

Bottomline Technologies
Reconciliation of Non-GAAP Measures
Three Months Ended June 30, 2017



	GAAP	Amortization of Intangible Assets	Goodwill Impairment and Fixed Asset Charges ⁽¹⁾	Stock-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Other Non-Core Benefit	Global ERP System Implementation Costs	Non-recurring Tax Benefit	Tax Effect on Non-GAAP Income	Non-GAAP
Revenues:													
Subscriptions and transactions	\$ 59,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,370
Software licenses	3,337	-	-	-	-	-	-	-	-	-	-	-	3,337
Service and maintenance	29,696	-	-	-	-	-	-	-	-	-	-	-	29,696
Other	1,098	-	-	-	-	-	-	-	-	-	-	-	1,098
Total revenues	93,501	-	-	-	-	-	-	-	-	-	-	-	93,501
Cost of revenues:													
Subscriptions and transactions	29,242	-	(2,399)	(551)	(6)	9	(15)	-	-	-	-	-	26,280
Software licenses	229	-	-	-	-	-	-	-	-	-	-	-	229
Service and maintenance	14,186	-	-	(557)	(66)	9	(103)	-	-	-	-	-	13,469
Other	846	-	-	-	-	-	-	-	-	-	-	-	846
Total cost of revenues	44,503	-	(2,399)	(1,108)	(72)	18	(118)	-	-	-	-	-	40,824
Gross profit	48,998	-	2,399	1,108	72	(18)	118	-	-	-	-	-	52,677
Operating expenses:													
Sales and marketing	20,294	-	-	(3,142)	-	(8)	(74)	-	-	-	-	-	17,070
Product development	13,928	-	-	(1,328)	(89)	-	(75)	-	-	-	-	-	12,436
General and administrative	11,188	-	-	(2,126)	(163)	4	(7)	-	223	(2,131)	-	-	6,988
Amortization of intangible assets	5,865	(5,865)	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment charge	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	51,275	(5,865)	-	(6,596)	(252)	(4)	(156)	-	223	(2,131)	-	-	36,494
Income (loss) from operations	(2,277)	5,865	2,399	7,704	324	(14)	274	-	(223)	2,131	-	-	16,183
Other expense, net	(4,490)	-	-	-	-	-	-	3,649	-	-	-	-	(841)
Income (loss) before income taxes	(6,767)	5,865	2,399	7,704	324	(14)	274	3,649	(223)	2,131	-	-	15,342
Provision for (benefit from) income taxes	(1,108)	-	-	-	-	-	-	-	-	-	153	5,674	4,719
Net income (loss)	(5,659)	5,865	2,399	7,704	324	(14)	274	3,649	(223)	2,131	(153)	(5,674)	10,623
Basic net loss per share	\$ (0.15)	6.3%	2.6%	8.2%	0.3%	0.0%	0.3%	3.9%	-0.2%	2.3%	-0.2%	-6.1%	
Diluted net income (loss) per share	\$ (0.15)												\$ 0.28
Shares used in computing net income (loss) per share:													
Basic	37,693												
Diluted	37,693												38,030

⁽¹⁾ 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 effect of shares issuable under our convertible 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.

⁽²⁾ Consists of a non-recurring fixed asset charge of \$2.4 million and a goodwill impairment charge of \$7.5 million in the three months ended June 30, 2017 and December 31, 2016, respectively.

