



**Statements of Income**

(Unaudited; in thousands, except per share data)

	2015					2016					2017				
	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR
Revenues	\$ 36,970	\$ 38,846	\$ 40,354	\$ 42,348	\$ 158,518	\$ 45,599	\$ 47,351	\$ 49,284	\$ 51,061	\$ 193,295	\$ 51,932	\$ 54,284	\$ 56,150	\$ 58,200	\$ 220,566
Cost of revenues	11,572	12,335	12,700	13,436	50,043	14,881	15,972	16,171	17,322	64,346	17,330	18,191	18,645	19,459	73,625
Gross profit	25,398	26,511	27,654	28,912	108,475	30,718	31,379	33,113	33,739	128,949	34,602	36,093	37,505	38,741	146,941
Operating expenses															
Sales and marketing	13,744	14,101	13,795	13,734	55,374	15,889	16,677	16,526	16,794	65,886	17,079	18,741	18,239	19,236	73,295
Research and development	4,069	4,495	4,494	4,896	17,954	5,069	5,542	5,574	5,796	21,981	5,105	5,369	6,549	6,160	23,183
General and administrative	5,818	6,055	6,276	6,668	24,817	7,285	7,082	7,149	7,311	28,827	7,827	8,139	8,743	12,752	37,461
Amortization of intangible assets	845	833	829	800	3,307	1,161	1,198	1,194	1,185	4,738	1,215	1,117	1,128	1,114	4,574
Total operating expenses	24,476	25,484	25,394	26,098	101,452	29,404	30,499	30,443	31,086	121,432	31,226	33,366	34,659	39,262	138,513
Income (loss) from operations	922	1,027	2,260	2,814	7,023	1,314	880	2,670	2,653	7,517	3,376	2,727	2,846	(521)	8,428
Other income (expense)															
Interest income, net	37	37	49	74	197	145	151	112	193	601	191	242	271	328	1,032
Other income (expense)	(112)	(57)	(86)	110	(145)	293	(374)	947	(134)	732	(60)	(102)	(194)	36	(320)
Total other income (expense), net	(75)	(20)	(37)	184	52	438	(223)	1,059	59	1,333	131	140	77	364	712
Income (loss) before income taxes	847	1,007	2,223	2,998	7,075	1,752	657	3,729	2,712	8,850	3,507	2,867	2,923	(157)	9,140
Income tax expense	261	356	953	866	2,436	708	305	1,220	907	3,140	536	1,042	1,058	8,944	11,580
Net income (loss)	\$ 586	\$ 651	\$ 1,270	\$ 2,132	\$ 4,639	\$ 1,044	\$ 352	\$ 2,509	\$ 1,805	\$ 5,710	\$ 2,971	\$ 1,825	\$ 1,865	\$ (9,101)	\$ (2,440)
Net income (loss) per share															
Basic	\$ 0.04	\$ 0.04	\$ 0.08	\$ 0.13	\$ 0.28	\$ 0.06	\$ 0.02	\$ 0.15	\$ 0.11	\$ 0.34	\$ 0.17	\$ 0.11	\$ 0.11	\$ (0.53)	\$ (0.14)
Diluted	\$ 0.03	\$ 0.04	\$ 0.07	\$ 0.12	\$ 0.27	\$ 0.06	\$ 0.02	\$ 0.14	\$ 0.10	\$ 0.33	\$ 0.17	\$ 0.11	\$ 0.11	\$ (0.53)	\$ (0.14)
Shares used to compute Net income (loss) per share															
Basic	16,433	16,536	16,605	16,681	16,565	16,783	16,909	17,001	17,050	16,947	17,154	17,198	17,223	17,157	17,183
Diluted	17,011	16,998	17,054	17,110	17,032	17,029	17,120	17,341	17,366	17,241	17,393	17,378	17,410	17,325	17,356
Revenue as historically reported						\$ 45,599	\$ 47,351	\$ 49,284	\$ 51,061	\$ 193,295	\$ 51,932	\$ 54,284	\$ 56,150	\$ 58,200	\$ 220,566
ASC 606 impact ^						(24)	52	(101)	(68)	(141)	(53)	(192)	(93)	(143)	(481)
Revenue with ASC 606 impact						\$ 45,575	\$ 47,403	\$ 49,183	\$ 50,993	\$ 193,154	\$ 51,879	\$ 54,092	\$ 56,057	\$ 58,057	\$ 220,085
Sales and marketing as historically reported						\$ 15,889	\$ 16,677	\$ 16,526	\$ 16,794	\$ 65,886	\$ 17,079	\$ 18,741	\$ 18,239	\$ 19,236	\$ 73,295
ASC 606 impact ^						(46)	(49)	(60)	(65)	(220)	(52)	(47)	(31)	(38)	(168)
ASC 340-40 impact ^						550	940	283	(562)	1,211	(4)	(374)	(570)	(918)	(1,866)
Sales and marketing with ASC 606 and ASC 340-40 impact						\$ 16,393	\$ 17,568	\$ 16,749	\$ 16,167	\$ 66,877	\$ 17,023	\$ 18,320	\$ 17,638	\$ 18,280	\$ 71,261
Total ASC 606 and ASC 340-40 impact on EBITDA						\$ (528)	\$ (839)	\$ (324)	\$ 559	\$ (1,132)	\$ 3	\$ 229	\$ 508	\$ 813	\$ 1,553

