

Bottomline Technologies
Reconciliation of Non-GAAP Measures
Three Months Ended December 31, 2016



	GAAP	Amortization of Intangible Assets	Goodwill Impairment Charge	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	Non-recurring Tax Benefit	Tax Effect on Non-GAAP Income	Non-GAAP	
Revenues:												% of Revenue
Subscriptions and transactions	\$ 55,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,644	64%
Software licenses	3,492	-	-	-	-	-	-	-	-	-	3,492	4%
Service and maintenance	25,920	-	-	-	-	-	-	-	-	-	25,920	30%
Other	1,672	-	-	-	-	-	-	-	-	-	1,672	2%
Total revenues	86,728	-	-	-	-	-	-	-	-	-	86,728	100%
Cost of revenues:												Margins
Subscriptions and transactions	24,782	-	-	(415)	(167)	(14)	-	-	-	-	24,186	57%
Software licenses	196	-	-	-	-	-	-	-	-	-	196	94%
Service and maintenance	13,416	-	-	(1,235)	-	(98)	-	-	-	-	12,083	53%
Other	1,178	-	-	-	-	-	-	-	-	-	1,178	30%
Total cost of revenues	39,572	-	-	(1,650)	(167)	(112)	-	-	-	-	37,643	
Gross profit	47,156	-	-	1,650	167	112	-	-	-	-	49,085	57%
Operating expenses:												% of Revenue
Sales and marketing	19,325	-	-	(3,118)	(2)	(71)	-	-	-	-	16,134	19%
Product development	13,082	-	-	(1,349)	(6)	(70)	-	-	-	-	11,657	13%
General and administrative	11,772	-	-	(2,539)	(347)	(11)	-	(2,106)	-	-	6,769	8%
Amortization of intangible assets	6,090	(6,090)	-	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	7,529	-	(7,529)	-	-	-	-	-	-	-	-	0%
Total operating expenses	57,798	(6,090)	(7,529)	(7,006)	(355)	(152)	-	(2,106)	-	-	34,560	40%
Income (loss) from operations	(10,642)	6,090	7,529	8,656	522	264	-	2,106	-	-	14,525	17%
Other expense, net	(4,182)	-	-	-	-	-	3,454	-	-	-	(728)	-1%
Income (loss) before income taxes	(14,824)	6,090	7,529	8,656	522	264	3,454	2,106	-	-	13,797	16%
Provision for (benefit from) income taxes	(4,478)	-	-	-	-	-	-	-	4,461	4,152	4,135	5%
Net Income (loss)	(10,346)	6,090	7,529	8,656	522	264	3,454	2,106	(4,461)	(4,152)	9,662	11%
		7.0%	8.7%	10.0%	0.6%	0.3%	4.0%	2.4%	-5.1%	-4.8%		
Basic net loss per share	\$ (0.27)											
Diluted net income (loss) per share	\$ (0.27)										\$ 0.26	
Shares used in computing net income (loss) per share:												
Basic	37,769											
Diluted	37,769										37,862	

