

**Bottomline Technologies**  
**Reconciliation to Non-GAAP Measures**  
**Three Months Ended March 31, 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-Core Income Tax Expense	Non-GAAP	
										<i>% of Revenue</i>
<b>Revenues:</b>										
Subscriptions and transactions	\$ 35,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,095	45%
Software licenses	5,543	-	-	-	-	-	-	-	5,543	7%
Service and maintenance	35,873	-	-	-	-	-	-	-	35,873	46%
Other	1,741	-	-	-	-	-	-	-	1,741	2%
<b>Total revenues</b>	<b>78,252</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,252</b>	<b>100%</b>
<b>Cost of revenues:</b>										
Subscriptions and transactions	17,866	-	(249)	-	(190)	(5)	-	-	17,422	50%
Software licenses	505	-	-	-	-	-	-	-	505	91%
Service and maintenance	13,942	-	(564)	(1)	(76)	(30)	-	-	13,271	63%
Other	1,278	-	-	-	-	-	-	-	1,278	27%
<b>Total cost of revenues</b>	<b>33,591</b>	<b>-</b>	<b>(813)</b>	<b>(1)</b>	<b>(266)</b>	<b>(35)</b>	<b>-</b>	<b>-</b>	<b>32,476</b>	
<b>Gross profit</b>	<b>44,661</b>	<b>-</b>	<b>813</b>	<b>1</b>	<b>266</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>45,776</b>	<b>58%</b>
<b>Operating expenses:</b>										
Sales and marketing	19,433	-	(3,153)	(3)	(525)	(23)	-	-	15,729	20%
Product development	10,685	-	(760)	(63)	(83)	(25)	-	-	9,754	12%
General and administrative	8,718	-	(1,499)	(995)	(141)	(4)	-	-	6,079	8%
Amortization of intangible assets	4,784	(4,784)	-	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>43,620</b>	<b>(4,784)</b>	<b>(5,412)</b>	<b>(1,061)</b>	<b>(749)</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>31,562</b>	<b>40%</b>
<b>Income from operations</b>	<b>1,041</b>	<b>4,784</b>	<b>6,225</b>	<b>1,062</b>	<b>1,015</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>14,214</b>	<b>18%</b>
<b>Other expense, net</b>	<b>(3,573)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,871</b>	<b>-</b>	<b>(702)</b>	<b>-1%</b>
<b>Income (loss) before income taxes</b>	<b>(2,532)</b>	<b>4,784</b>	<b>6,225</b>	<b>1,062</b>	<b>1,015</b>	<b>87</b>	<b>2,871</b>	<b>-</b>	<b>13,512</b>	<b>17%</b>
<b>Provision for income taxes</b>	<b>1,778</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(978)</b>	<b>800</b>	<b>1%</b>
<b>Net Income (loss)</b>	<b>(4,310)</b>	<b>4,784</b>	<b>6,225</b>	<b>1,062</b>	<b>1,015</b>	<b>87</b>	<b>2,871</b>	<b>978</b>	<b>12,712</b>	<b>16%</b>
Basic net loss per share	\$ (0.12)									
Diluted net income (loss) per share	\$ (0.12)								\$ 0.34	
<b>Shares used in computing net income (loss) per share:</b>										
Basic	37,081									
Diluted	37,081								37,821	

