

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended September 30, 2016**



	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Global ERP System Implementation Costs	Tax Effect on Non-GAAP Income	Non-GAAP	
<b>Revenues:</b>										<b>% of Revenue</b>
Subscriptions and transactions	\$ 52,132	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,132	63%
Software licenses	2,121	-	-	-	-	-	-	-	2,121	3%
Service and maintenance	27,673	-	-	-	-	-	-	-	27,673	33%
Other	1,158	-	-	-	-	-	-	-	1,158	1%
<b>Total revenues</b>	<b>83,084</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,084</b>	<b>100%</b>
<b>Cost of revenues:</b>										<b>Margins</b>
Subscriptions and transactions	23,886	-	(367)	(126)	(14)	-	-	-	23,379	55%
Software licenses	128	-	-	-	-	-	-	-	128	94%
Service and maintenance	13,285	-	(849)	-	(104)	-	-	-	12,332	55%
Other	878	-	-	-	-	-	-	-	878	24%
<b>Total cost of revenues</b>	<b>38,177</b>	<b>-</b>	<b>(1,216)</b>	<b>(126)</b>	<b>(118)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,717</b>	
<b>Gross profit</b>	<b>44,907</b>	<b>-</b>	<b>1,216</b>	<b>126</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,367</b>	<b>56%</b>
<b>Operating expenses:</b>										<b>% of Revenue</b>
Sales and marketing	18,875	-	(3,285)	(20)	(74)	-	-	-	15,496	19%
Product development	12,935	-	(1,356)	(6)	(73)	-	-	-	11,500	14%
General and administrative	12,704	-	(2,342)	(1,097)	(12)	-	(2,491)	-	6,762	8%
Amortization of intangible assets	6,285	(6,285)	-	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>50,799</b>	<b>(6,285)</b>	<b>(6,983)</b>	<b>(1,123)</b>	<b>(159)</b>	<b>-</b>	<b>(2,491)</b>	<b>-</b>	<b>33,758</b>	<b>41%</b>
<b>Income (loss) from operations</b>	<b>(5,892)</b>	<b>6,285</b>	<b>8,199</b>	<b>1,249</b>	<b>277</b>	<b>-</b>	<b>2,491</b>	<b>-</b>	<b>12,609</b>	<b>15%</b>
<b>Other expense, net</b>	<b>(3,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,372</b>	<b>-</b>	<b>-</b>	<b>(563)</b>	<b>-1%</b>
<b>Income (loss) before income taxes</b>	<b>(9,827)</b>	<b>6,285</b>	<b>8,199</b>	<b>1,249</b>	<b>277</b>	<b>3,372</b>	<b>2,491</b>	<b>-</b>	<b>12,046</b>	<b>14%</b>
<b>Provision for income taxes</b>	<b>681</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,978</b>	<b>3,659</b>	<b>4%</b>
<b>Net Income (loss)</b>	<b>(10,508)</b>	<b>6,285</b>	<b>8,199</b>	<b>1,249</b>	<b>277</b>	<b>3,372</b>	<b>2,491</b>	<b>(2,978)</b>	<b>8,387</b>	<b>10%</b>
		7.6%	9.9%	1.5%	0.3%	4.1%	3.0%	-3.6%		
Basic net loss per share	<u>\$ (0.28)</u>									
Diluted net income (loss) per share	<u>\$ (0.28)</u>								<u>\$ 0.22</u>	
<b>Shares used in computing net income (loss) per share:</b>										
Basic	37,940									
Diluted	37,940								<u>38,028</u>	