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Revenues:											<i>% of Revenue</i>
Subscriptions and transactions	\$ 48,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,632	56%
Software licenses	5,862	-	-	-	-	-	-	-	-	5,862	7%
Service and maintenance	29,913	-	-	-	-	-	-	-	-	29,913	35%
Other	1,641	-	-	-	-	-	-	-	-	1,641	2%
Total revenues	86,048	-	-	-	-	-	-	-	-	86,048	100%
Cost of revenues:											<i>Margins</i>
Subscriptions and transactions	21,373	-	(403)	-	(58)	(2)	-	-	-	20,910	57%
Software licenses	288	-	-	-	-	-	-	-	-	288	95%
Service and maintenance	13,291	-	(795)	-	(75)	(13)	-	-	-	12,408	59%
Other	1,155	-	-	-	-	-	-	-	-	1,155	30%
Total cost of revenues	36,107	-	(1,198)	-	(133)	(15)	-	-	-	34,761	
Gross profit	49,941	-	1,198	-	133	15	-	-	-	51,287	60%
Operating expenses:											<i>% of Revenue</i>
Sales and marketing	22,280	-	(3,398)	-	(390)	(10)	-	-	-	18,482	21%
Product development	11,765	-	(1,298)	(4)	(110)	(11)	-	-	-	10,342	12%
General and administrative	9,422	-	(1,984)	(155)	(221)	(2)	-	(522)	-	6,538	8%
Amortization of intangible assets	7,215	(7,215)	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	50,682	(7,215)	(6,680)	(159)	(721)	(23)	-	(522)	-	35,362	41%
Income (loss) from operations	(741)	7,215	7,878	159	854	38	-	522	-	15,925	19%
Other expense, net	(3,856)	-	-	-	-	-	3,213	-	-	(643)	-1%
Income (loss) before income taxes	(4,597)	7,215	7,878	159	854	38	3,213	522	-	15,282	18%
Provision for income taxes	642	-	-	-	-	-	-	-	4,360	5,002	6%
Net Income (loss)	(5,239)	7,215	7,878	159	854	38	3,213	522	(4,360)	10,280	12%
		8.4%	9.2%	0.2%	1.0%	0.0%	3.7%	0.6%	-5.1%		
Basic net loss per share	\$ (0.14)										
Diluted net income (loss) per share	\$ (0.14)									\$ 0.27	
Shares used in computing net income (loss) per share:											
Basic	37,774										
Diluted	37,774									38,359	

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Reconciliation of Non-GAAP Measures
Six Months Ended December 31, 2016



	GAAP	Amortization of Intangible Assets	Goodwill Impairment Charge	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	Non-recurring Tax Benefit	Tax Effect on Non-GAAP Income	Non-GAAP	
Revenues:												<i>% of Revenue</i>	
Subscriptions and transactions	\$ 107,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,776	63%
Software licenses	5,613	-	-	-	-	-	-	-	-	-	-	5,613	3%
Service and maintenance	53,593	-	-	-	-	-	-	-	-	-	-	53,593	32%
Other	2,830	-	-	-	-	-	-	-	-	-	-	2,830	2%
Total revenues	169,812	-	-	-	-	-	-	-	-	-	-	169,812	100%
Cost of revenues:												<i>Margins</i>	
Subscriptions and transactions	48,668	-	-	(782)	(293)	-	(28)	-	-	-	-	47,565	56%
Software licenses	324	-	-	-	-	-	-	-	-	-	-	324	94%
Service and maintenance	26,701	-	-	(2,084)	-	-	(202)	-	-	-	-	24,415	54%
Other	2,056	-	-	-	-	-	-	-	-	-	-	2,056	27%
Total cost of revenues	77,749	-	-	(2,866)	(293)	-	(230)	-	-	-	-	74,360	
Gross profit	92,063	-	-	2,866	293	-	230	-	-	-	-	95,452	56%
Operating expenses:												<i>% of Revenue</i>	
Sales and marketing	38,200	-	-	(6,403)	(22)	-	(145)	-	-	-	-	31,630	19%
Product development	26,017	-	-	(2,705)	(12)	-	(143)	-	-	-	-	23,157	14%
General and administrative	24,476	-	-	(4,881)	(1,444)	-	(23)	-	(4,597)	-	-	13,531	8%
Amortization of intangible assets	12,375	(12,375)	-	-	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	7,529	-	(7,529)	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	108,597	(12,375)	(7,529)	(13,989)	(1,478)	-	(311)	-	(4,597)	-	-	68,318	40%
Income (loss) from operations	(16,534)	12,375	7,529	16,855	1,771	-	541	-	4,597	-	-	27,134	16%
Other expense, net	(8,117)	-	-	-	-	-	-	6,826	-	-	-	(1,291)	-1%
Income (loss) before income taxes	(24,651)	12,375	7,529	16,855	1,771	-	541	6,826	4,597	-	-	25,843	15%
Provision for income taxes	(3,797)	-	-	-	-	-	-	-	-	4,461	7,130	7,794	5%
Net Income (loss)	(20,854)	12,375	7,529	16,855	1,771	-	541	6,826	4,597	(4,461)	(7,130)	18,049	11%
		7.3%	4.4%	9.9%	1.0%	0.0%	0.3%	4.0%	2.7%	-2.6%	-4.2%		
Basic net loss per share	\$ (0.55)												
Diluted net income (loss) per share	\$ (0.55)											\$ 0.48	
Shares used in computing net income (loss) per share:													
Basic	37,854												
Diluted	37,854											37,945	

