

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended March 31, 2018**



|  | GAAP           | Amortization of Acquisition-Related Intangible Assets | Stock-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 and Other Costs | Tax Effect on Non-GAAP Income | Non-GAAP       |                     |
|--|----------------|---|--------------------------|--|------------------------|---------------------------------------|---|--|-------------------------------|----------------|---------------------|
|  |                |   |                          |  |                        |                                       |   |  |                               |                | % of Revenue        |
| <b>Revenues:</b>   |                |   |                          |  |                        |                                       |   |  |                               |                |                     |
| Subscriptions and transactions                               | \$ 67,378      | \$ -  | \$ -                     | \$ -   | \$ -                   | \$ -                                  | \$ -  | \$ -   | \$ -                          | \$ 67,378      | 67%                 |
| Software licenses  | 3,134          | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 3,134          | 3%                  |
| Service and maintenance                                      | 29,476         | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 29,476         | 29%                 |
| Other  | 1,148          | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 1,148          | 1%                  |
| <b>Total revenues</b>  | <b>101,136</b> | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>101,136</b> | <b>100%</b>         |
| <b>Cost of revenues:</b>                                     |                |   |                          |  |                        |                                       |   |  |                               |                | <b>Margins</b>      |
| Subscriptions and transactions                               | 30,760         | -   | (724)                    | (102)  | (196)                  | -                                     | -   | -  | -                             | 29,738         | 56%                 |
| Software licenses  | 233            | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 233            | 93%                 |
| Service and maintenance                                      | 13,793         | -   | (619)                    | -  | (138)                  | 1                                     | -   | -  | -                             | 13,037         | 56%                 |
| Other  | 930            | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 930            | 19%                 |
| <b>Total cost of revenues</b>                                | <b>45,716</b>  | <b>-</b>  | <b>(1,343)</b>           | <b>(102)</b>                                 | <b>(334)</b>           | <b>1</b>                              | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>43,938</b>  |                     |
| <b>Gross profit</b>  | <b>55,420</b>  | <b>-</b>  | <b>1,343</b>             | <b>102</b>                                   | <b>334</b>             | <b>(1)</b>                            | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>57,198</b>  | <b>57%</b>          |
| <b>Operating expenses:</b>                                   |                |   |                          |  |                        |                                       |   |  |                               |                | <b>% of Revenue</b> |
| Sales and marketing  | 22,418         | -   | (3,441)                  | -  | (476)                  | 1                                     | -   | -  | -                             | 18,502         | 18%                 |
| Product development and engineering                          | 14,131         | -   | (1,311)                  | (19)   | (129)                  | 1                                     | -   | -  | -                             | 12,673         | 13%                 |
| General and administrative                                   | 12,755         | -   | (2,497)                  | (103)  | (546)                  | -                                     | -   | (1,558)  | -                             | 8,051          | 8%                  |
| Amortization of acquisition-related intangible assets        | 5,818          | (5,818)   | -                        | -  | -                      | -                                     | -   | -  | -                             | -              | 0%                  |
| <b>Total operating expenses</b>                              | <b>55,122</b>  | <b>(5,818)</b>  | <b>(7,249)</b>           | <b>(122)</b>                                 | <b>(1,151)</b>         | <b>2</b>                              | <b>-</b>  | <b>(1,558)</b>                                   | <b>-</b>                      | <b>39,226</b>  | <b>39%</b>          |
| <b>Income (loss) from operations</b>                         | <b>298</b>     | <b>5,818</b>  | <b>8,592</b>             | <b>224</b>                                   | <b>1,485</b>           | <b>(3)</b>                            | <b>-</b>  | <b>1,558</b>                                     | <b>-</b>                      | <b>17,972</b>  | <b>18%</b>          |
| <b>Other expense, net</b>                                    | <b>(1,293)</b> | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>108</b>  | <b>-</b>   | <b>-</b>                      | <b>(1,185)</b> | <b>-1%</b>          |
| <b>Income (loss) before income taxes</b>                     | <b>(995)</b>   | <b>5,818</b>  | <b>8,592</b>             | <b>224</b>                                   | <b>1,485</b>           | <b>(3)</b>                            | <b>108</b>  | <b>1,558</b>                                     | <b>-</b>                      | <b>16,787</b>  | <b>17%</b>          |
| <b>Provision for income taxes</b>                            | <b>7</b>       | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>4,916</b>                  | <b>4,923</b>   | <b>5%</b>           |
| <b>Net Income (loss) <sup>(1)</sup></b>                      | <b>(1,002)</b> | <b>5,818</b>  | <b>8,592</b>             | <b>224</b>                                   | <b>1,485</b>           | <b>(3)</b>                            | <b>108</b>  | <b>1,558</b>                                     | <b>(4,916)</b>                | <b>11,864</b>  | <b>12%</b>          |
|  |                | 5.8%  | 8.5%                     | 0.2%   | 1.5%                   | 0.0%                                  | 0.1%  | 1.5%   | -4.9%                         |                |                     |
| Basic net income (loss) per share                            | \$ (0.03)      |   |                          |  |                        |                                       |   |  |                               |                |                     |
| Diluted net income (loss) per share <sup>(1)</sup>           | \$ (0.03)      |   |                          |  |                        |                                       |   |  |                               | \$ 0.30        |                     |
| <b>Shares used in computing net income (loss) per share:</b> |                |   |                          |  |                        |                                       |   |  |                               |                |                     |
| Basic  | <b>38,348</b>  |   |                          |  |                        |                                       |   |  |                               |                |                     |
| Diluted  | <b>38,348</b>  |   |                          |  |                        |                                       |   |  |                               | <b>39,334</b>  |                     |