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended September 30, 2015**



	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Global ERP System Implementation Costs	Tax Effect on Non-GAAP Income	Non-GAAP	
											<i>% of Revenue</i>
<b>Revenues:</b>											
Subscriptions and transactions	\$ 46,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,197	56%
Software licenses	4,115	-	-	-	-	-	-	-	-	4,115	5%
Service and maintenance	30,784	-	-	-	-	-	-	-	-	30,784	37%
Other	1,785	-	-	-	-	-	-	-	-	1,785	2%
<b>Total revenues</b>	<b>82,881</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82,881</b>	<b>100%</b>
<b>Cost of revenues:</b>											<i>Margins</i>
Subscriptions and transactions	20,734	-	(372)	-	12	(2)	-	-	-	20,372	56%
Software licenses	288	-	-	-	-	-	-	-	-	288	93%
Service and maintenance	12,978	-	(636)	-	-	(13)	-	-	-	12,329	60%
Other	1,335	-	-	-	-	-	-	-	-	1,335	25%
<b>Total cost of revenues</b>	<b>35,335</b>	<b>-</b>	<b>(1,008)</b>	<b>-</b>	<b>12</b>	<b>(15)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,324</b>	
<b>Gross profit</b>	<b>47,546</b>	<b>-</b>	<b>1,008</b>	<b>-</b>	<b>(12)</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,557</b>	<b>59%</b>
<b>Operating expenses:</b>											<i>% of Revenue</i>
Sales and marketing	20,155	-	(3,387)	-	14	(9)	-	-	-	16,773	20%
Product development	11,260	-	(1,189)	-	3	(10)	-	-	-	10,064	12%
General and administrative	8,823	-	(2,004)	(110)	(49)	(2)	-	(257)	-	6,401	8%
Amortization of intangible assets	7,279	(7,279)	-	-	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>47,517</b>	<b>(7,279)</b>	<b>(6,580)</b>	<b>(110)</b>	<b>(32)</b>	<b>(21)</b>	<b>-</b>	<b>(257)</b>	<b>-</b>	<b>33,238</b>	<b>40%</b>
<b>Income from operations</b>	<b>29</b>	<b>7,279</b>	<b>7,588</b>	<b>110</b>	<b>20</b>	<b>36</b>	<b>-</b>	<b>257</b>	<b>-</b>	<b>15,319</b>	<b>18%</b>
<b>Other expense, net</b>	<b>(3,671)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,161</b>	<b>-</b>	<b>-</b>	<b>(510)</b>	<b>-1%</b>
<b>Income (loss) before income taxes</b>	<b>(3,642)</b>	<b>7,279</b>	<b>7,588</b>	<b>110</b>	<b>20</b>	<b>36</b>	<b>3,161</b>	<b>257</b>	<b>-</b>	<b>14,809</b>	<b>18%</b>
<b>Provision for income taxes</b>	<b>611</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,011</b>	<b>5,622</b>	<b>7%</b>
<b>Net Income (loss)</b>	<b>(4,253)</b>	<b>7,279</b>	<b>7,588</b>	<b>110</b>	<b>20</b>	<b>36</b>	<b>3,161</b>	<b>257</b>	<b>(5,011)</b>	<b>9,187</b>	<b>11%</b>
		8.8%	9.2%	0.1%	0.0%	0.0%	3.8%	0.3%	-6.0%		
Basic net loss per share	\$ (0.11)										
Diluted net income (loss) per share	\$ (0.11)									\$ 0.24	
<b>Shares used in computing net income (loss) per share:</b>											
Basic	38,004										
Diluted	38,004									38,519	

**Bottomline Technologies**  
**Reconciliation of Adjusted EBITDA**



	<b>Reconciliation of Adjusted EBITDA</b>		<b>Reconciliation of Adjusted EBITDA as a percent of revenue</b>	
	<b>Three Months Ended</b>		<b>Three Months Ended</b>	
	<b>09/30/16</b>	<b>9/30/15</b>	<b>09/30/16</b>	<b>9/30/15</b>
GAAP Net loss	\$ (10,508)	\$ (4,253)	(13%)	(5%)
Adjustments:				
Other expense, net	3,935	3,671	5%	4%
Provision for income taxes	681	611	1%	1%
Depreciation and amortization	4,087	3,077	5%	4%
Amortization of acquired intangible assets	6,285	7,279	8%	9%
Stock-based compensation expense	8,199	7,588	10%	9%
Acquisition and integration-related expenses	1,249	110	1%	0%
Restructuring expenses	-	20	0%	0%
Minimum pension liability adjustments	277	36	0%	0%
Global ERP system implementation costs	2,491	257	3%	0%
Adjusted EBITDA	<u>16,696</u>	<u>18,396</u>	<u>20%</u>	<u>22%</u>

## Bottomline Technologies Constant Currency Growth Rate



	Three Months Ended		GAAP	% Increase Impact from Currency	Constant Rates <sup>(1)</sup>
	09/30/16	9/30/15			
Subscriptions and Transactions Revenues	\$ 52,132	\$ 46,197	13%	3%	16%
Total Revenues	\$ 83,084	\$ 82,881	0%	5%	5%

<sup>(1)</sup> Constant currency information is a non-GAAP measure and compares results between periods assuming exchange rates had remained constant period-over-period. We calculate constant currency information by translating prior-period results using current-year GAAP foreign exchange rates.

## Bottomline Technologies

### Reconciliation of Diluted Core Earnings Per Share



	<b>Three Months Ended</b>	
	<u><b>09/30/16</b></u>	<u><b>9/30/15</b></u>
GAAP diluted net loss per share	\$ (0.28)	\$ (0.11)
Plus:		
Amortization of acquired intangible assets	0.17	0.19
Stock-based compensation expense	0.22	0.20
Acquisition and integration-related expenses	0.03	-
Restructuring expenses	-	-
Global ERP system implementation costs	0.06	0.01
Minimum pension liability adjustments	0.01	-
Amortization of debt issuance and debt discount costs	0.09	0.08
Tax effects on non-GAAP income	(0.08)	(0.13)
Diluted core net income per share	<u><u>\$ 0.22</u></u>	<u><u>\$ 0.24</u></u>

	<b>Three Months Ended</b>	
	<u><b>09/30/16</b></u>	<u><b>9/30/15</b></u>
<u>Numerator:</u>		
Core net income	<u><u>\$ 8,387</u></u>	<u><u>\$ 9,187</u></u>
<u>Denominator:</u>		
Weighted average shares used in computing diluted earnings per share for GAAP	37,940	38,004
Impact of dilutive securities (stock options, restricted stock awards and employee stock purchase plan) <sup>(1)</sup>	<u>88</u>	<u>515</u>
Weighted average shares used in computing diluted core earnings per share	<u><u>38,028</u></u>	<u><u>38,519</u></u>

<sup>(1)</sup> These securities are anti-dilutive on a GAAP basis as a result of our net loss, but are considered dilutive on a non-GAAP basis in periods where we report non-GAAP net income.