

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Three Months Ended September 30, 2014

	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Non-Cash Pension Expense	Non-Cash Interest Expense	Non-GAAP	
Revenues:									<i>% of Revenue</i>
Subscriptions and transactions	\$ 40,871	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,871	50%
Software licenses	5,658	-	-	-	-	-	-	5,658	7%
Service and maintenance	32,960	-	-	-	-	-	-	32,960	41%
Other	1,854	-	-	-	-	-	-	1,854	2%
Total revenues	81,343	-	-	-	-	-	-	81,343	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	19,328	-	(297)	-	-	-	-	19,031	53%
Software licenses	395	-	-	-	-	-	-	395	93%
Service and maintenance	13,284	-	(410)	(1)	(1)	1	-	12,873	61%
Other	1,306	-	-	-	-	-	-	1,306	30%
Total cost of revenues	34,313	-	(707)	(1)	(1)	1	-	33,605	
Gross profit	47,030	-	707	1	1	(1)	-	47,738	59%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	19,202	-	(2,864)	(82)	(222)	1	-	16,035	20%
Product development	11,681	-	(962)	(66)	3	1	-	10,657	13%
General and administrative	8,277	-	(1,798)	(278)	(66)	-	-	6,135	8%
Amortization of intangible assets	7,184	(7,184)	-	-	-	-	-	-	0%
Total operating expenses	46,344	(7,184)	(5,624)	(426)	(285)	2	-	32,827	41%
Income from operations	686	7,184	6,331	427	286	(3)	-	14,911	18%
Other expense, net	(3,647)	-	-	-	-	-	2,965	(682)	-1%
Income (loss) before income taxes	(2,961)	7,184	6,331	427	286	(3)	2,965	14,229	17%
Provision for income taxes	307	-	-	-	-	-	-	307	0%
Net Income (loss)	(3,268)	7,184	6,331	427	286	(3)	2,965	13,922	17%
Basic net loss per share	\$ (0.09)								
Diluted net income (loss) per share	\$ (0.09)							\$ 0.37	
Shares used in computing net income (loss) per share:									
Basic	37,647								
Diluted	37,647							38,069	

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Reconciliation to Non-GAAP Measures
Three Months Ended September 30, 2013



	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Non-Cash Interest Expense	Non-GAAP	
Revenues:								<i>% of Revenue</i>
Subscriptions and transactions	\$ 31,549	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,549	47%
Software licenses	4,738	-	-	-	-	-	4,738	7%
Service and maintenance	29,322	-	-	-	-	-	29,322	44%
Other	1,640	-	-	-	-	-	1,640	2%
Total revenues	67,249	-	-	-	-	-	67,249	100%
Cost of revenues:								<i>Margins</i>
Subscriptions and transactions	15,344	-	(195)	27	-	-	15,176	52%
Software licenses	366	-	-	-	-	-	366	92%
Service and maintenance	12,519	-	(624)	(19)	(3)	-	11,873	60%
Other	1,226	-	-	-	-	-	1,226	25%
Total cost of revenues	29,455	-	(819)	8	(3)	-	28,641	
Gross profit	37,794	-	819	(8)	3	-	38,608	57%
Operating expenses:								<i>% of Revenue</i>
Sales and marketing	16,242	-	(2,324)	(26)	-	-	13,892	21%
Product development	8,407	-	(457)	(35)	-	-	7,915	12%
General and administrative	8,486	-	(1,432)	(1,813)	(52)	-	5,189	8%
Amortization of intangible assets	5,705	(5,705)	-	-	-	-	-	0%
Total operating expenses	38,840	(5,705)	(4,213)	(1,874)	(52)	-	26,996	40%
Income (loss) from operations	(1,046)	5,705	5,032	1,866	55	-	11,612	17%
Other expense, net	(4,040)	-	-	804	-	2,781	(455)	-1%
Income (loss) before income taxes	(5,086)	5,705	5,032	2,670	55	2,781	11,157	17%
Provision for income taxes	962	-	-	-	-	-	962	1%
Net Income (loss)	(6,048)	5,705	5,032	2,670	55	2,781	10,195	15%
Basic net loss per share	\$ (0.17)							
Diluted net income (loss) per share	\$ (0.17)						\$ 0.28	
Shares used in computing net income (loss) per share:								
Basic	36,214							
Diluted	36,214						37,071	

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Reconciliation to Adjusted EBITDA



	Three months Ended	
	<u>9/30/2014</u>	<u>9/30/2013</u>
GAAP Net loss	\$ (3,268)	\$ (6,048)
Adjustments:		
Other expense, net	3,647	3,236
Provision for income taxes	307	962
Depreciation	2,509	1,832
Amortization of intangible assets	7,184	5,705
Equity-based compensation	6,331	5,032
Acquisition and integration-related expenses	427	2,670
Restructuring expenses	286	55
Non-cash pension expense	(3)	-
Adjusted EBITDA	<u>17,420</u>	<u>13,444</u>