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items, specifically amortization of acquired intangible assets, goodwill impairment charges, stock-based compensation, acquisition and integration-related expenses, restructuring related costs, minimum pension liability adjustments, non-core charges associated with our convertible notes and revolving credit facility, global enterprise resource planning (ERP) system implementation costs, and other non-core or non-recurring gains or losses that arise from time to time. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Three Months Ended March 31, 2017**



|   | GAAP           | Amortization of Acquisition-Related Intangible Assets | Stock-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 and Other Costs | Tax Effect on Non-GAAP Income | Non-GAAP      |              |
|---|----------------|---|--------------------------|--|------------------------|---------------------------------------|---|--|-------------------------------|---------------|--------------|
| Revenues:   |                |   |                          |  |                        |                                       |   |  |                               |               | % of Revenue |
| Subscriptions and transactions                        | \$ 55,851      | \$ -  | \$ -                     | \$ -   | \$ -                   | \$ -                                  | \$ -  | \$ -   | \$ -                          | \$ 55,851     | 65%          |
| Software licenses                                     | 2,735          | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 2,735         | 3%           |
| Service and maintenance                               | 26,344         | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 26,344        | 31%          |
| Other   | 1,169          | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 1,169         | 1%           |
| <b>Total revenues</b>                                 | <b>86,099</b>  | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>86,099</b> | <b>100%</b>  |
| Cost of revenues:                                     |                |   |                          |  |                        |                                       |   |  |                               |               | Margins      |
| Subscriptions and transactions                        | 25,867         | -   | (392)                    | (149)  | (235)                  | (15)                                  | -   | -  | -                             | 25,076        | 55%          |
| Software licenses                                     | 265            | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 265           | 90%          |
| Service and maintenance                               | 12,607         | -   | (725)                    | -  | (75)                   | (99)                                  | -   | -  | -                             | 11,708        | 56%          |
| Other   | 835            | -   | -                        | -  | -                      | -                                     | -   | -  | -                             | 835           | 29%          |
| <b>Total cost of revenues</b>                         | <b>39,574</b>  | <b>-</b>  | <b>(1,117)</b>           | <b>(149)</b>                                 | <b>(310)</b>           | <b>(114)</b>                          | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>37,884</b> |              |
| <b>Gross profit</b>                                   | <b>46,525</b>  | <b>-</b>  | <b>1,117</b>             | <b>149</b>                                   | <b>310</b>             | <b>114</b>                            | <b>-</b>  | <b>-</b>   | <b>-</b>                      | <b>48,215</b> | <b>56%</b>   |
| Operating expenses:                                   |                |   |                          |  |                        |                                       |   |  |                               |               | % of Revenue |
| Sales and marketing                                   | 18,976         | -   | (3,013)                  | -  | (219)                  | (69)                                  | -   | -  | -                             | 15,675        | 18%          |
| Product development and engineering                   | 13,057         | -   | (1,265)                  | (2)  | (19)                   | (71)                                  | -   | -  | -                             | 11,700        | 14%          |
| General and administrative                            | 10,863         | -   | (1,959)                  | (350)  | (13)                   | (10)                                  | -   | (2,076)  | -                             | 6,455         | 7%           |
| Amortization of acquisition-related intangible assets | 6,006          | (6,006)   | -                        | -  | -                      | -                                     | -   | -  | -                             | -             | 0%           |
| <b>Total operating expenses</b>                       | <b>48,902</b>  | <b>(6,006)</b>  | <b>(6,237)</b>           | <b>(352)</b>                                 | <b>(251)</b>           | <b>(150)</b>                          | <b>-</b>  | <b>(2,076)</b>                                   | <b>-</b>                      | <b>33,830</b> | <b>39%</b>   |
| Income (loss) from operations                         | (2,377)        | 6,006   | 7,354                    | 501  | 561                    | 264                                   | -   | 2,076  | -                             | 14,385        | 17%          |
| Other expense, net                                    | (4,479)        | -   | -                        | -  | -                      | -                                     | 3,592   | -  | -                             | (887)         | -1%          |
| Income (loss) before income taxes                     | (6,856)        | 6,006   | 7,354                    | 501  | 561                    | 264                                   | 3,592   | 2,076  | -                             | 13,498        | 16%          |
| Provision for (benefit from) income taxes             | (232)          | -   | -                        | -  | -                      | -                                     | -   | -  | 4,726                         | 4,494         | 5%           |
| <b>Net Income (loss) <sup>(1)</sup></b>               | <b>(6,624)</b> | <b>6,006</b>  | <b>7,354</b>             | <b>501</b>                                   | <b>561</b>             | <b>264</b>                            | <b>3,592</b>  | <b>2,076</b>                                     | <b>(4,726)</b>                | <b>9,004</b>  | <b>10%</b>   |
| Basic net loss per share                              | \$ (0.17)      | 7.0%  | 8.5%                     | 0.6%   | 0.7%                   | 0.3%                                  | 4.2%  | 2.4%   | -5.5%                         |               |              |
| Diluted net income (loss) per share <sup>(1)</sup>    | \$ (0.17)      |   |                          |  |                        |                                       |   |  |                               | \$ 0.23       |              |
| Shares used in computing net income (loss) per share: |                |   |                          |  |                        |                                       |   |  |                               |               |              |
| Basic   | 37,965         |   |                          |  |                        |                                       |   |  |                               |               |              |
| Diluted   | 37,965         |   |                          |  |                        |                                       |   |  |                               | 38,344        |              |

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items, specifically amortization of acquisition-related intangible assets, goodwill impairment charges, stock-based compensation, acquisition and integration-related expenses, restructuring related costs, minimum pension liability adjustments, non-core charges associated with our convertible notes and revolving credit facility, global enterprise resource planning (ERP) system implementation costs, and other non-core or non-recurring gains or losses that arise from time to time. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