^ Pursuant to the adoption of Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), and ASC 340-40, *Other Assets and Deferred Costs-Contracts With Customers*, in the first quarter of 2018, the Company will recast its financial statements to reflect the new accounting guidance. The new standard will impact the accounting for certain upfront set-up fees and the periods over which the related revenues are recognized, as well as the timing of cost recognition for sales commissions.



## Balance Sheets

(Unaudited, in thousands)

	2015				2016				2017			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Assets</b>												
Current assets												
Cash and cash equivalents	\$ 133,550	\$ 121,344	\$ 117,887	\$ 121,538	\$ 110,889	\$ 107,160	\$ 109,635	\$ 115,877	\$ 128,707	\$ 131,744	\$ 128,984	\$ 123,127
Short-term investments	-	-	5,014	7,517	10,010	21,010	15,616	23,076	25,550	26,896	34,869	40,192
Accounts receivable, net	15,823	17,255	17,945	17,615	20,426	20,432	21,361	20,746	22,683	21,545	24,175	24,897
Deferred costs	12,911	14,003	14,761	15,086	15,799	17,278	18,647	19,224	20,908	21,917	23,326	25,091
Deferred income tax asset	76	76	76	-	-	-	-	-	-	-	-	-
Other current assets	3,797	6,393	5,688	5,030	5,529	7,540	7,323	7,010	6,992	6,955	5,853	6,149
Total current assets	<u>166,157</u>	<u>159,071</u>	<u>161,371</u>	<u>166,786</u>	<u>162,653</u>	<u>173,420</u>	<u>172,582</u>	<u>185,933</u>	<u>204,840</u>	<u>209,057</u>	<u>217,207</u>	<u>219,456</u>
Property and equipment, net	12,088	12,952	13,079	13,620	13,972	13,932	14,830	15,314	15,066	15,527	15,616	16,856
Goodwill	34,210	34,303	33,527	33,848	50,921	50,852	51,005	49,777	50,289	50,766	51,783	51,613
Intangible assets, net	17,705	16,915	15,766	15,081	23,845	22,534	21,338	19,788	19,389	18,484	17,720	16,529
Investments	-	9,995	12,514	14,950	12,529	7,556	12,529	7,494	2,503	4,997	2,491	5,206
Deferred costs	5,274	5,445	5,465	5,260	5,311	5,660	5,893	6,086	6,051	6,419	6,475	6,770
Deferred income tax asset	11,086	10,880	10,758	11,149	11,451	11,588	11,967	12,446	28,408	27,524	26,628	17,551
Other assets	350	365	397	1,037	1,043	2,213	2,130	1,527	1,372	1,098	1,101	1,539
Total assets	<u>\$ 246,870</u>	<u>\$ 249,926</u>	<u>\$ 252,877</u>	<u>\$ 261,731</u>	<u>\$ 281,725</u>	<u>\$ 287,755</u>	<u>\$ 292,274</u>	<u>\$ 298,365</u>	<u>\$ 327,918</u>	<u>\$ 333,872</u>	<u>\$ 339,021</u>	<u>\$ 335,520</u>
