

Bottomline Technologies
Reconciliation of Non-GAAP Measures
Three Months Ended June 30, 2018



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Legal Settlement	Gain on Sale of Investment	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Other Non-Core Benefit ⁽²⁾	Global ERP System Implementation and Other Costs	Non-recurring Tax Benefit ⁽³⁾	Tax Effects on Non-GAAP Income	Non-GAAP	
Revenues:															
Subscriptions and transactions	\$ 71,084	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,084	67%
Software licenses	2,158	-	-	-	-	-	-	-	-	-	-	-	-	2,158	2%
Service and maintenance	29,675	-	-	-	-	-	-	-	-	-	-	-	-	29,675	28%
Other	3,552	-	-	-	-	-	-	-	-	-	-	-	-	3,552	3%
Total revenues	106,469	-	-	-	-	-	-	-	-	-	-	-	-	106,469	100%
Cost of revenues:															
Subscriptions and transactions	31,661	-	(771)	(502)	(3)	-	-	1	-	-	-	-	-	30,386	57%
Software licenses	183	-	-	-	-	-	-	-	-	-	-	-	-	183	92%
Service and maintenance	13,257	-	(665)	-	13	-	-	5	-	-	-	-	-	12,610	58%
Other	734	-	-	-	-	-	-	-	-	-	-	-	-	734	29%
Total cost of revenues	45,835	-	(1,436)	(502)	10	-	-	6	-	-	-	-	-	43,913	
Gross profit	60,634	-	1,436	502	(10)	-	-	(6)	-	-	-	-	-	62,556	59%
Operating expenses:															
Sales and marketing	22,793	-	(3,671)	(11)	(20)	-	-	3	-	-	-	-	-	19,094	18%
Product development and engineering	15,472	-	(1,392)	(166)	4	-	-	3	-	-	-	-	-	13,921	13%
General and administrative	14,272	-	(2,569)	(289)	(13)	(1,269)	-	(1)	-	150	(1,457)	-	-	8,824	8%
Amortization of acquisition-related intangible assets	5,368	(5,368)	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	57,905	(5,368)	(7,632)	(466)	(29)	(1,269)	-	5	-	150	(1,457)	-	-	41,839	39%
Income (loss) from operations	2,729	5,368	9,068	968	19	1,269	-	(11)	-	(150)	1,457	-	-	20,717	19%
Other income (expense), net	4,582	-	-	-	-	-	(2,419)	-	109	(3,700)	-	-	-	(1,428)	-1%
Income (loss) before income taxes	7,311	5,368	9,068	968	19	1,269	(2,419)	(11)	109	(3,850)	1,457	-	-	19,289	18%
Provision for (benefit from) income taxes	(4,172)	-	-	-	-	-	-	-	-	-	-	3,637	(5,659)	5,124	5%
Net income (loss) ⁽¹⁾	11,483	5,368	9,068	968	19	1,269	(2,419)	(11)	109	(3,850)	1,457	(3,637)	(5,659)	14,165	13%
Basic net income per share	\$ 0.30														
Diluted net income per share ⁽¹⁾	\$ 0.28														
Shares used in computing net income per share:															
Basic	38,743														
Diluted	40,316														

⁽¹⁾ 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 and fixed asset charges, stock-based compensation plan expense, 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.

⁽²⁾ Consists primarily of non-recurring other income of \$3.7 million recorded in connection with an investment sale.

⁽³⁾ The non-recurring tax benefit in the three months ended June 30, 2018 primarily represents a benefit arising from the revaluation of certain deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

