

Bottomline Technologies
Reconciliation to Non-GAAP Measures
Three Months Ended June 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	\$ 30,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,359	47%
Software licenses	5,330	-	-	-	-	-	5,330	8%
Service and maintenance	27,390	-	-	-	-	-	27,390	42%
Equipment and supplies	<u>1,953</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,953</u>	<u>3%</u>
Total revenues	65,032	-	-	-	-	-	65,032	100%
Cost of revenues:								<i>Margins</i>
Subscriptions and transactions	17,026	-	(188)	(1,924)	-	-	14,914	51%
Software licenses	421	-	-	-	-	-	421	92%
Service and maintenance	11,436	-	(534)	(12)	7	-	10,897	60%
Equipment and supplies	<u>1,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,553</u>	<u>20%</u>
Total cost of revenues	<u>30,436</u>	<u>-</u>	<u>(722)</u>	<u>(1,936)</u>	<u>7</u>	<u>-</u>	<u>27,785</u>	
Gross profit (loss)	34,596	-	722	1,936	(7)	-	37,247	57%
Operating expenses:								<i>% of Revenue</i>
Sales and marketing	16,182	-	(2,145)	(91)	-	-	13,946	21%
Product development	7,788	-	(431)	(40)	3	-	7,320	11%
General and administrative	7,494	-	(1,201)	(1,315)	3	-	4,981	8%
Amortization of intangible assets	<u>4,874</u>	<u>(4,874)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>36,338</u>	<u>(4,874)</u>	<u>(3,777)</u>	<u>(1,446)</u>	<u>6</u>	<u>-</u>	<u>26,247</u>	<u>40%</u>
Income (loss) from operations	(1,742)	4,874	4,499	3,382	(13)	-	11,000	17%
Other income (loss), net	<u>(3,249)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,738</u>	<u>(511)</u>	<u>-1%</u>
Income (loss) before income taxes	(4,991)	4,874	4,499	3,382	(13)	2,738	10,489	16%
Benefit for income taxes	<u>(1,177)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,177)</u>	<u>-2%</u>
Net Income (loss)	(3,814)	4,874	4,499	3,382	(13)	2,738	11,666	18%
Basic net loss per share	<u>\$ (0.11)</u>							
Diluted net income (loss) per share	<u>\$ (0.11)</u>						<u>\$ 0.32</u>	
Shares used in computing net income (loss) per share:								
Basic	35,941							
Diluted	35,941						36,694	

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	GAAP	Amortization of Intangible Assets	Equity Based Compensation	Acquisition and Integration Related Expenses	Restructuring Expenses	Non-GAAP	
Revenues:							<i>% of Revenue</i>
Subscriptions and transactions	\$ 27,983	\$ -	\$ -	\$ -	\$ -	\$ 27,983	46%
Software licenses	4,969	-	-	-	-	4,969	8%
Service and maintenance	26,440	-	-	-	-	26,440	43%
Equipment and supplies	<u>2,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,006</u>	<u>3%</u>
Total revenues	61,398	-	-	-	-	61,398	100%
Cost of revenues:							<i>Margins</i>
Subscriptions and transactions	12,690	-	(119)	(70)	(170)	12,331	56%
Software licenses	462	-	-	-	-	462	91%
Service and maintenance	12,896	-	(521)	(28)	(244)	12,103	54%
Equipment and supplies	<u>1,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,630</u>	<u>19%</u>
Total cost of revenues	<u>27,678</u>	<u>-</u>	<u>(640)</u>	<u>(98)</u>	<u>(414)</u>	<u>26,526</u>	
Gross profit	33,720	-	640	98	414	34,872	57%
Operating expenses:							<i>% of Revenue</i>
Sales and marketing	14,399	-	(1,679)	(129)	(211)	12,380	20%
Product development	9,327	-	(358)	(70)	(371)	8,528	14%
General and administrative	5,990	-	(834)	(683)	(53)	4,420	7%
Amortization of intangible assets	<u>4,702</u>	<u>(4,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>34,418</u>	<u>(4,702)</u>	<u>(2,871)</u>	<u>(882)</u>	<u>(635)</u>	<u>25,328</u>	<u>41%</u>
Income (loss) from operations	(698)	4,702	3,511	980	1,049	9,544	16%
Other income, net	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>0%</u>
Income (loss) before income taxes	(691)	4,702	3,511	980	1,049	9,551	16%
Provision for income taxes	<u>477</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>477</u>	<u>1%</u>
Net Income (loss)	(1,168)	4,702	3,511	980	1,049	9,074	15%
Basic net loss per share	<u>\$ (0.03)</u>						
Diluted net income (loss) per share	<u>\$ (0.03)</u>					<u>\$ 0.26</u>	
Shares used in computing net income (loss) per share:							
Basic	34,744						
Diluted	34,744					35,438	