<b>Liabilities &amp; Stockholders' Equity</b>												
Current liabilities												
Accounts payable	\$ 3,444	\$ 3,706	\$ 2,381	\$ 2,163	\$ 3,900	\$ 3,581	\$ 2,442	\$ 2,302	\$ 3,580	\$ 2,720	\$ 3,089	\$ 4,463
Accrued compensation	10,303	9,468	9,922	11,150	11,333	12,053	11,796	13,740	12,272	13,243	12,681	15,886
Accrued expenses & other current liabilities	3,473	2,833	3,061	3,181	4,007	5,231	3,839	5,064	5,963	5,329	5,646	6,391
Deferred revenue	7,530	7,833	8,072	7,740	11,334	12,281	12,157	11,055	15,803	16,624	16,209	16,407
Total current liabilities	<u>24,750</u>	<u>23,840</u>	<u>23,436</u>	<u>24,234</u>	<u>30,574</u>	<u>33,146</u>	<u>30,234</u>	<u>32,161</u>	<u>37,618</u>	<u>37,916</u>	<u>37,625</u>	<u>43,147</u>
Deferred revenue	10,550	10,996	11,701	11,005	10,876	11,236	10,962	10,847	11,087	11,050	10,625	10,602
Other liabilities	3,346	3,178	3,015	4,307	4,486	4,140	3,900	4,179	3,912	3,899	3,498	3,064
Deferred income tax liability	-	-	-	-	2,396	2,391	2,368	1,911	1,895	1,977	2,100	1,887
Total liabilities	<u>38,646</u>	<u>38,014</u>	<u>38,152</u>	<u>39,546</u>	<u>48,332</u>	<u>50,913</u>	<u>47,464</u>	<u>49,098</u>	<u>54,512</u>	<u>54,842</u>	<u>53,848</u>	<u>58,700</u>
Stockholders' equity												
Common stock	16	16	17	17	17	17	17	17	17	17	17	17
Treasury stock	-	-	-	-	-	-	-	-	-	-	-	(5,815)
Additional paid-in capital	254,479	257,317	260,580	265,265	272,533	276,462	281,536	286,315	289,652	292,533	294,943	301,863
Accumulated deficit	(43,502)	(42,851)	(41,581)	(39,449)	(38,405)	(38,053)	(35,544)	(33,739)	(14,490)	(12,665)	(10,800)	(19,902)
Accumulated other comprehensive loss	(2,769)	(2,570)	(4,291)	(3,648)	(752)	(1,584)	(1,199)	(3,326)	(1,773)	(855)	1,013	657
Total stockholders' equity	<u>208,224</u>	<u>211,912</u>	<u>214,725</u>	<u>222,185</u>	<u>233,393</u>	<u>236,842</u>	<u>244,810</u>	<u>249,267</u>	<u>273,406</u>	<u>279,030</u>	<u>285,173</u>	<u>276,820</u>
 Total liabilities and stockholders' equity	<u>\$ 246,870</u>	<u>\$ 249,926</u>	<u>\$ 252,877</u>	<u>\$ 261,731</u>	<u>\$ 281,725</u>	<u>\$ 287,755</u>	<u>\$ 292,274</u>	<u>\$ 298,365</u>	<u>\$ 327,918</u>	<u>\$ 333,872</u>	<u>\$ 339,021</u>	<u>\$ 335,520</u>



**Statements of Cash Flows**

(Unaudited; amounts in thousands)