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



	GAAP	Amortization of Acquisition-Related Intangible Assets	Goodwill Impairment and Fixed Asset Charges ⁽²⁾	Stock-Based Compensation Plan Expense	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 and Other Costs	Non-recurring Tax Benefit	Tax Effects on Non-GAAP Income	Non-GAAP	
Revenues:														
Subscriptions and transactions	\$ 59,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,370	63%
Software licenses	3,337	-	-	-	-	-	-	-	-	-	-	-	3,337	4%
Service and maintenance	29,696	-	-	-	-	-	-	-	-	-	-	-	29,696	32%
Other	1,098	-	-	-	-	-	-	-	-	-	-	-	1,098	1%
Total revenues	93,501	-	-	-	-	-	-	-	-	-	-	-	93,501	100%
Cost of revenues:														
Subscriptions and transactions	29,242	-	(2,399)	(551)	(6)	9	(15)	-	-	-	-	-	26,280	56%
Software licenses	229	-	-	-	-	-	-	-	-	-	-	-	229	93%
Service and maintenance	14,186	-	-	(557)	(66)	9	(103)	-	-	-	-	-	13,469	55%
Other	846	-	-	-	-	-	-	-	-	-	-	-	846	23%
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	56%
Operating expenses:														
Sales and marketing	20,294	-	-	(3,142)	-	(8)	(74)	-	-	-	-	-	17,070	18%
Product development and engineering	13,928	-	-	(1,328)	(89)	-	(75)	-	-	-	-	-	12,436	13%
General and administrative	11,188	-	-	(2,126)	(163)	4	(7)	-	223	(2,131)	-	-	6,988	7%
Amortization of intangible assets	5,865	(5,865)	-	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	51,275	(5,865)	-	(6,596)	(252)	(4)	(156)	-	223	(2,131)	-	-	36,494	39%
Income (loss) from operations	(2,277)	5,865	2,399	7,704	324	(14)	274	-	(223)	2,131	-	-	16,183	17%
Other expense, net	(4,490)	-	-	-	-	-	-	3,649	-	-	-	-	(841)	-1%
Income (loss) before income taxes	(6,767)	5,865	2,399	7,704	324	(14)	274	3,649	(223)	2,131	-	-	15,342	16%
Provision for (benefit from) income taxes	(1,108)	-	-	-	-	-	-	-	-	-	153	5,674	4,719	5%
Net income (loss) ⁽¹⁾	(5,659)	5,865	2,399	7,704	324	(14)	274	3,649	(223)	2,131	(153)	(5,674)	10,623	11%
Basic net loss per share	\$ (0.15)		6.3%	2.6%	8.2%	0.3%	0.0%	3.9%	-0.2%	2.3%	-0.2%	-6.1%		
Diluted net income (loss) per share ⁽¹⁾	\$ (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 acquisition-related intangible assets, goodwill impairment and fixed asset charges, stock-based compensation plan expense, 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.

⁽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
Twelve Months Ended June 30, 2018



	GAAP	Amortization of Acquisition-Related Intangible Assets	Stock-Based Compensation Plan Expense	Acquisition and Integration-Related Expenses	Restructuring Expenses (Benefit)	Legal Settlement	Gain on Sale of Investment	Minimum Pension Liability Adjustments	Amortization of Debt Issuance and Debt Discount Costs	Other Non-Core Benefit ⁽¹⁾	Global ERP System Implementation and Other Costs	Non-recurring Tax Benefit ⁽¹⁾	Tax Effects on Non-GAAP Income	Non-GAAP	% of Revenue
Revenues:															
Subscriptions and transactions	\$ 262,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 262,363	66%
Software licenses	10,277	-	-	-	-	-	-	-	-	-	-	-	-	10,277	3%
Service and maintenance	114,926	-	-	-	-	-	-	-	-	-	-	-	-	114,926	29%
Other	6,530	-	-	-	-	-	-	-	-	-	-	-	-	6,530	2%
Total revenues	394,096	-	-	-	-	-	-	-	-	-	-	-	-	394,096	100%
Cost of revenues:															
Subscriptions and transactions	117,033	-	(2,853)	(633)	(197)	-	-	(1)	-	-	-	-	-	113,349	57%
Software licenses	815	-	-	-	-	-	-	-	-	-	-	-	-	815	92%
Service and maintenance	52,250	-	(2,480)	-	(125)	-	-	(9)	-	-	-	-	-	49,636	57%
Other	3,032	-	-	-	-	-	-	-	-	-	-	-	-	3,032	54%
Total cost of revenues	173,130	-	(5,333)	(633)	(322)	-	-	(10)	-	-	-	-	-	166,832	
Gross profit	220,966	-	5,333	633	322	-	-	10	-	-	-	-	-	227,264	58%
Operating expenses:															
Sales and marketing	85,912	-	(13,884)	(61)	(495)	-	-	(5)	-	-	-	-	-	71,467	18%
Product development and engineering	57,310	-	(5,486)	(435)	(120)	-	-	(6)	-	-	-	-	-	51,263	13%
General and administrative	49,837	-	(9,497)	(1,435)	(558)	(1,269)	-	(3)	-	150	(6,430)	-	-	30,795	8%
Amortization of acquisition-related intangible assets	22,076	(22,076)	-	-	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	215,135	(22,076)	(28,867)	(1,931)	(1,173)	(1,269)	-	(14)	-	150	(6,430)	-	-	153,525	39%
Income (loss) from operations	5,831	22,076	34,200	2,564	1,495	1,269	-	24	-	(150)	6,430	-	-	73,739	19%
Other income (expense), net	(4,706)	-	-	-	-	-	(2,419)	-	6,502	(3,700)	-	-	-	(4,323)	-1%
Income (loss) before income taxes	1,125	22,076	34,200	2,564	1,495	1,269	(2,419)	24	6,502	(3,850)	6,430	-	-	69,416	18%
Provision for (benefit from) income taxes	(8,203)	-	-	-	-	-	-	-	-	-	-	8,039	19,694	19,530	5%
Net Income (loss) ⁽¹⁾	9,328	22,076	34,200	2,564	1,495	1,269	(2,419)	24	6,502	(3,850)	6,430	(8,039)	(19,694)	49,886	13%
Basic net income per share	\$ 0.24	5.6%	8.7%	0.7%	0.4%	0.3%	-0.6%	0.0%	1.6%	-1.0%	1.6%	-2.0%	-5.0%		
Diluted net income per share ⁽¹⁾	\$ 0.24													\$ 1.27	
Shares used in computing net income per share:															
Basic	38,227														
Diluted	39,326													39,326	