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Reconciliation to Non-GAAP Measures
Fiscal Year Ended June 30, 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	\$ 118,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,016	46%
Software licenses	22,546	-	-	-	-	-	-	22,546	9%
Service and maintenance	106,389	-	-	-	-	-	-	106,389	42%
Equipment and supplies	7,823	-	-	-	-	-	-	7,823	3%
Total revenues	254,774	-	-	-	-	-	-	254,774	100%
Cost of revenues:									<i>Margins</i>
Subscriptions and transactions	64,101	-	(921)	(6,355)	(174)	-	-	56,651	52%
Software licenses	2,399	-	-	-	-	-	-	2,399	89%
Service and maintenance	46,788	-	(2,423)	(122)	(141)	-	-	44,102	59%
Equipment and supplies	5,998	-	-	-	-	-	-	5,998	23%
Total cost of revenues	119,286	-	(3,344)	(6,477)	(315)	-	-	109,150	
Gross profit	135,488	-	3,344	6,477	315	-	-	145,624	57%
Operating expenses:									<i>% of Revenue</i>
Sales and marketing	62,825	-	(8,370)	(516)	(295)	-	-	53,644	21%
Product development	32,974	-	(1,808)	(128)	(86)	-	-	30,952	12%
General and administrative	27,076	-	(4,509)	(3,706)	(483)	-	-	18,378	7%
Amortization of intangible assets	19,549	(19,549)	-	-	-	-	-	-	0%
Total operating expenses	142,424	(19,549)	(14,687)	(4,350)	(864)	-	-	102,974	40%
Income (loss) from operations	(6,936)	19,549	18,031	10,827	1,179	-	-	42,650	17%
Other income (loss), net	(11,357)	-	-	-	-	4,435	5,980	(942)	0%
Income (loss) before income taxes	(18,293)	19,549	18,031	10,827	1,179	4,435	5,980	41,708	16%
Benefit for income taxes	(3,898)	-	-	-	-	-	-	(3,898)	-2%
Net Income (loss)	(14,395)	19,549	18,031	10,827	1,179	4,435	5,980	45,606	18%
Basic net loss per share	\$ (0.41)								
Diluted net income (loss) per share	\$ (0.41)							\$ 1.26	
Shares used in computing net income (loss) per share:									
Basic	35,444								
Diluted	35,444							36,235	

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Reconciliation to Non-GAAP Measures
Fiscal Year Ended June 30, 2012



	GAAP	Amortization of Intangible Assets	Equity Based Compensation	Acquisition and Integration Related Expenses	Restructuring Expenses	Non-GAAP	
Revenues:							<i>% of Revenue</i>
Subscriptions and transactions	\$ 85,005	\$ -	\$ -	\$ -	\$ -	\$ 85,005	38%
Software licenses	17,562	-	-	-	-	17,562	8%
Service and maintenance	113,832	-	-	-	-	113,832	50%
Equipment and supplies	<u>7,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,885</u>	<u>4%</u>
Total revenues	224,284	-	-	-	-	224,284	100%
Cost of revenues:							<i>Margins</i>
Subscriptions and transactions	41,266	-	(701)	(102)	(320)	40,143	53%
Software licenses	2,082	-	-	-	-	2,082	88%
Service and maintenance	51,559	-	(2,032)	(41)	(366)	49,120	57%
Equipment and supplies	<u>6,280</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,280</u>	<u>20%</u>
Total cost of revenues	<u>101,187</u>	<u>-</u>	<u>(2,733)</u>	<u>(143)</u>	<u>(686)</u>	<u>97,625</u>	
Gross profit	123,097	-	2,733	143	686	126,659	56%
Operating expenses:							<i>% of Revenue</i>
Sales and marketing	49,902	-	(6,083)	(286)	(338)	43,195	19%
Product development	28,687	-	(1,406)	(89)	(451)	26,741	12%
General and administrative	21,495	-	(3,546)	(1,469)	(134)	16,346	7%
Amortization of intangible assets	<u>15,753</u>	<u>(15,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
Total operating expenses	<u>115,837</u>	<u>(15,753)</u>	<u>(11,035)</u>	<u>(1,844)</u>	<u>(923)</u>	<u>86,282</u>	<u>38%</u>
Income from operations	7,260	15,753	13,768	1,987	1,609	40,377	18%
Other income, net	<u>41</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>0%</u>
Income before income taxes	7,301	15,753	13,768	1,987	1,609	40,418	18%
Provision for income taxes	<u>5,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,596</u>	<u>2%</u>
Net Income	1,705	15,753	13,768	1,987	1,609	34,822	16%
Basic net income per share	<u>\$ 0.05</u>						
Diluted net income per share	<u>\$ 0.05</u>					<u>\$ 0.99</u>	
Shares used in computing net income per share:							
Basic	34,268						
Diluted	35,244					35,244	

Bottomline Technologies

Reconciliation to Adjusted EBITDA



	Three months Ended		Fiscal Year Ended	
	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
GAAP Net income (loss)	\$ (3,814)	\$ (1,168)	\$ (14,395)	\$ 1,705
Adjustments:				
Interest, other	3,249	(7)	11,357	(41)
Taxes	(1,177)	477	(3,898)	5,596
Depreciation	1,668	1,510	6,861	5,724
Amortization of intangible assets	4,874	4,702	19,549	15,753
Equity based compensation	4,499	3,511	18,031	13,768
Acquisition and integration related expenses	3,382	980	10,827	1,987
Restructuring expenses (benefit)	(13)	1,049	1,179	1,609
Adjusted EBITDA	<u>12,668</u>	<u>11,054</u>	<u>49,511</u>	<u>46,101</u>