	2015					2016					2017				
	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR
<b>Cash flows from operating activities</b>															
Net income	\$ 586	\$ 651	\$ 1,270	\$ 2,132	\$ 4,639	\$ 1,044	\$ 352	\$ 2,509	\$ 1,805	\$ 5,710	\$ 2,971	\$ 1,825	\$ 1,865	\$ (9,101)	\$ (2,440)
Reconciliation of net income to net cash provided by (used in) operating activities															
Deferred income taxes	(51)	206	122	(315)	(38)	(302)	(137)	(379)	(880)	(1,698)	310	926	732	8,886	10,854
Share based earn-out liability	-	-	-	-	-	(365)	293	(1,031)	-	(1,103)	-	-	-	-	-
Depreciation and amortization	1,541	1,568	1,584	1,572	6,265	1,626	1,633	1,624	1,715	6,598	1,691	1,740	1,830	1,947	7,208
Amortization of intangible assets	845	833	829	800	3,307	1,161	1,198	1,194	1,185	4,738	1,215	1,117	1,128	1,114	4,574
Provision for doubtful accounts	138	380	328	425	1,271	304	288	385	398	1,375	332	541	492	340	1,705
Stock-based compensation	1,499	1,647	1,610	1,623	6,379	1,927	2,065	2,012	2,019	8,023	2,300	2,186	2,347	5,895	12,728
Other, net	-	-	-	-	-	-	-	-	-	-	(25)	34	(28)	4	(15)
Changes in assets and liabilities															
Accounts receivable	(594)	(1,803)	(1,030)	(90)	(3,517)	(2,189)	(306)	(1,384)	144	(3,735)	(2,201)	594	(2,869)	(1,110)	(5,586)
Deferred costs	(863)	(1,263)	(778)	(119)	(3,023)	(765)	(1,827)	(1,602)	(770)	(4,964)	(1,649)	(1,376)	(1,462)	(2,061)	(6,548)
Other current and non-current assets	(105)	(2,605)	654	19	(2,037)	99	(3,237)	298	929	(1,911)	180	(183)	1,138	(742)	393
Accounts payable	(477)	602	(1,619)	(75)	(1,569)	1,694	(975)	(809)	(292)	(382)	1,169	(974)	437	200	832
Accrued compensation	420	(829)	502	1,202	1,295	(319)	758	(266)	2,007	2,180	(1,508)	962	(594)	3,213	2,073
Accrued expenses	347	(671)	220	(357)	(461)	(90)	554	(338)	864	990	945	(739)	263	723	1,192
Deferred revenue	(78)	749	944	(1,028)	587	3,019	1,306	(398)	(1,217)	2,710	4,988	784	(840)	175	5,107
Deferred rent	(146)	(140)	(145)	1,762	1,331	67	(84)	(254)	505	234	(319)	70	(373)	(405)	(1,027)
Net cash provided by (used in) operating activities	3,062	(675)	4,491	7,551	14,429	6,911	1,881	1,561	8,412	18,765	10,399	7,507	4,066	9,078	31,050
<b>Cash flows from investing activities</b>															
Purchases of property and equipment	(2,308)	(2,771)	(1,425)	(2,253)	(8,757)	(2,116)	(954)	(2,902)	(2,036)	(8,008)	(1,299)	(2,035)	(1,908)	(2,029)	(7,271)
Purchases of investments	-	(9,989)	(7,520)	(5,018)	(22,527)	(2,495)	(6,004)	(9,638)	(4,998)	(23,135)	(4,995)	(17,355)	(7,469)	(18,059)	(47,878)
Maturities of investments	-	-	-	-	-	2,500	-	10,000	2,518	15,018	7,500	13,500	2,029	10,000	33,029
Acquisitions of businesses and intangible assets, net	-	-	-	-	-	(17,942)	(120)	-	30	(18,032)	(500)	-	-	-	(500)
Net cash provided by (used in) investing activities	(2,308)	(12,760)	(8,945)	(7,271)	(31,284)	(20,053)	(7,078)	(2,540)	(4,486)	(34,157)	706	(5,890)	(7,348)	(10,088)	(22,620)
<b>Cash flows from financing activities</b>															
Repurchases of common stock	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,815)	(5,815)
Proceeds from exercise of stock options & employee stock purchase plan	2,047	1,090	877	1,904	5,918	1,069	1,466	1,771	1,729	6,035	1,037	1,218	63	1,025	3,343
Excess tax benefit from exercise of stock options	300	100	779	1,157	2,336	1,021	400	1,289	1,360	4,070	-	-	-	-	-
Net cash provided by financing activities	2,347	1,190	1,656	3,061	8,254	2,090	1,866	3,060	3,089	10,105	1,037	1,218	63	(4,790)	(2,472)
Effect of foreign currency exchange rate changes	(346)	39	(659)	310	(656)	403	(398)	394	(773)	(374)	688	202	459	(57)	1,292
<b>Net increase (decrease) in cash and cash equivalents</b>	2,755	(12,206)	(3,457)	3,651	(9,257)	(10,649)	(3,729)	2,475	6,242	(5,661)	12,830	3,037	(2,760)	(5,857)	7,250
Cash and cash equivalents at beginning of period	130,795	133,550	121,344	117,887	130,795	121,538	110,889	107,160	109,635	121,538	115,877	128,707	131,744	128,984	115,877
Cash and cash equivalents at end of period	\$ 133,550	\$ 121,344	\$ 117,887	\$ 121,538	\$ 121,538	\$ 110,889	\$ 107,160	\$ 109,635	\$ 115,877	\$ 115,877	\$ 128,707	\$ 131,744	\$ 128,984	\$ 123,127	\$ 123,127



