	1,280
Non-GAAP Total Revenue	\$ 276,000	\$ 280,000	\$ 1,115,000	\$ 1,155,000

Non-GAAP Net Income Guidance

Set forth below is a presentation of the company's "Non-GAAP Net Income" and "Non-GAAP Net Income per Diluted Share" guidance for the three months ending June 30, 2020, and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending June 30, 2020		Guidance Range for the Twelve Months Ending December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
	Non-GAAP Net Income:			
Net income (GAAP)	\$ 210	\$ 4,510	\$ 21,500	\$ 31,870
Income tax expense	120	1,220	2,820	6,250
Income before income taxes	330	5,730	24,320	38,120
Acquisition-related deferred revenue	420	420	1,280	1,280
Asset impairment and loss on disposal of assets	-	-	20	20
Amortization of product technologies and intangible assets	25,860	25,660	101,250	100,650
Acquisition-related expense	2,520	2,420	10,780	10,480
Organizational realignment	350	150	1,560	1,360
Regulatory and legal matters	-	-	360	360
Amortization of convertible note discount	2,880	2,880	11,610	11,610
Stock-based expense	15,080	14,880	65,410	64,810
Non-GAAP income before income taxes	47,440	52,140	216,590	228,690
Expected effective tax rate ⁽¹⁾	24.0%	24.0%	24.0%	24.0%
Assumed provision for income tax expense	11,386	12,514	51,982	54,886
Non-GAAP Net Income	\$ 36,054	\$ 39,626	\$ 164,608	\$ 173,804
Net income per diluted share	\$ -	\$ 0.05	\$ 0.22	\$ 0.33
Non-GAAP Net Income per Diluted Share	\$ 0.38	\$ 0.42	\$ 1.74	\$ 1.84
Non-GAAP Adjusted Diluted Weighted Average Shares Outstanding:				
Weighted average outstanding shares - diluted	97,233	97,233	96,889	96,889
Dilution offset from convertible note hedge transactions	(2,569)	(2,569)	(2,537)	(2,537)
Non-GAAP Diluted Weighted Average Shares Outstanding ⁽²⁾	94,664	94,664	94,352	94,352

Adjusted EBITDA Guidance

Set forth below is a presentation of the company's "Adjusted EBITDA" guidance for the three months ending June 30, 2020, and the twelve months ending December 31, 2020. Please reference the "Explanation of Non-GAAP Financial Measures" section.

	Guidance Range for the Three Months Ending		Guidance Range for the Twelve Months Ending	
	June 30, 2020		December 31, 2020	
	Low ⁽³⁾	High ⁽³⁾	Low ⁽³⁾	High ⁽³⁾
Adjusted EBITDA:				
Net income (GAAP)	\$ 210	\$ 4,510	\$ 21,500	\$ 31,870
Acquisition-related deferred revenue	420	420	1,280	1,280
Depreciation, asset impairment, and loss on disposal of assets	9,390	9,190	37,060	36,460
Amortization of product technologies and intangible assets	25,860	25,660	101,250	100,650
Acquisition-related expense	2,520	2,420	10,780	10,480
Organizational realignment	350	150	1,560	1,360
Regulatory and legal matters	-	-	360	360
Stock-based expense	15,080	14,880	65,410	64,810
Interest expense, net	12,050	11,550	47,980	46,480
Income tax expense	120	1,220	2,820	6,250
Adjusted EBITDA	<u>\$ 66,000</u>	<u>\$ 70,000</u>	<u>\$ 290,000</u>	<u>\$ 300,000</u>

- (1) For 2020, the Company uses a 24.0% tax rate to approximate the Company's long-term effective corporate tax rate. Please reference the "Explanation of Non-GAAP Financial Measures" section.
- (2) It is the current intent of the Company to settle conversions of the Convertible Notes through combination settlement, which involves repayment of the principal portion in cash and any excess of the conversion value over the principal amount in shares of our common stock. We exclude these shares that are issuable upon conversions of our convertible notes because we expect that the dilution from such shares will be offset by the convertible note hedge transactions entered into in May 2017 in connection with the issuance of the convertible notes.
- (3) Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. The company may be required to revise its results upon finalizing its review of quarterly and full year results, which could cause or contribute to such differences. All information provided in this release is as of the date hereof and RealPage, Inc. undertakes no duty to update this information except as required by law. See additional discussion under "Cautionary Statement Regarding Forward-Looking Statements" above.