**Bottomline Technologies**  
**Reconciliation of Non-GAAP Measures**  
**Nine Months Ended March 31, 2018**



|   | GAAP           | Amortization of Acquisition-Related Intangible Assets | Stock-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 and Other Costs | Non-recurring Tax Benefit <sup>(2)</sup> | Tax Effect on Non-GAAP Income | Non-GAAP       |              |
|---|----------------|---|--------------------------|--|------------------------|---------------------------------------|---|--|--|-------------------------------|----------------|--------------|
| Revenues:   |                |   |                          |  |                        |                                       |   |  |  |                               |                |              |
| Subscriptions and transactions                        | \$ 191,279     | \$ -  | \$ -                     | \$ -   | \$ -                   | \$ -                                  | \$ -  | \$ -   | \$ -                                     | \$ -                          | \$ 191,279     | % of Revenue |
| Software licenses                                     | 8,119          | -   | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 8,119          | 66%          |
| Service and maintenance                               | 85,251         | -   | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 85,251         | 3%           |
| Other   | 2,978          | -   | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 2,978          | 30%          |
|   |                |   |                          |  |                        |                                       |   |  |  |                               |                | 1%           |
| <b>Total revenues</b>                                 | <b>287,627</b> | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>287,627</b> | <b>100%</b>  |
| Cost of revenues:                                     |                |   |                          |  |                        |                                       |   |  |  |                               |                |              |
| Subscriptions and transactions                        | 85,372         | -   | (2,082)                  | (131)  | (194)                  | (2)                                   | -   | -  | -  | -                             | 82,963         | Margins      |
| Software licenses                                     | 632            | -   | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 632            | 57%          |
| Service and maintenance                               | 38,993         | -   | (1,815)                  | -  | (138)                  | (14)                                  | -   | -  | -  | -                             | 37,026         | 92%          |
| Other   | 2,298          | -   | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 2,298          | 57%          |
|   |                |   |                          |  |                        |                                       |   |  |  |                               |                | 23%          |
| <b>Total cost of revenues</b>                         | <b>127,295</b> | <b>-</b>  | <b>(3,897)</b>           | <b>(131)</b>                                 | <b>(332)</b>           | <b>(16)</b>                           | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>122,919</b> |              |
| <b>Gross profit</b>                                   | <b>160,332</b> | <b>-</b>  | <b>3,897</b>             | <b>131</b>                                   | <b>332</b>             | <b>16</b>                             | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>164,708</b> | <b>57%</b>   |
| Operating expenses:                                   |                |   |                          |  |                        |                                       |   |  |  |                               |                |              |
| Sales and marketing                                   | 63,119         | -   | (10,213)                 | (50)   | (475)                  | (8)                                   | -   | -  | -  | -                             | 52,373         | % of Revenue |