**Supplemental Financial Data**  
(Unaudited)

	2015					2016					2017				
	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR	Q1	Q2	Q3	Q4	YR
Revenues (in thousands)	\$ 36,970	\$ 38,846	\$ 40,354	\$ 42,348	\$ 158,518	\$ 45,599	\$ 47,351	\$ 49,284	\$ 51,061	\$ 193,295	\$ 51,932	\$ 54,284	\$ 56,150	\$ 58,200	\$ 220,566
% change (year over year)	28%	25%	24%	20%	24%	23%	22%	22%	21%	22%	14%	15%	14%	14%	14%
Percentage recurring revenues of total revenues	90%	91%	91%	91%	91%	91%	92%	92%	92%	92%	92%	92%	92%	93%	92%
Recurring revenue customers	22,436	22,746	23,092	23,410	23,410	23,817	24,186	24,583	24,805	24,805	25,001	25,153	25,359	25,751	25,751
% change (year over year)	12%	10%	9%	6%	6%	6%	6%	6%	6%	6%	5%	4%	3%	4%	4%
Average recurring revenues per recurring revenue customer (quarterly amounts are annualized)	\$ 6,013	\$ 6,225	\$ 6,436	\$ 6,631	\$ 6,343	\$ 7,053	\$ 7,223	\$ 7,399	\$ 7,610	\$ 7,344	\$ 7,707	\$ 7,993	\$ 8,219	\$ 8,441	\$ 8,067
% change (year over year)	15%	14%	15%	12%	15%	17%	16%	15%	15%	16%	9%	11%	11%	11%	10%
<b>Adjusted EBITDA (in thousands)</b>															
Net income	\$ 586	\$ 651	\$ 1,270	\$ 2,132	\$ 4,639	\$ 1,044	\$ 352	\$ 2,509	\$ 1,805	\$ 5,710	\$ 2,971	\$ 1,825	\$ 1,865	\$ (9,101)	\$ (2,440)
Depreciation and amortization	2,386	2,401	2,413	2,372	9,572	2,787	2,831	2,818	2,900	11,336	2,906	2,857	2,958	3,061	11,782
Interest expense (income), net	(37)	(37)	(49)	(74)	(197)	(145)	(151)	(112)	(193)	(601)	(191)	(242)	(271)	(328)	(1,032)
Income tax expense	261	356	953	866	2,436	708	305	1,220	907	3,140	536	1,042	1,058	331	2,967
Discrete impact from tax law change	-	-	-	-	-	-	-	-	-	-	-	-	-	8,613	8,613
Stock-based compensation expense	1,499	1,647	1,610	1,623	6,379	1,927	2,065	2,012	2,019	8,023	2,300	2,186	2,347	5,894	12,727
Other	-	-	-	(209)	(209)	(365)	293	(1,034)	-	(1,106)	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 4,695</b>	<b>\$ 5,018</b>	<b>\$ 6,197</b>	<b>\$ 6,710</b>	<b>\$ 22,620</b>	<b>\$ 5,956</b>	<b>\$ 5,695</b>	<b>\$ 7,413</b>	<b>\$ 7,438</b>	<b>\$ 26,502</b>	<b>\$ 8,522</b>	<b>\$ 7,668</b>	<b>\$ 7,957</b>	<b>\$ 8,470</b>	<b>\$ 32,617</b>
<b>Stock-based compensation expense (in thousands) included in</b>															
Cost of revenues	\$ 172	\$ 288	\$ 256	\$ 273	\$ 989	\$ 280	\$ 317	\$ 319	\$ 393	\$ 1,309	\$ 451	\$ 469	\$ 494	\$ 473	\$ 1,887
Sales and marketing	542	482	466	488	1,978	654	639	620	499	2,412	517	574	565	541	2,197
Research and development	135	173	178	154	640	138	141	143	196	618	229	228	241	251	949