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



	GAAP	Amortization of Intangible Assets	Equity-Based Compensation	Acquisition and Integration-Related Expenses	Restructuring Expenses	Net Gain on Derivative Instruments	Non-Cash Interest Expense	Non-GAAP	
									% of Revenue
<b>Revenues:</b>									
Subscriptions and transactions	\$ 28,749	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,749	45%
Software licenses	7,048	-	-	-	-	-	-	7,048	11%
Service and maintenance	26,809	-	-	-	-	-	-	26,809	41%
Other	1,838	-	-	-	-	-	-	1,838	3%
<b>Total revenues</b>	<b>64,444</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,444</b>	<b>100%</b>
<b>Cost of revenues:</b>									
Subscriptions and transactions	16,851	-	(228)	(2,283)	-	-	-	14,340	50%
Software licenses	952	-	-	-	-	-	-	952	86%
Service and maintenance	11,081	-	(577)	(13)	-	-	-	10,491	61%
Other	1,383	-	-	-	-	-	-	1,383	25%
<b>Total cost of revenues</b>	<b>30,267</b>	<b>-</b>	<b>(805)</b>	<b>(2,296)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,166</b>	
<b>Gross profit</b>	<b>34,177</b>	<b>-</b>	<b>805</b>	<b>2,296</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,278</b>	<b>58%</b>
<b>Operating expenses:</b>									
Sales and marketing	16,215	-	(2,174)	(91)	(38)	-	-	13,912	22%
Product development	8,454	-	(468)	(22)	-	-	-	7,964	12%
General and administrative	6,554	-	(1,144)	(756)	(24)	-	-	4,630	7%
Amortization of intangible assets	5,162	(5,162)	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>36,385</b>	<b>(5,162)</b>	<b>(3,786)</b>	<b>(869)</b>	<b>(62)</b>	<b>-</b>	<b>-</b>	<b>26,506</b>	<b>41%</b>
Income (loss) from operations	(2,208)	5,162	4,591	3,165	62	-	-	10,772	17%
Other expense, net	(2,652)	-	-	-	-	(482)	2,695	(439)	-1%
Income (loss) before income taxes	(4,860)	5,162	4,591	3,165	62	(482)	2,695	10,333	16%
Benefit for income taxes	(1,301)	-	-	-	-	-	-	(1,301)	-2%
<b>Net Income (loss)</b>	<b>(3,559)</b>	<b>5,162</b>	<b>4,591</b>	<b>3,165</b>	<b>62</b>	<b>(482)</b>	<b>2,695</b>	<b>11,634</b>	<b>18%</b>
Basic net loss per share	\$ (0.10)								
Diluted net income (loss) per share	\$ (0.10)							\$ 0.32	
<b>Shares used in computing net income (loss) per share:</b>									
Basic	35,644								
Diluted	35,644							36,503	

**Bottomline Technologies**  
**Reconciliation to Non-GAAP Measures**  
**Nine Months Ended March 31, 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	\$ 101,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,489	46%
Software licenses	15,744	-	-	-	-	-	-	15,744	7%
Service and maintenance	96,564	-	-	-	-	-	-	96,564	44%
Other	5,109	-	-	-	-	-	-	5,109	3%
<b>Total revenues</b>	<b>218,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,906</b>	<b>100%</b>
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	49,964	-	(683)	-	(190)	(13)	-	49,078	52%
Software licenses	1,263	-	-	-	-	-	-	1,263	92%
Service and maintenance	40,434	-	(1,811)	(32)	(79)	(82)	-	38,430	60%
Other	3,789	-	-	-	-	-	-	3,789	26%
<b>Total cost of revenues</b>	<b>95,450</b>	<b>-</b>	<b>(2,494)</b>	<b>(32)</b>	<b>(269)</b>	<b>(95)</b>	<b>-</b>	<b>92,560</b>	
<b>Gross profit</b>	<b>123,456</b>	<b>-</b>	<b>2,494</b>	<b>32</b>	<b>269</b>	<b>95</b>	<b>-</b>	<b>126,346</b>	<b>58%</b>
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	53,699	-	(8,078)	(43)	(526)	(63)	-	44,989	20%
Product development	28,363	-	(1,741)	(99)	(70)	(68)	-	26,385	12%
General and administrative	25,328	-	(4,479)	(3,657)	(195)	(12)	-	16,985	8%
Amortization of intangible assets	18,663	(18,663)	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>126,053</b>	<b>(18,663)</b>	<b>(14,298)</b>	<b>(3,799)</b>	<b>(791)</b>	<b>(143)</b>	<b>-</b>	<b>88,359</b>	<b>40%</b>
Income (loss) from operations	(2,597)	18,663	16,792	3,831	1,060	238	-	37,987	17%
Other expense, net	(11,004)	-	-	804	-	-	8,479	(1,721)	-1%
Income (loss) before income taxes	(13,601)	18,663	16,792	4,635	1,060	238	8,479	36,266	17%
Provision for income taxes	4,022	-	-	-	-	-	-	4,022	2%
<b>Net Income (loss)</b>	<b>(17,623)</b>	<b>18,663</b>	<b>16,792</b>	<b>4,635</b>	<b>1,060</b>	<b>238</b>	<b>8,479</b>	<b>32,244</b>	<b>15%</b>
Basic net loss per share	\$ (0.48)								
Diluted net income (loss) per share	\$ (0.48)							\$ 0.86	
Shares used in computing net income (loss) per share:									
Basic	36,654								
Diluted	36,654							37,449	