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Reconciliation of Non-GAAP Measures
Six Months Ended December 31, 2015



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Revenues:											% of Revenue
Subscriptions and transactions	\$ 94,829	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,829	56%
Software licenses	9,977	-	-	-	-	-	-	-	-	9,977	6%
Service and maintenance	60,697	-	-	-	-	-	-	-	-	60,697	36%
Other	3,426	-	-	-	-	-	-	-	-	3,426	2%
Total revenues	168,929	-	-	-	-	-	-	-	-	168,929	100%
Cost of revenues:											Margins
Subscriptions and transactions	42,107	-	(775)	-	(46)	(4)	-	-	-	41,282	56%
Software licenses	576	-	-	-	-	-	-	-	-	576	94%
Service and maintenance	26,269	-	(1,431)	-	(75)	(26)	-	-	-	24,737	59%
Other	2,490	-	-	-	-	-	-	-	-	2,490	27%
Total cost of revenues	71,442	-	(2,206)	-	(121)	(30)	-	-	-	69,085	
Gross profit	97,487	-	2,206	-	121	30	-	-	-	99,844	59%
Operating expenses:											% of Revenue
Sales and marketing	42,435	-	(6,785)	-	(376)	(19)	-	-	-	35,255	21%
Product development	23,025	-	(2,487)	(4)	(107)	(21)	-	-	-	20,406	12%
General and administrative	18,245	-	(3,988)	(265)	(270)	(4)	-	(779)	-	12,939	9%
Amortization of intangible assets	14,494	(14,494)	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	98,199	(14,494)	(13,260)	(269)	(753)	(44)	-	(779)	-	68,600	41%
Income (loss) from operations	(712)	14,494	15,466	269	874	74	-	779	-	31,244	18%
Other expense, net	(7,527)	-	-	-	-	-	6,374	-	-	(1,153)	-1%
Income (loss) before income taxes	(8,239)	14,494	15,466	269	874	74	6,374	779	-	30,091	18%
Provision for income taxes	1,253	-	-	-	-	-	-	-	9,371	10,624	6%
Net Income (loss)	(9,492)	14,494	15,466	269	874	74	6,374	779	(9,371)	19,467	12%
		8.6%	9.2%	0.2%	0.5%	0.0%	3.8%	0.5%	-5.5%		
Basic net loss per share	\$ (0.25)										
Diluted net income (loss) per share	\$ (0.25)									\$ 0.51	
Shares used in computing net income (loss) per share:											
Basic	37,889										
Diluted	37,889									38,439	

Bottomline Technologies

Reconciliation of Adjusted EBITDA



	Reconciliation of Adjusted EBITDA		Reconciliation of Adjusted EBITDA as a percent of revenue	
	Three Months Ended		Three Months Ended	
	12/31/16	12/31/15	12/31/16	12/31/15
GAAP Net loss	\$ (10,346)	\$ (5,239)	(12%)	(6%)
Adjustments:				
Other expense, net	4,182	3,856	5%	4%
Provision for (benefit from) income taxes	(4,478)	642	(5%)	1%
Depreciation and amortization	4,154	3,248	5%	4%
Amortization of acquired intangible assets	6,090	7,215	7%	8%
Goodwill impairment charge	7,529	-	9%	0%
Stock-based compensation expense	8,656	7,878	10%	9%
Acquisition and integration-related expenses	522	159	1%	0%
Restructuring expenses	-	854	0%	1%
Minimum pension liability adjustments	264	38	0%	0%
Global ERP system implementation costs	2,106	522	2%	1%
Adjusted EBITDA	<u>18,679</u>	<u>19,173</u>	<u>22%</u>	<u>22%</u>