General and administrative	650	704	710	708	2,772	855	968	930	931	3,684	1,103	915	1,047	4,629	7,694
<b>Total stock-based compensation expense</b>	<b>\$ 1,499</b>	<b>\$ 1,647</b>	<b>\$ 1,610</b>	<b>\$ 1,623</b>	<b>\$ 6,379</b>	<b>\$ 1,927</b>	<b>\$ 2,065</b>	<b>\$ 2,012</b>	<b>\$ 2,019</b>	<b>\$ 8,023</b>	<b>\$ 2,300</b>	<b>\$ 2,186</b>	<b>\$ 2,347</b>	<b>\$ 5,894</b>	<b>\$ 12,727</b>
<b>Non-GAAP income per share (in thousands, except per share amounts)</b>															
Net income	\$ 586	\$ 651	\$ 1,270	\$ 2,132	\$ 4,639	\$ 1,044	\$ 352	\$ 2,509	\$ 1,805	\$ 5,710	\$ 2,971	\$ 1,825	\$ 1,865	\$ (9,101)	\$ (2,440)
Stock-based compensation expense	1,499	1,647	1,610	1,623	6,379	1,927	2,065	2,012	2,019	8,023	2,300	2,186	2,347	5,894	12,727
Amortization of intangible assets	845	833	829	800	3,307	1,161	1,198	1,194	1,185	4,738	1,215	1,117	1,128	1,114	4,574
Discrete impact from tax law change	-	-	-	-	-	-	-	-	-	-	-	-	-	8,613	8,613
Other	-	-	-	-	-	(365)	293	(1,034)	-	(1,106)	-	-	-	-	-
<b>Non-GAAP income as historically reported ^</b>	<b>2,930</b>	<b>3,131</b>	<b>3,709</b>	<b>4,555</b>	<b>14,325</b>	<b>3,767</b>	<b>3,908</b>	<b>4,681</b>	<b>5,009</b>	<b>17,365</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Income tax effects of adjustments ^	(888)	(925)	(857)	(896)	(3,566)	(1,066)	(1,272)	(1,061)	(1,526)	(4,925)	(2,133)	(1,211)	(1,259)	(2,171)	(6,774)
<b>Non-GAAP income with tax adjustments ^</b>	<b>\$ 2,042</b>	<b>\$ 2,206</b>	<b>\$ 2,852</b>	<b>\$ 3,659</b>	<b>\$ 10,759</b>	<b>\$ 2,701</b>	<b>\$ 2,636</b>	<b>\$ 3,620</b>	<b>\$ 3,483</b>	<b>\$ 12,440</b>	<b>\$ 4,353</b>	<b>\$ 3,917</b>	<b>\$ 4,081</b>	<b>\$ 4,349</b>	<b>\$ 16,700</b>
<b>Shares used to compute non-GAAP income per share</b>															
Basic	16,433	16,536	16,605	16,681	16,565	16,783	16,909	17,001	17,050	16,947	17,154	17,198	17,223	17,157	17,183
Diluted	17,011	16,998	17,054	17,110	17,032	17,029	17,120	17,341	17,366	17,241	17,393	17,378	17,410	17,325	17,356
<b>Non-GAAP income per share with tax adjustments ^</b>															
Basic	\$ 0.12	\$ 0.13	\$ 0.17	\$ 0.22	\$ 0.65	\$ 0.16	\$ 0.16	\$ 0.21	\$ 0.20	\$ 0.73	\$ 0.25	\$ 0.23	\$ 0.24	\$ 0.25	\$ 0.97
Diluted	\$ 0.12	\$ 0.13	\$ 0.17	\$ 0.21	\$ 0.63	\$ 0.16	\$ 0.15	\$ 0.21	\$ 0.20	\$ 0.72	\$ 0.25	\$ 0.23	\$ 0.23	\$ 0.25	\$ 0.96
<b>Non-GAAP income per share as historically reported ^</b>															
Basic	\$ 0.18	\$ 0.19	\$ 0.22	\$ 0.27	\$ 0.86	\$ 0.22	\$ 0.23	\$ 0.28	\$ 0.29	\$ 1.02	N/A	N/A	N/A	N/A	N/A
Diluted	\$ 0.17	\$ 0.18	\$ 0.22	\$ 0.27	\$ 0.84	\$ 0.22	\$ 0.23	\$ 0.27	\$ 0.29	\$ 1.01	N/A	N/A	N/A	N/A	N/A