| Product development and engineering                   | 41,838         | -   | (4,094)                  | (269)  | (124)                  | (9)                                   | -   | -  | -  | -                             | 37,342         | 18%          |
| General and administrative                            | 35,565         | -   | (6,928)                  | (1,146)                                      | (545)                  | (2)                                   | -   | (4,973)  | -  | -                             | 21,971         | 13%          |
| Amortization of acquisition-related intangible assets | 16,708         | (16,708)  | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | -              | 8%           |
|   |                |   |                          |  |                        |                                       |   |  |  |                               |                | 0%           |
| <b>Total operating expenses</b>                       | <b>157,230</b> | <b>(16,708)</b>                                       | <b>(21,235)</b>          | <b>(1,465)</b>                               | <b>(1,144)</b>         | <b>(19)</b>                           | <b>-</b>  | <b>(4,973)</b>                                   | <b>-</b>                                 | <b>-</b>                      | <b>111,686</b> | <b>39%</b>   |
| <b>Income (loss) from operations</b>                  | <b>3,102</b>   | <b>16,708</b>   | <b>25,132</b>            | <b>1,596</b>                                 | <b>1,476</b>           | <b>35</b>                             | <b>-</b>  | <b>4,973</b>                                     | <b>-</b>                                 | <b>-</b>                      | <b>53,022</b>  | <b>18%</b>   |
| <b>Other expense, net</b>                             | <b>(9,288)</b> | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>6,393</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>(2,895)</b> | <b>-1%</b>   |
| <b>Income (loss) before income taxes</b>              | <b>(6,186)</b> | <b>16,708</b>   | <b>25,132</b>            | <b>1,596</b>                                 | <b>1,476</b>           | <b>35</b>                             | <b>6,393</b>  | <b>4,973</b>                                     | <b>-</b>                                 | <b>-</b>                      | <b>50,127</b>  | <b>17%</b>   |
| <b>Provision for (benefit from) income taxes</b>      | <b>(4,031)</b> | <b>-</b>  | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>4,402</b>                             | <b>14,035</b>                 | <b>14,406</b>  | <b>5%</b>    |
| <b>Net Income (loss) <sup>(1)</sup></b>               | <b>(2,155)</b> | <b>16,708</b>   | <b>25,132</b>            | <b>1,596</b>                                 | <b>1,476</b>           | <b>35</b>                             | <b>6,393</b>  | <b>4,973</b>                                     | <b>(4,402)</b>                           | <b>(14,035)</b>               | <b>35,721</b>  | <b>12%</b>   |
| Basic net income (loss) per share                     | \$ (0.06)      | 5.8%  | 8.7%                     | 0.6%   | 0.5%                   | 0.0%                                  | 2.2%  | 1.7%   | -1.5%                                    | -4.9%                         |                |              |
| Diluted net income (loss) per share <sup>(1)</sup>    | \$ (0.06)      |   |                          |  |                        |                                       |   |  |  |                               | \$ 0.92        |              |
| Shares used in computing net income (loss) per share: |                |   |                          |  |                        |                                       |   |  |  |                               |                |              |
| Basic   | 38,055         |   |                          |  |                        |                                       |   |  |  |                               |                |              |
| Diluted   | 38,055         |   |                          |  |                        |                                       |   |  |  |                               | 38,851         |              |