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



	GAAP	Amortization of Intangible Assets	Stock-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Other Non-Core Benefit	Global ERP System Implementation Costs	Tax Effect on Non-GAAP Income	Non-GAAP	
Revenues:												% of Revenue
Subscriptions and transactions	\$ 50,870	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,870	57%
Software licenses	5,072	-	-	-	-	-	-	-	-	-	5,072	6%
Service and maintenance	30,495	-	-	-	-	-	-	-	-	-	30,495	35%
Other	1,675	-	-	-	-	-	-	-	-	-	1,675	2%
Total revenues	88,112	-	-	-	-	-	-	-	-	-	88,112	100%
Cost of revenues:												Margins
Subscriptions and transactions	23,207	-	(321)	(101)	14	(3)	-	-	-	-	22,796	55%
Software licenses	289	-	-	-	-	-	-	-	-	-	289	94%
Service and maintenance	13,691	-	(795)	-	13	(23)	-	-	-	-	12,886	58%
Other	1,252	-	-	-	-	-	-	-	-	-	1,252	25%
Total cost of revenues	38,439	-	(1,116)	(101)	27	(26)	-	-	-	-	37,223	
Gross profit	49,673	-	1,116	101	(27)	26	-	-	-	-	50,889	58%
Operating expenses:												% of Revenue
Sales and marketing	21,214	-	(2,602)	(4)	21	(17)	-	-	-	-	18,612	21%
Product development	12,396	-	(1,302)	(4)	16	(17)	-	-	-	-	11,089	13%
General and administrative	11,289	-	(2,165)	(58)	8	(3)	-	246	(2,433)	-	6,884	8%
Amortization of intangible assets	7,258	(7,258)	-	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	-	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	52,157	(7,258)	(6,069)	(66)	45	(37)	-	246	(2,433)	-	36,585	42%
Income (loss) from operations	(2,484)	7,258	7,185	167	(72)	63	-	(246)	2,433	-	14,304	16%
Other expense, net	(3,903)	-	-	-	-	-	3,319	-	-	-	(584)	-1%
Income (loss) before income taxes	(6,387)	7,258	7,185	167	(72)	63	3,319	(246)	2,433	-	13,720	16%
Provision for (benefit from) income taxes	(461)	-	-	-	-	-	-	-	-	4,967	4,506	5%
Net income (loss)	(5,926)	7,258	7,185	167	(72)	63	3,319	(246)	2,433	(4,967)	9,214	10%
Basic net loss per share	\$ (0.16)	8.2%	8.2%	0.2%	-0.1%	0.1%	3.8%	-0.3%	2.8%	-5.6%		
Diluted net income (loss) per share	\$ (0.16)										\$ 0.24	
Shares used in computing net income (loss) per share:												
Basic	37,949											
Diluted	37,949										38,312	

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Bottomline Technologies
Reconciliation of Non-GAAP Measures
Twelve Months Ended June 30, 2017



	GAAP	Amortization of Intangible Assets	Goodwill Impairment and Fixed Asset Charges ⁽¹⁾	Stock-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Other Non-Core Benefit	Global ERP System Implementation Costs	Non-recurring Tax Benefit	Tax Effect on Non-GAAP Income	Non-GAAP
Revenues:													
Subscriptions and transactions	\$ 222,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,997
Software licenses	11,685	-	-	-	-	-	-	-	-	-	-	-	11,685
Service and maintenance	109,633	-	-	-	-	-	-	-	-	-	-	-	109,633
Other	5,097	-	-	-	-	-	-	-	-	-	-	-	5,097
Total revenues	349,412	-	-	-	-	-	-	-	-	-	-	-	349,412
Cost of revenues:													
Subscriptions and transactions	103,777	-	(2,399)	(1,725)	(448)	(226)	(58)	-	-	-	-	-	98,921
Software licenses	818	-	-	-	-	-	-	-	-	-	-	-	818
Service and maintenance	53,494	-	-	(3,366)	(66)	(66)	(404)	-	-	-	-	-	49,592
Other	3,737	-	-	-	-	-	-	-	-	-	-	-	3,737
Total cost of revenues	161,826	-	(2,399)	(5,091)	(514)	(292)	(462)	-	-	-	-	-	153,068
Gross profit	187,586	-	2,399	5,091	514	292	462	-	-	-	-	-	196,344
Operating expenses:													
Sales and marketing	77,470	-	-	(12,558)	(22)	(227)	(288)	-	-	-	-	-	64,375
Product development	53,002	-	-	(5,298)	(103)	(19)	(289)	-	-	-	-	-	47,293
General and administrative	46,527	-	-	(8,966)	(1,957)	(9)	(40)	-	223	(8,804)	-	-	26,974
Amortization of intangible assets	24,246	(24,246)	-	-	-	-	-	-	-	-	-	-	-
Goodwill impairment charge	7,529	-	(7,529)	-	-	-	-	-	-	-	-	-	-
Total operating expenses	208,774	(24,246)	(7,529)	(26,822)	(2,082)	(255)	(617)	-	223	(8,804)	-	-	138,642
Income (loss) from operations	(21,188)	24,246	9,928	31,913	2,596	547	1,079	-	(223)	8,804	-	-	57,702
Other expense, net	(17,086)	-	-	-	-	-	-	14,067	-	-	-	-	(3,019)
Income (loss) before income taxes	(38,274)	24,246	9,928	31,913	2,596	547	1,079	14,067	(223)	8,804	-	-	54,683
Provision for (benefit from) income taxes	(5,137)	-	-	-	-	-	-	-	-	-	4,614	17,530	17,007
Net income (loss)	(33,137)	24,246	9,928	31,913	2,596	547	1,079	14,067	(223)	8,804	(4,614)	(17,530)	37,676
Basic net loss per share	\$ (0.88)	6.9%	2.8%	9.1%	0.7%	0.2%	0.3%	4.0%	-0.1%	2.5%	-1.3%	-5.0%	
Diluted net income (loss) per share	\$ (0.88)												\$ 0.99
Shares used in computing net income (loss) per share:													
Basic	37,842												
Diluted	37,842												38,066

