

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Three Months Ended December 31, 2013

	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	\$ 34,845	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,845	48%
Software licenses	5,463	-	-	-	-	-	-	5,463	7%
Service and maintenance	31,369	-	-	-	-	-	-	31,369	43%
Other	1,728	-	-	-	-	-	-	1,728	2%
Total revenues	73,405	-	-	-	-	-	-	73,405	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	16,754	-	(239)	(27)	-	(8)	-	16,480	53%
Software licenses	392	-	-	-	-	-	-	392	93%
Service and maintenance	13,973	-	(623)	(12)	-	(52)	-	13,286	58%
Other	1,285	-	-	-	-	-	-	1,285	26%
Total cost of revenues	32,404	-	(862)	(39)	-	(60)	-	31,443	
Gross profit	41,001	-	862	39	-	60	-	41,962	57%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	18,024	-	(2,601)	(14)	(1)	(40)	-	15,368	21%
Product development	9,271	-	(524)	(1)	13	(43)	-	8,716	12%
General and administrative	8,124	-	(1,548)	(849)	(2)	(8)	-	5,717	8%
Amortization of intangible assets	8,174	(8,174)	-	-	-	-	-	-	0%
Total operating expenses	43,593	(8,174)	(4,673)	(864)	10	(91)	-	29,801	41%
Income (loss) from operations	(2,592)	8,174	5,535	903	(10)	151	-	12,161	17%
Other income (expense), net	(3,391)	-	-	-	-	-	2,827	(564)	-1%
Income (loss) before income taxes	(5,983)	8,174	5,535	903	(10)	151	2,827	11,597	16%
Provision for income taxes	1,282	-	-	-	-	-	-	1,282	2%
Net Income (loss)	(7,265)	8,174	5,535	903	(10)	151	2,827	10,315	14%
Basic net loss per share	\$ (0.20)								
Diluted net income (loss) per share	\$ (0.20)							\$ 0.28	
Shares used in computing net income (loss) per share:									
Basic	36,667								
Diluted	36,667							37,456	

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Three Months Ended December 31, 2012

	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Net Loss on Derivative Instruments	Non-Cash Interest Expense	Non-GAAP	
Revenues:									<i>% of Revenue</i>
Subscriptions and transactions	\$ 30,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,361	48%
Software licenses	5,469	-	-	-	-	-	-	5,469	9%
Service and maintenance	25,735	-	-	-	-	-	-	25,735	40%
Other	2,044	-	-	-	-	-	-	2,044	3%
Total revenues	63,609	-	-	-	-	-	-	63,609	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	16,238	-	(297)	(1,728)	(174)	-	-	14,039	54%
Software licenses	617	-	-	-	-	-	-	617	89%
Service and maintenance	11,977	-	(713)	(12)	(113)	-	-	11,139	57%
Other	1,540	-	-	-	-	-	-	1,540	25%
Total cost of revenues	30,372	-	(1,010)	(1,740)	(287)	-	-	27,335	
Gross profit	33,237	-	1,010	1,740	287	-	-	36,274	57%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	15,955	-	(2,176)	(170)	(195)	-	-	13,414	21%
Product development	8,426	-	(454)	(1)	(59)	-	-	7,912	12%
General and administrative	6,467	-	(1,094)	(654)	(293)	-	-	4,426	7%
Amortization of intangible assets	5,201	(5,201)	-	-	-	-	-	-	0%
Total operating expenses	36,049	(5,201)	(3,724)	(825)	(547)	-	-	25,752	40%
Income (loss) from operations	(2,812)	5,201	4,734	2,565	834	-	-	10,522	17%
Other income (expense), net	(5,502)	-	-	-	-	4,917	547	(38)	0%
Income (loss) before income taxes	(8,314)	5,201	4,734	2,565	834	4,917	547	10,484	16%
Benefit for income taxes	(1,274)	-	-	-	-	-	-	(1,274)	-2%
Net Income (loss)	(7,040)	5,201	4,734	2,565	834	4,917	547	11,758	18%
Basic net loss per share	\$ (0.20)								
Diluted net income (loss) per share	\$ (0.20)							\$ 0.33	
Shares used in computing net income (loss) per share:									
Basic	35,284								
Diluted	35,284							36,115	

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Six Months Ended December 31, 2013