\*\* See additional disclosure regarding non-GAAP financial measures on the following page \*\*

To supplement its financial statements, SPS Commerce also provides investors with Adjusted EBITDA and non-GAAP income per share, which are non-GAAP financial measures. SPS Commerce believes that these non-GAAP measures provide useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. SPS Commerce's management uses these non-GAAP measures to compare the company's performance to that of prior periods for trend analyses and planning purposes. It uses Adjusted EBITDA for purposes of determining executive and senior management incentive compensation. These measures are also presented to the company's board of directors.

Adjusted EBITDA consists of net income adjusted for depreciation and amortization, interest expense, interest income, income tax expense, stock-based compensation expense, the discrete impact from tax law change and other adjustments as necessary for a fair presentation. For additional information on the "other" adjustments for a specific period, please see Management's Discussion and Analysis of Financial Condition and Results of Operations in SPS Commerce's filings with the U.S. Securities and Exchange Commission. SPS Commerce uses Adjusted EBITDA as a measure of operating performance because it assists the company in comparing performance on a consistent basis, as it removes from operating results the impact of the company's capital structure. SPS Commerce believes Adjusted EBITDA is useful to an investor in evaluating the company's operating performance because it is widely used to measure a company's operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets, and to present a meaningful measure of corporate performance exclusive of the company's capital structure and the method by which assets were acquired.

Non-GAAP income per share consists of Net income plus stock-based compensation expense, amortization expense related to intangible assets, the discrete impact from tax law change and other adjustments as necessary for a fair presentation divided by the weighted average number of shares of outstanding during each period. SPS Commerce believes non-GAAP income per share is useful to an investor because it is widely used to measure a company's operating performance.

These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with generally accepted accounting principles in the United States. These non-GAAP financial measures exclude significant expenses and income that are required by GAAP to be recorded in the company's financial statements and are subject to inherent limitations. SPS Commerce urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures. The preceding tables provide reconciliations of net income to Adjusted EBITDA and non-GAAP income per share.

<sup>^</sup> Pursuant to recent Compliance and Disclosure Interpretations published by the U.S. Securities and Exchange Commission in May 2016 (the "May C&DI") related to the use of non-GAAP financial measures, we now include an adjustment to non-GAAP income to reflect the income tax effects of the adjustments to GAAP net income, as discussed above. To quantify these tax effects, SPS Commerce recalculates income tax expense excluding the direct book and tax effects of the specific items constituting the non-GAAP adjustments (e.g., stock-based compensation expense). The difference between this recalculated income tax expense and GAAP income tax expense is presented as the income tax effect of the non-GAAP adjustments.