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Reconciliation of Non-GAAP Measures
Twelve Months Ended June 30, 2016



	GAAP	Amortization of Intangible Assets	Stock-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount costs	Other Non-Core Benefit	Global ERP System Implementation Costs	Tax Effect on Non-GAAP Income	Non-GAAP	
Revenues:												% of Revenue
Subscriptions and transactions	\$ 195,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,187	57%
Software licenses	20,826	-	-	-	-	-	-	-	-	-	20,826	6%
Service and maintenance	120,292	-	-	-	-	-	-	-	-	-	120,292	35%
Other	6,969	-	-	-	-	-	-	-	-	-	6,969	2%
Total revenues	343,274	-	-	-	-	-	-	-	-	-	343,274	100%
Cost of revenues:												Margins
Subscriptions and transactions	87,775	-	(1,582)	(151)	(66)	(10)	-	-	-	-	85,966	56%
Software licenses	1,030	-	-	-	-	-	-	-	-	-	1,030	95%
Service and maintenance	53,236	-	(3,002)	(1)	(62)	(73)	-	-	-	-	50,098	58%
Other	5,059	-	-	-	-	-	-	-	-	-	5,059	27%
Total cost of revenues	147,100	-	(4,584)	(152)	(128)	(83)	-	-	-	-	142,153	
Gross profit	196,174	-	4,584	152	128	83	-	-	-	-	201,121	59%
Operating expenses:												% of Revenue
Sales and marketing	84,068	-	(12,251)	(4)	(373)	(54)	-	-	-	-	71,386	21%
Product development	47,355	-	(5,207)	(9)	(87)	(56)	-	-	-	-	41,996	12%
General and administrative	39,324	-	(8,237)	(576)	(262)	(10)	-	246	(4,252)	-	26,233	8%
Amortization of intangible assets	28,978	(28,978)	-	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	-	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	199,725	(28,978)	(25,695)	(589)	(722)	(120)	-	246	(4,252)	-	139,615	41%
Income (loss) from operations	(3,551)	28,978	30,279	741	850	203	-	(246)	4,252	-	61,506	18%
Other expense, net	(15,312)	-	-	-	-	-	12,958	-	-	-	(2,354)	-1%
Income (loss) before income taxes	(18,863)	28,978	30,279	741	850	203	12,958	(246)	4,252	-	59,152	17%
Provision for income taxes	785	-	-	-	-	-	-	-	-	19,607	20,392	6%
Net Income (loss)	(19,648)	28,978	30,279	741	850	203	12,958	(246)	4,252	(19,607)	38,760	11%
Basic net loss per share	\$ (0.52)	8.4%	8.8%	0.2%	0.2%	0.1%	3.8%	-0.1%	1.2%	-5.7%		
Diluted net income (loss) per share	\$ (0.52)										\$ 1.01	
Shares used in computing net income (loss) per share:												
Basic	37,957											
Diluted	37,957										38,462	

⁽¹⁾ 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 effect of shares issuable under our convertible 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 Adjusted EBITDA and Adjusted EBITDA margin



	Reconciliation of Adjusted EBITDA		Reconciliation of Adjusted EBITDA Margin	
	Three Months Ended		Three Months Ended	
	6/30/17	6/30/16	6/30/17	6/30/16
GAAP Net loss / GAAP Net loss margin	\$ (5,659)	\$ (5,926)	(6%)	(7%)
Adjustments:				
Other expense, net	4,490	3,903	5%	4%
Benefit from income taxes	(1,108)	(461)	(1%)	(1%)
Depreciation and amortization	6,603	3,700	7%	4%
Amortization of acquired intangible assets	5,865	7,258	6%	8%
Stock-based compensation expense	7,704	7,185	9%	9%
Acquisition and integration-related expenses	324	167	0%	0%
Restructuring benefit	(14)	(72)	0%	0%
Minimum pension liability adjustments	274	63	0%	0%
Global ERP system implementation costs	2,131	2,433	2%	3%
Other non-core expense (benefit)	189	(246)	0%	0%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 20,799	\$ 18,004	22%	20%