	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	\$ 66,394	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,394	47%
Software licenses	10,201	-	-	-	-	-	-	10,201	7%
Service and maintenance	60,691	-	-	-	-	-	-	60,691	43%
Other	3,368	-	-	-	-	-	-	3,368	3%
Total revenues	140,654	-	-	-	-	-	-	140,654	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	32,098	-	(434)	-	-	(8)	-	31,656	52%
Software licenses	758	-	-	-	-	-	-	758	93%
Service and maintenance	26,492	-	(1,247)	(31)	(3)	(52)	-	25,159	59%
Other	2,511	-	-	-	-	-	-	2,511	25%
Total cost of revenues	61,859	-	(1,681)	(31)	(3)	(60)	-	60,084	
Gross profit	78,795	-	1,681	31	3	60	-	80,570	57%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	34,266	-	(4,925)	(40)	(1)	(40)	-	29,260	21%
Product development	17,678	-	(981)	(36)	13	(43)	-	16,631	12%
General and administrative	16,610	-	(2,980)	(2,662)	(54)	(8)	-	10,906	7%
Amortization of intangible assets	13,879	(13,879)	-	-	-	-	-	-	0%
Total operating expenses	82,433	(13,879)	(8,886)	(2,738)	(42)	(91)	-	56,797	40%
Income (loss) from operations	(3,638)	13,879	10,567	2,769	45	151	-	23,773	17%
Other income (expense), net	(7,431)	-	-	804	-	-	5,608	(1,019)	-1%
Income (loss) before income taxes	(11,069)	13,879	10,567	3,573	45	151	5,608	22,754	16%
Provision for income taxes	2,244	-	-	-	-	-	-	2,244	1%
Net Income (loss)	(13,313)	13,879	10,567	3,573	45	151	5,608	20,510	15%
Basic net loss per share	\$ (0.37)								
Diluted net income (loss) per share	\$ (0.37)							\$ 0.55	
Shares used in computing net income (loss) per share:									
Basic	36,441								
Diluted	36,441							37,264	

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Six Months Ended December 31, 2012



	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Net Loss on Derivative Instruments	Non-Cash Interest Expense	Non-GAAP	
Revenues:									<i>% of Revenue</i>
Subscriptions and transactions	\$ 58,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,908	47%
Software licenses	10,168	-	-	-	-	-	-	10,168	8%
Service and maintenance	52,190	-	-	-	-	-	-	52,190	42%
Other	4,032	-	-	-	-	-	-	4,032	3%
Total revenues	125,298	-	-	-	-	-	-	125,298	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	30,224	-	(505)	(2,148)	(174)	-	-	27,397	53%
Software licenses	1,026	-	-	-	-	-	-	1,026	90%
Service and maintenance	24,271	-	(1,312)	(97)	(147)	-	-	22,715	56%
Other	3,062	-	-	-	-	-	-	3,062	24%
Total cost of revenues	58,583	-	(1,817)	(2,245)	(321)	-	-	54,200	
Gross profit	66,715	-	1,817	2,245	321	-	-	71,098	57%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	30,428	-	(4,051)	(334)	(257)	-	-	25,786	21%
Product development	16,732	-	(909)	(66)	(90)	-	-	15,667	12%
General and administrative	13,028	-	(2,164)	(1,635)	(462)	-	-	8,767	7%
Amortization of intangible assets	9,513	(9,513)	-	-	-	-	-	-	0%
Total operating expenses	69,701	(9,513)	(7,124)	(2,035)	(809)	-	-	50,220	40%
Income (loss) from operations	(2,986)	9,513	8,941	4,280	1,130	-	-	20,878	17%
Other income (expense), net	(5,456)	-	-	-	-	4,917	547	8	0%
Income (loss) before income taxes	(8,442)	9,513	8,941	4,280	1,130	4,917	547	20,886	17%
Benefit for income taxes	(1,420)	-	-	-	-	-	-	(1,420)	-1%
Net Income (loss)	(7,022)	9,513	8,941	4,280	1,130	4,917	547	22,306	18%
Basic net loss per share	\$ (0.20)								
Diluted net income (loss) per share	\$ (0.20)							\$ 0.62	
Shares used in computing net income (loss) per share:									
Basic	35,097								
Diluted	35,097							35,871	

Bottomline Technologies
Reconciliation to Adjusted EBITDA



	Three Months Ended		Six Months Ended	
	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
GAAP Net loss	\$ (7,265)	\$ (7,040)	\$ (13,313)	\$ (7,022)
Adjustments:				
Other expense, net	3,391	5,502	6,627	5,456
Provision (benefit) for income taxes	1,282	(1,274)	2,244	(1,420)
Depreciation	2,106	1,728	3,938	3,441
Amortization of intangible assets	8,174	5,201	13,879	9,513
Equity-based compensation	5,535	4,734	10,567	8,941
Acquisition and integration-related expenses	903	2,565	3,573	4,280
Restructuring expenses (benefit)	(10)	834	45	1,130
Non-cash pension expense	151	-	151	-
Adjusted EBITDA	<u>14,267</u>	<u>12,250</u>	<u>27,711</u>	<u>24,319</u>

Bottomline Technologies
Reconciliation of Core Diluted Shares



	Three Months Ended		Six Months Ended	
	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2013</u>	<u>12/31/2012</u>
GAAP diluted shares	37,911	36,115	37,491	35,871
Adjustments:				
Impact of note hedges	(455)	-	(227)	-
Core diluted shares	<u>37,456</u>	<u>36,115</u>	<u>37,264</u>	<u>35,871</u>