⁽¹⁾ 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 and fixed asset charges, stock-based compensation plan expense, 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.

⁽²⁾ Consists primarily of non-recurring other income of \$3.7 million recorded in connection with an investment sale.

⁽³⁾ The non-recurring tax benefit in the twelve months ended June 30, 2018 primarily represents a benefit arising from the revaluation of certain deferred tax liabilities as a result of the U.S. Tax Cuts and Jobs Act.

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



	GAAP	Amortization of Acquisition-Related Intangible Assets	Goodwill Impairment and Fixed Asset Charges ⁽²⁾	Stock-Based Compensation Plan Expense	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 and Other Costs	Non-recurring Tax Benefit ⁽³⁾	Tax Effects on Non-GAAP Income	Non-GAAP	% of Revenue
Revenues:														
Subscriptions and transactions	\$ 222,997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,997	65%
Software licenses	11,685	-	-	-	-	-	-	-	-	-	-	-	11,685	3%
Service and maintenance	109,633	-	-	-	-	-	-	-	-	-	-	-	109,633	31%
Other	5,097	-	-	-	-	-	-	-	-	-	-	-	5,097	1%
Total revenues	349,412	-	-	-	-	-	-	-	-	-	-	-	349,412	100%
Cost of revenues:														
Subscriptions and transactions	103,777	-	(2,399)	(1,725)	(448)	(226)	(58)	-	-	-	-	-	98,921	56%
Software licenses	818	-	-	-	-	-	-	-	-	-	-	-	818	93%
Service and maintenance	53,494	-	-	(3,366)	(66)	(66)	(404)	-	-	-	-	-	49,592	55%
Other	3,737	-	-	-	-	-	-	-	-	-	-	-	3,737	27%
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	56%
Operating expenses:														
Sales and marketing	77,470	-	-	(12,558)	(22)	(227)	(288)	-	-	-	-	-	64,375	18%
Product development and engineering	53,002	-	-	(5,298)	(103)	(19)	(289)	-	-	-	-	-	47,293	14%
General and administrative	46,527	-	-	(8,966)	(1,957)	(9)	(40)	-	223	(8,804)	-	-	26,974	8%
Amortization of acquisition-related intangible assets	24,246	(24,246)	-	-	-	-	-	-	-	-	-	-	-	0%
Goodwill impairment charge	7,529	-	(7,529)	-	-	-	-	-	-	-	-	-	-	0%
Total operating expenses	208,774	(24,246)	(7,529)	(26,822)	(2,082)	(255)	(617)	-	223	(8,804)	-	-	138,642	40%
Income (loss) from operations	(21,188)	24,246	9,928	31,913	2,596	547	1,079	-	(223)	8,804	-	-	57,702	17%
Other expense, net	(17,086)	-	-	-	-	-	-	14,067	-	-	-	-	(3,019)	-1%
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	16%
Provision for (benefit from) income taxes	(5,137)	-	-	-	-	-	-	-	-	-	4,614	17,530	17,007	5%
Net income (loss)⁽¹⁾	(33,137)	24,246	9,928	31,913	2,596	547	1,079	14,067	(223)	8,804	(4,614)	(17,530)	37,676	11%
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 ⁽¹⁾	\$ (0.88)												\$ 0.99	
Shares used in computing net income (loss) per share:														
Basic	37,842													
Diluted	37,842												38,066	

⁽¹⁾ 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 and fixed asset charges, stock-based compensation plan expense, 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.

⁽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.