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items, specifically amortization of acquisition-related intangible assets, goodwill impairment charges, stock-based compensation, acquisition and integration-related expenses, restructuring related costs, minimum pension liability adjustments, non-core charges associated with our convertible notes and revolving credit facility, global enterprise resource planning (ERP) system implementation costs, and other non-core or non-recurring gains or losses that arise from time to time. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

<sup>(2)</sup> The non-recurring tax benefit in the nine months ended March 31, 2018 represents a benefit arising from the revaluation of certain deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

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**Nine Months Ended March 31, 2017**



|   | GAAP            | Amortization of Acquisition-Related Intangible Assets | Goodwill Impairment Charge | Stock-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 and Other Costs | Non-recurring Tax Benefit <sup>(1)</sup> | Tax Effect on Non-GAAP Income | Non-GAAP       |             |
|---|-----------------|---|----------------------------|--------------------------|--|------------------------|---------------------------------------|---|--|--|-------------------------------|----------------|-------------|
| Revenues:   |                 |   |                            |                          |  |                        |                                       |   |  |  |                               |                |             |
| Subscriptions and transactions                        | \$ 163,627      | \$ -  | \$ -                       | \$ -                     | \$ -   | \$ -                   | \$ -                                  | \$ -  | \$ -   | \$ -                                     | \$ -                          | \$ 163,627     | 64%         |
| Software licenses                                     | 8,348           | -   | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 8,348          | 3%          |
| Service and maintenance                               | 79,937          | -   | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 79,937         | 31%         |
| Other   | 3,999           | -   | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 3,999          | 2%          |
| <b>Total revenues</b>                                 | <b>255,911</b>  | <b>-</b>  | <b>-</b>                   | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>255,911</b> | <b>100%</b> |
| Cost of revenues:                                     |                 |   |                            |                          |  |                        |                                       |   |  |  |                               |                |             |
| Subscriptions and transactions                        | 74,535          | -   | -                          | (1,174)                  | (442)  | (235)                  | (43)                                  | -   | -  | -  | -                             | 72,641         | 56%         |
| Software licenses                                     | 589             | -   | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 589            | 93%         |
| Service and maintenance                               | 39,308          | -   | -                          | (2,809)                  | -  | (75)                   | (301)                                 | -   | -  | -  | -                             | 36,123         | 55%         |
| Other   | 2,891           | -   | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | 2,891          | 28%         |
| <b>Total cost of revenues</b>                         | <b>117,323</b>  | <b>-</b>  | <b>-</b>                   | <b>(3,983)</b>           | <b>(442)</b>                                 | <b>(310)</b>           | <b>(344)</b>                          | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>112,244</b> |             |
| <b>Gross profit</b>                                   | <b>138,588</b>  | <b>-</b>  | <b>-</b>                   | <b>3,983</b>             | <b>442</b>                                   | <b>310</b>             | <b>344</b>                            | <b>-</b>  | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>143,667</b> | <b>56%</b>  |
| Operating expenses:                                   |                 |   |                            |                          |  |                        |                                       |   |  |  |                               |                |             |
| Sales and marketing                                   | 57,176          | -   | -                          | (9,416)                  | (22)   | (219)                  | (214)                                 | -   | -  | -  | -                             | 47,305         | 18%         |
| Product development and engineering                   | 39,074          | -   | -                          | (3,970)                  | (14)   | (19)                   | (214)                                 | -   | -  | -  | -                             | 34,857         | 14%         |