**Bottomline Technologies**  
**Reconciliation to Non-GAAP Measures**  
**Nine Months Ended March 31, 2013**



	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	\$ 87,657	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,657	46%
Software licenses	17,216	-	-	-	-	-	-	17,216	9%
Service and maintenance	78,999	-	-	-	-	-	-	78,999	42%
Other	5,870	-	-	-	-	-	-	5,870	3%
<b>Total revenues</b>	<b>189,742</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>189,742</b>	<b>100%</b>
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	47,075	-	(733)	(4,431)	(174)	-	-	41,737	52%
Software licenses	1,978	-	-	-	-	-	-	1,978	89%
Service and maintenance	35,352	-	(1,889)	(110)	(148)	-	-	33,205	58%
Other	4,445	-	-	-	-	-	-	4,445	24%
<b>Total cost of revenues</b>	<b>88,850</b>	<b>-</b>	<b>(2,622)</b>	<b>(4,541)</b>	<b>(322)</b>	<b>-</b>	<b>-</b>	<b>81,365</b>	
<b>Gross profit</b>	<b>100,892</b>	<b>-</b>	<b>2,622</b>	<b>4,541</b>	<b>322</b>	<b>-</b>	<b>-</b>	<b>108,377</b>	<b>57%</b>
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	46,643	-	(6,225)	(425)	(295)	-	-	39,698	21%
Product development	25,186	-	(1,377)	(88)	(89)	-	-	23,632	12%
General and administrative	19,582	-	(3,308)	(2,391)	(486)	-	-	13,397	7%
Amortization of intangible assets	14,675	(14,675)	-	-	-	-	-	-	0%
<b>Total operating expenses</b>	<b>106,086</b>	<b>(14,675)</b>	<b>(10,910)</b>	<b>(2,904)</b>	<b>(870)</b>	<b>-</b>	<b>-</b>	<b>76,727</b>	<b>40%</b>
Income (loss) from operations	(5,194)	14,675	13,532	7,445	1,192	-	-	31,650	17%
Other expense, net	(8,108)	-	-	-	-	4,435	3,242	(431)	0%
Income (loss) before income taxes	(13,302)	14,675	13,532	7,445	1,192	4,435	3,242	31,219	16%
Benefit for income taxes	(2,721)	-	-	-	-	-	-	(2,721)	-1%
<b>Net Income (loss)</b>	<b>(10,581)</b>	<b>14,675</b>	<b>13,532</b>	<b>7,445</b>	<b>1,192</b>	<b>4,435</b>	<b>3,242</b>	<b>33,940</b>	<b>18%</b>
Basic net loss per share	\$ (0.30)								
Diluted net income (loss) per share	\$ (0.30)							\$ 0.94	
Shares used in computing net income (loss) per share:									
Basic	35,279								
Diluted	35,279							36,081	

## Bottomline Technologies

### Reconciliation to Adjusted EBITDA



	Three Months Ended		Nine Months Ended	
	<u>3/31/2014</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>3/31/2013</u>
GAAP Net loss	\$ (4,310)	\$ (3,559)	\$ (17,623)	\$ (10,581)
Adjustments:				
Other expense, net	3,573	2,652	10,200	8,108
Provision (benefit) for income taxes	1,778	(1,301)	4,022	(2,721)
Depreciation	2,010	1,752	5,948	5,193
Amortization of intangible assets	4,784	5,162	18,663	14,675
Equity-based compensation	6,225	4,591	16,792	13,532
Acquisition and integration-related expenses	1,062	3,165	4,635	7,445
Restructuring expenses	1,015	62	1,060	1,192
Non-cash pension expense	87	-	238	-
Adjusted EBITDA	<u><u>16,224</u></u>	<u><u>12,524</u></u>	<u><u>43,935</u></u>	<u><u>36,843</u></u>

# Bottomline Technologies

## Reconciliation of Core Diluted Shares



	Three Months Ended		Nine Months Ended	
	<u>3/31/2014</u>	<u>3/31/2013</u>	<u>3/31/2014</u>	<u>3/31/2013</u>
GAAP diluted shares	38,687	36,503	37,889	36,081
Adjustments:				
Impact of note hedges	(866)	-	(440)	-
Core diluted shares	<u><u>37,821</u></u>	<u><u>36,503</u></u>	<u><u>37,449</u></u>	<u><u>36,081</u></u>