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Reconciliation of Adjusted EBITDA



	Reconciliation of Adjusted EBITDA		Reconciliation of Adjusted EBITDA as a percent of revenue	
	Six Months Ended		Six Months Ended	
	12/31/16	12/31/15	12/31/16	12/31/15
GAAP Net loss	\$ (20,854)	\$ (9,492)	(12%)	(6%)
Adjustments:				
Other expense, net	8,117	7,527	5%	4%
Provision for (benefit from) income taxes	(3,797)	1,253	(2%)	1%
Depreciation and amortization	8,241	6,325	5%	4%
Amortization of acquired intangible assets	12,375	14,494	7%	9%
Goodwill impairment charge	7,529	-	4%	0%
Stock-based compensation expense	16,855	15,466	10%	9%
Acquisition and integration-related expenses	1,771	269	1%	0%
Restructuring expenses	-	874	0%	1%
Minimum pension liability adjustments	541	74	0%	0%
Global ERP system implementation costs	4,597	779	3%	0%
Adjusted EBITDA	<u>35,375</u>	<u>37,569</u>	<u>21%</u>	<u>22%</u>

Bottomline Technologies Constant Currency Growth Rate



	Three Months Ended		GAAP	% Increase Impact from Currency	Constant Rates ⁽¹⁾
	12/31/16	12/31/15			
Subscriptions and Transactions Revenues	\$ 55,644	\$ 48,632	14%	5%	19%
Total Revenues	\$ 86,728	\$ 86,048	1%	5%	6%
	Six Months Ended		GAAP	% Increase Impact from Currency	Constant Rates ⁽¹⁾
	12/31/16	12/31/15			
Subscriptions and Transactions Revenues	\$ 107,776	\$ 94,829	14%	4%	18%
Total Revenues	\$ 169,812	\$ 168,929	1%	4%	5%

⁽¹⁾ 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



	Three Months Ended		Six Months Ended	
	12/31/16	12/31/15	12/31/16	12/31/15
GAAP diluted net loss per share	\$ (0.27)	\$ (0.14)	\$ (0.55)	\$ (0.25)
Plus:				
Amortization of acquired intangible assets	0.16	0.19	0.33	0.38
Goodwill impairment charge	0.20	-	0.20	-
Stock-based compensation expense	0.22	0.20	0.44	0.40
Acquisition and integration-related expenses	0.02	0.01	0.05	0.01
Restructuring expenses	-	0.02	-	0.02
Global ERP system implementation costs	0.06	0.01	0.12	0.02
Minimum pension liability adjustments	0.01	-	0.02	-
Amortization of debt issuance and debt discount costs	0.09	0.09	0.18	0.17
Non-recurring tax benefits	(0.12)	-	(0.12)	-
Tax effects on non-GAAP income	(0.11)	(0.11)	(0.19)	(0.24)
Diluted core net income per share	<u>\$ 0.26</u>	<u>\$ 0.27</u>	<u>\$ 0.48</u>	<u>\$ 0.51</u>
	12/31/16	12/31/15	12/31/16	12/31/15
<u>Numerator:</u>				
Core net income	<u>\$ 9,662</u>	<u>\$ 10,280</u>	<u>\$ 18,049</u>	<u>\$ 19,467</u>
<u>Denominator:</u>				
Weighted average shares used in computing diluted earnings per share for GAAP	37,769	37,774	37,854	37,889
Impact of dilutive securities (stock options, restricted stock awards and employee stock purchase plan) ⁽¹⁾	<u>93</u>	<u>585</u>	<u>91</u>	<u>550</u>
Weighted average shares used in computing diluted core earnings per share	<u>37,862</u>	<u>38,359</u>	<u>37,945</u>	<u>38,439</u>

⁽¹⁾ 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.