| General and administrative                            | 35,339          | -   | -                          | (6,840)                  | (1,794)                                      | (13)                   | (33)                                  | -   | (6,673)  | -  | -                             | 19,986         | 8%          |
| Amortization of acquisition-related intangible assets | 18,381          | (18,381)  | -                          | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | -              | 0%          |
| Goodwill impairment charge                            | 7,529           | -   | (7,529)                    | -                        | -  | -                      | -                                     | -   | -  | -  | -                             | -              | 0%          |
| <b>Total operating expenses</b>                       | <b>157,499</b>  | <b>(18,381)</b>                                       | <b>(7,529)</b>             | <b>(20,226)</b>          | <b>(1,830)</b>                               | <b>(251)</b>           | <b>(461)</b>                          | <b>-</b>  | <b>(6,673)</b>                                   | <b>-</b>                                 | <b>-</b>                      | <b>102,148</b> | <b>40%</b>  |
| <b>Income (loss) from operations</b>                  | <b>(18,911)</b> | <b>18,381</b>   | <b>7,529</b>               | <b>24,209</b>            | <b>2,272</b>                                 | <b>561</b>             | <b>805</b>                            | <b>-</b>  | <b>6,673</b>                                     | <b>-</b>                                 | <b>-</b>                      | <b>41,519</b>  | <b>16%</b>  |
| <b>Other expense, net</b>                             | <b>(12,596)</b> | <b>-</b>  | <b>-</b>                   | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>10,418</b>   | <b>-</b>   | <b>-</b>                                 | <b>-</b>                      | <b>(2,178)</b> | <b>-1%</b>  |
| <b>Income (loss) before income taxes</b>              | <b>(31,507)</b> | <b>18,381</b>   | <b>7,529</b>               | <b>24,209</b>            | <b>2,272</b>                                 | <b>561</b>             | <b>805</b>                            | <b>10,418</b>   | <b>6,673</b>                                     | <b>-</b>                                 | <b>-</b>                      | <b>39,341</b>  | <b>15%</b>  |
| <b>Provision for (benefit from) income taxes</b>      | <b>(4,029)</b>  | <b>-</b>  | <b>-</b>                   | <b>-</b>                 | <b>-</b>                                     | <b>-</b>               | <b>-</b>                              | <b>-</b>  | <b>-</b>   | <b>4,461</b>                             | <b>(11,856)</b>               | <b>12,288</b>  | <b>5%</b>   |
| <b>Net income (loss) <sup>(1)</sup></b>               | <b>(27,478)</b> | <b>18,381</b>   | <b>7,529</b>               | <b>24,209</b>            | <b>2,272</b>                                 | <b>561</b>             | <b>805</b>                            | <b>10,418</b>   | <b>6,673</b>                                     | <b>(4,461)</b>                           | <b>(11,856)</b>               | <b>27,053</b>  | <b>11%</b>  |
| Basic net loss per share                              | \$ (0.73)       | 7.2%  | 2.9%                       | 9.5%                     | 0.9%   | 0.2%                   | 0.3%                                  | 4.1%  | 2.6%   | -1.7%                                    | -4.6%                         |                |             |
| Diluted net income (loss) per share <sup>(1)</sup>    | \$ (0.73)       |   |                            |                          |  |                        |                                       |   |  |  |                               | \$ 0.71        |             |
| Shares used in computing net income (loss) per share: |                 |   |                            |                          |  |                        |                                       |   |  |  |                               |                |             |
| Basic   | 37,891          |   |                            |                          |  |                        |                                       |   |  |  |                               |                |             |
| Diluted   | 37,891          |   |                            |                          |  |                        |                                       |   |  |  |                               |                | 38,078      |

<sup>(1)</sup> Core net income and core earnings per share are non-GAAP measures and exclude certain items, specifically amortization of acquisition-related intangible assets, goodwill impairment charges, stock-based compensation, acquisition and integration-related expenses, restructuring related costs, minimum pension liability adjustments, non-core charges associated with our convertible notes and revolving credit facility, global enterprise resource planning (ERP) system implementation costs, and other non-core or non-recurring gains or losses that arise from time to time. In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.