⁽³⁾ The non-recurring tax benefit in the twelve months ended June 30, 2017 primarily 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	
	6/30/18	6/30/17	6/30/18	6/30/17
GAAP Net income (loss) / GAAP Net income (loss) margin	\$ 11,483	\$ (5,659)	11%	(6%)
Adjustments:				
Other expense (income), net	(4,582)	4,490	(4%)	5%
Income tax benefit	(4,172)	(1,108)	(4%)	(1%)
Depreciation and amortization	5,356	6,603	5%	7%
Amortization of acquisition-related intangible assets	5,368	5,865	5%	6%
Stock-based compensation plan expense	9,068	7,704	8%	9%
Acquisition and integration-related expenses	968	324	1%	0%
Restructuring expense (benefit)	19	(14)	0%	0%
Legal settlement	1,269	-	1%	0%
Minimum pension liability adjustments	(11)	274	0%	0%
Global ERP system implementation and other costs	1,457	2,131	1%	2%
Other non-core expense (benefit)	(150)	189	0%	0%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 26,073	\$ 20,799	24%	22%

⁽¹⁾ The table above presents reconciliations of adjusted EBITDA to GAAP Net income (loss) and Adjusted EBITDA margin to GAAP Net income (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	
	6/30/18	6/30/17	6/30/18	6/30/17
GAAP Net income (loss) / GAAP Net income (loss) margin	\$ 9,328	\$ (33,137)	2%	(9%)
Adjustments:				
Other expense, net	4,706	17,086	1%	5%
Income tax benefit	(8,203)	(5,137)	(2%)	(1%)
Depreciation and amortization	19,994	19,528	5%	6%
Amortization of acquisition-related intangible assets	22,076	24,246	6%	7%
Goodwill impairment charge	-	7,529	0%	2%
Stock-based compensation plan expense	34,200	31,913	8%	8%
Acquisition and integration-related expenses	2,564	2,596	1%	1%
Restructuring expense	1,495	547	0%	0%
Legal settlement	1,269	-	1%	0%
Minimum pension liability adjustments	24	1,079	0%	0%
Global ERP system implementation and other costs	6,430	8,804	2%	3%
Other non-core expense (benefit)	(150)	189	0%	0%
Adjusted EBITDA / Adjusted EBITDA margin	\$ 93,733	\$ 75,243	24%	22%

⁽¹⁾ The table above presents reconciliations of adjusted EBITDA to GAAP Net income (loss) and Adjusted EBITDA margin to GAAP Net income (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		Twelve Months Ended	
	6/30/18	6/30/17	6/30/18	6/30/17
GAAP diluted net income (loss) per share	\$ 0.28	\$ (0.15)	\$ 0.24	\$ (0.88)
Plus:				
Impact on GAAP diluted net loss per share of weighted average shares used in computing core earnings per share	-	-	-	0.01
Amortization of acquisition-related intangible assets	0.13	0.15	0.56	0.64
Goodwill impairment and fixed asset charges	-	0.06	-	0.26
Stock-based compensation plan expense	0.23	0.20	0.87	0.84
Acquisition and integration-related expenses	0.02	0.01	0.06	0.07
Restructuring expense (benefit)	0.00	(0.00)	0.04	0.01
Legal settlement	0.04	-	0.03	-
Global ERP system implementation and other costs	0.04	0.06	0.16	0.23
Other non-core benefit	(0.10)	(0.01)	(0.10)	(0.01)
Gain on sale of investment	(0.06)	-	(0.06)	-
Minimum pension liability adjustments	(0.00)	0.01	0.00	0.03
Amortization of debt issuance and debt discount costs	0.00	0.10	0.17	0.37
Non-recurring tax benefit	(0.09)	(0.00)	(0.20)	(0.12)
Tax effects on non-GAAP income	(0.14)	(0.15)	(0.50)	(0.46)
Diluted core earnings per share	<u>\$ 0.35</u>	<u>\$ 0.28</u>	<u>\$ 1.27</u>	<u>\$ 0.99</u>

	Three Months Ended		Twelve Months Ended	
	6/30/18	6/30/17	6/30/18	6/30/17
<u>Numerator:</u>				
Core net income	<u>\$ 14,165</u>	<u>\$ 10,623</u>	<u>\$ 49,886</u>	<u>\$ 37,676</u>
<u>Denominator:</u>				
Weighted average shares used in computing basic net income (loss) per share for GAAP	38,743	37,693	38,227	37,842
Impact of dilutive securities (shares related to conversion feature on convertible senior notes, stock options, restricted stock awards and employee stock purchase plan) ⁽¹⁾	<u>1,573</u>	<u>337</u>	<u>1,099</u>	<u>224</u>
Weighted average shares used in computing diluted core earnings per share	<u>40,316</u>	<u>38,030</u>	<u>39,326</u>	<u>38,066</u>

⁽¹⁾ These securities are dilutive on a GAAP basis in periods where we report GAAP net income. These securities are anti-dilutive on a GAAP basis in periods where we report GAAP net loss.