⁽¹⁾ 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	
	Twelve Months Ended		Twelve Months Ended	
	6/30/17	6/30/16	6/30/17	6/30/16
GAAP Net loss / GAAP Net loss margin	\$ (33,137)	\$ (19,648)	(9%)	(6%)
Adjustments:				
Other expense, net	17,086	15,312	5%	4%
Provision for (benefit from) income taxes	(5,137)	785	(1%)	0%
Depreciation and amortization	19,528	13,489	6%	4%
Amortization of acquired intangible assets	24,246	28,978	7%	9%
Goodwill impairment charge	7,529	-	2%	0%
Stock-based compensation expense	31,913	30,279	8%	10%
Acquisition and integration-related expenses	2,596	741	1%	0%
Restructuring expense	547	850	0%	0%
Minimum pension liability adjustments	1,079	203	0%	0%
Global ERP system implementation costs	8,804	4,252	3%	1%
Other non-core expense (benefit)	189	(246)	0%	0%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 75,243	\$ 74,995	22%	22%

⁽¹⁾ 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
Constant Currency Growth Rate



	Three Months Ended		GAAP Growth Rate	% Increase Impact from Currency	Constant Currency Growth Rates ⁽¹⁾
	6/30/17	6/30/16			
Subscriptions and Transactions Revenues	\$ 59,370	\$ 50,870	17%	3%	20%
Established Subscriptions and Transactions Revenues ⁽²⁾	\$ 43,884	\$ 36,945	19%	4%	23%
Total Revenues	\$ 93,501	\$ 88,112	6%	3%	9%

	Twelve Months Ended		GAAP Growth Rate	% Increase Impact from Currency	Constant Currency Growth Rates ⁽¹⁾
	6/30/17	6/30/16			
Subscriptions and Transactions Revenues	\$ 222,997	\$ 195,187	14%	4%	18%
Total Revenues	\$ 349,412	\$ 343,274	2%	4%	6%

⁽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.

⁽²⁾ Established Subscriptions and Transactions Revenues excludes our Digital Banking segment.

Bottomline Technologies
Reconciliation of Diluted Core Earnings Per Share



	Three Months Ended		Twelve Months Ended	
	6/30/17	6/30/16	6/30/17	6/30/16
GAAP basic and diluted net loss per share	\$ (0.15)	\$ (0.16)	\$ (0.88)	\$ (0.52)
Plus:				
Impact on GAAP diluted net loss per share of weighted average shares used in computing core earnings per share	-	0.01	0.01	0.01
Amortization of acquired intangible assets	0.15	0.19	0.64	0.75
Goodwill impairment and fixed asset charges	0.06	-	0.26	-
Stock-based compensation expense	0.20	0.19	0.84	0.79
Acquisition and integration-related expenses	0.01	0.00	0.07	0.02
Restructuring expense (benefit)	(0.00)	(0.00)	0.01	0.02
Global ERP system implementation costs	0.06	0.06	0.23	0.11
Other non-core benefit	(0.01)	(0.01)	(0.01)	(0.01)
Minimum pension liability adjustments	0.01	0.00	0.03	0.01
Amortization of debt issuance and debt discount costs	0.10	0.09	0.37	0.34
Non-recurring tax benefits	(0.00)	-	(0.12)	-
Tax effects on non-GAAP income	(0.15)	(0.13)	(0.46)	(0.51)
Diluted core net income per share	<u>\$ 0.28</u>	<u>\$ 0.24</u>	<u>\$ 0.99</u>	<u>\$ 1.01</u>

	Three Months Ended		Twelve Months Ended	
	6/30/17	6/30/16	6/30/17	6/30/16
<u>Numerator:</u>				
Core net income	<u>\$ 10,623</u>	<u>\$ 9,214</u>	<u>\$ 37,676</u>	<u>\$ 38,760</u>
<u>Denominator:</u>				
Weighted average shares used in computing basic and diluted net loss per share for GAAP	37,693	37,949	37,842	37,957
Impact of dilutive securities (stock options, restricted stock awards and employee stock purchase plan) ⁽¹⁾	<u>337</u>	<u>363</u>	<u>224</u>	<u>505</u>
Weighted average shares used in computing diluted core earnings per share	<u>38,030</u>	<u>38,312</u>	<u>38,066</u>	<u>38,462</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.