<sup>(2)</sup> The non-recurring tax benefit in the nine months ended March 31, 2017 represents a tax benefit in Switzerland related to the impairment of their investment in Intellinx, Ltd.

**Bottomline Technologies**  
**Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin**



|   | Reconciliation of Adjusted EBITDA |                  | Reconciliation of Adjusted EBITDA Margin |            |
|---|-----------------------------------|------------------|--|------------|
|   | Three Months Ended                |                  | Three Months Ended                       |            |
|   | 3/31/18                           | 3/31/17          | 3/31/18                                  | 3/31/17    |
| GAAP Net loss / GAAP Net loss margin                  | \$ (1,002)                        | \$ (6,624)       | (1%)                                     | (8%)       |
| Adjustments:  |                                   |                  |  |            |
| Other expense, net                                    | 1,293                             | 4,479            | 1%                                       | 5%         |
| Provision for (benefit from) income taxes             | 7                                 | (232)            | 0%                                       | (0%)       |
| Depreciation and amortization                         | 5,095                             | 4,684            | 5%                                       | 5%         |
| Amortization of acquisition-related intangible assets | 5,818                             | 6,006            | 6%                                       | 7%         |
| Stock-based compensation expense                      | 8,592                             | 7,354            | 9%                                       | 9%         |
| Acquisition and integration-related expenses          | 224                               | 501              | 0%                                       | 1%         |
| Restructuring expenses                                | 1,485                             | 561              | 1%                                       | 1%         |
| Minimum pension liability adjustments                 | (3)                               | 264              | 0%                                       | 0%         |
| Global ERP system implementation and other costs      | 1,558                             | 2,076            | 2%                                       | 2%         |
| Adjusted EBITDA / Adjusted EBITDA margin              | <u>\$ 23,067</u>                  | <u>\$ 19,069</u> | <u>23%</u>                               | <u>22%</u> |

<sup>(1)</sup> The table above presents reconciliations of adjusted EBITDA to GAAP Net loss and Adjusted EBITDA margin to GAAP Net loss margin. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA represents our GAAP net income or loss, adjusted for charges related to interest expense, income taxes, depreciation and amortization, and other charges. Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.

**Bottomline Technologies**  
**Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin**



|   | Reconciliation of Adjusted EBITDA |                  | Reconciliation of Adjusted EBITDA Margin |            |
|---|-----------------------------------|------------------|--|------------|
|   | Nine Months Ended                 |                  | Nine Months Ended                        |            |
|   | 3/31/18                           | 3/31/17          | 3/31/18                                  | 3/31/17    |
| GAAP Net loss / GAAP Net loss margin                  | \$ (2,155)                        | \$ (27,478)      | (1%)                                     | (11%)      |
| Adjustments:  |                                   |                  |  |            |
| Other expense, net                                    | 9,288                             | 12,596           | 3%                                       | 5%         |
| Benefit from income taxes                             | (4,031)                           | (4,029)          | (1%)                                     | (2%)       |
| Depreciation and amortization                         | 14,638                            | 12,925           | 5%                                       | 5%         |
| Amortization of acquisition-related intangible assets | 16,708                            | 18,381           | 6%                                       | 7%         |
| Goodwill impairment charge                            | -                                 | 7,529            | 0%                                       | 3%         |
| Stock-based compensation expense                      | 25,132                            | 24,209           | 8%                                       | 10%        |
| Acquisition and integration-related expenses          | 1,596                             | 2,272            | 1%                                       | 1%         |
| Restructuring expenses                                | 1,476                             | 561              | 1%                                       | 0%         |
| Minimum pension liability adjustments                 | 35                                | 805              | 0%                                       | 0%         |
| Global ERP system implementation and other costs      | 4,973                             | 6,673            | 2%                                       | 3%         |
| Adjusted EBITDA / Adjusted EBITDA margin              | <u>\$ 67,660</u>                  | <u>\$ 54,444</u> | <u>24%</u>                               | <u>21%</u> |

<sup>(1)</sup> The table above presents reconciliations of adjusted EBITDA to GAAP Net loss and Adjusted EBITDA margin to GAAP Net loss margin. Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Adjusted EBITDA represents our GAAP net income or loss, adjusted for charges related to interest expense, income taxes, depreciation and amortization, and other charges. Adjusted EBITDA margin represents Adjusted EBITDA divided by revenue.

**Bottomline Technologies**  
**Reconciliation of Diluted Core Earnings Per Share**



|   | Three Months Ended |                | Nine Months Ended |                |
|---|--------------------|----------------|-------------------|----------------|
|   | 3/31/18            | 3/31/17        | 3/31/18           | 3/31/17        |
| GAAP basic and diluted net loss per share             | \$ (0.03)          | \$ (0.17)      | \$ (0.06)         | \$ (0.73)      |
| Plus:   |                    |                |                   |                |
| Amortization of acquisition-related intangible assets | 0.15               | 0.16           | 0.43              | 0.48           |
| Goodwill impairment charge                            | -                  | -              | -                 | 0.20           |
| Stock-based compensation expense                      | 0.21               | 0.19           | 0.65              | 0.64           |
| Acquisition and integration-related expenses          | 0.01               | 0.01           | 0.04              | 0.06           |
| Restructuring expenses                                | 0.04               | 0.01           | 0.04              | 0.01           |
| Global ERP system implementation and other costs      | 0.04               | 0.05           | 0.13              | 0.18           |
| Minimum pension liability adjustments                 | (0.00)             | 0.01           | 0.00              | 0.02           |
| Amortization of debt issuance and debt discount costs | 0.00               | 0.09           | 0.16              | 0.27           |
| Non-recurring tax benefit                             | -                  | -              | (0.11)            | (0.12)         |
| Tax effects on non-GAAP income                        | (0.12)             | (0.12)         | (0.36)            | (0.30)         |
| Diluted core earnings per share                       | <u>\$ 0.30</u>     | <u>\$ 0.23</u> | <u>\$ 0.92</u>    | <u>\$ 0.71</u> |

|  | Three Months Ended |                 | Nine Months Ended |                  |
|--|--------------------|-----------------|-------------------|------------------|
|  | 3/31/18            | 3/31/17         | 3/31/18           | 3/31/17          |
| <u>Numerator:</u>  |                    |                 |                   |                  |
| Core net income  | <u>\$ 11,864</u>   | <u>\$ 9,004</u> | <u>\$ 35,721</u>  | <u>\$ 27,053</u> |
| <u>Denominator:</u>  |                    |                 |                   |                  |
| Weighted average shares used in computing basic and diluted net loss per share for GAAP  | 38,348             | 37,965          | 38,055            | 37,891           |
| Impact of dilutive securities (shares related to conversion feature on convertible senior notes, stock options, restricted stock awards and employee stock purchase plan) <sup>(1)</sup> | <u>986</u>         | <u>379</u>      | <u>941</u>        | <u>187</u>       |
| GAAP diluted shares  | 39,334             | 38,344          | 38,996            | 38,078           |
| Impact of note hedges <sup>(2)</sup>   | <u>-</u>           | <u>-</u>        | <u>(145)</u>      | <u>-</u>         |
| Weighted average shares used in computing diluted core earnings per share  | <u>39,334</u>      | <u>38,344</u>   | <u>38,851</u>     | <u>38,078</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.

<sup>(2)</sup> In computing diluted core earnings per share, we exclude the weighted average dilutive effect of shares issuable under our convertible senior notes to the extent that any such dilution would be offset by our note hedges; the note hedges would be considered an anti-dilutive security under GAAP.