



**Supplemental Financial Data Workbook**  
**Fourth Quarter 2018**  
**February 21, 2019**

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## Explanation of Non-GAAP Financial Measures

Allscripts reports its financial results in accordance with U.S. generally accepted accounting principles, or GAAP. To supplement this information, Allscripts presents in this supplemental data package non-GAAP revenue, gross profit and gross margin, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. The definitions of non-GAAP financial measures used throughout this document are presented below:

- Non-GAAP revenue consists of GAAP revenue as reported and adds back recognized deferred revenue from the EIS business, Practice Fusion, HealthGrid, Netsmart, NantHealth's provider/patient engagement business and non-material consolidated affiliates that are eliminated for GAAP purposes due to purchase accounting adjustments. In addition Non-GAAP revenue includes the entire revenue impact of all businesses treated as discontinued operations.
- Non-GAAP gross profit consists of GAAP gross profit, as reported, and excludes acquisition-related deferred revenue adjustments, acquisition-related amortization, stock-based compensation expense, and transaction-related and other costs. Non-GAAP gross margin consists of non-GAAP gross profit as a percentage of non-GAAP revenue in the applicable period. In addition Non-GAAP gross profit includes the entire gross profit of all businesses treated as discontinued operations

Management also believes that non-GAAP revenue, gross profit and gross margin provide useful supplemental information to management and investors regarding the underlying performance of Allscripts business operations. Acquisition accounting adjustments made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein. Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP gross profit to measure achievement under Allscripts stock and cash incentive compensation plans. Note, however, that non-GAAP gross profit is a performance measure only, and it does not provide any measure of cash flow or liquidity. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Allscripts results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures contained within the company's press release dated February 21, 2019.

**Table 1**  
**Allscripts Healthcare Solutions, Inc.**  
**Contract Backlog and Other Metrics**  
(In millions)  
(unaudited)

	2017				2018				YTD		Pct Change	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018	2018	2018/2017
											Q3 vs Q4	YTD
<b>Contract Backlog:</b>												
Software Delivery, Support & Maintenance	2,175	2,212	2,148	2,533	2,602	2,631	2,641	2,507	N/A	N/A	-5%	N/A
Client Services	1,497	1,500	1,456	1,624	1,675	1,689	1,486	1,350	N/A	N/A	-9%	N/A
<b>Total Contract Backlog</b>	<b>3,672</b>	<b>3,712</b>	<b>3,604</b>	<b>4,157</b>	<b>4,277</b>	<b>4,320</b>	<b>4,127</b>	<b>3,857</b>	<b>N/A</b>	<b>N/A</b>	<b>-7%</b>	<b>N/A</b>
	2017				2018				YTD		2018/2017	2018/2017
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2017	2018	Q4	YTD
<b>Other Metrics:</b>												
(A) Gross research and development expenses (includes stock comp expense)	64.5	68.3	69.7	94.7	91.0	105.7	88.8	96.3	297.2	381.8	2%	29%
(B) Capitalized software development costs	(19.3)	(26.1)	(23.2)	(26.3)	(26.2)	(31.2)	(25.8)	(30.2)	(94.9)	(113.4)	15%	20%
<b>Research and development expenses on GAAP Statement of Operations</b>	<b>45.2</b>	<b>42.2</b>	<b>46.5</b>	<b>68.4</b>	<b>64.8</b>	<b>74.5</b>	<b>63.0</b>	<b>66.1</b>	<b>202.3</b>	<b>268.4</b>	<b>-3%</b>	<b>33%</b>
(C) Capitalized software amortization included in cost of revenue	11.5	12.1	13.1	14.9	15.8	15.3	15.9	17.4	51.6	64.4	17%	25%
Gross Capitalization Rate (-B/A)	30%	38%	33%	28%	29%	30%	29%	31%	32%	30%	11%	-6%
Net Capitalization -(B+C)	7.8	14.0	10.1	11.4	10.4	15.9	9.9	12.8	43.3	49.0	13%	13%
Net Capitalization Rate -(B+C)/A	12%	20%	15%	12%	11%	15%	11%	13%	15%	13%	8%	-13%
Net Capitalization as percentage of total revenue	2%	4%	3%	2%	2%	4%	2%	3%	3%	3%	50%	0%
<b>Stock-based compensation expense included in statement of operations line items:</b>												
Cost of revenue:												
Software Delivery, Support and Maintenance	1.2	1.0	0.3	0.4	0.6	0.5	0.5	0.6	2.9	2.2	50%	-24%
Client Services	1.7	1.0	0.8	1.0	1.4	1.1	1.0	0.5	4.5	4.0	-50%	-11%
Total stock-based compensation expense included in cost of revenue	2.9	2.0	1.1	1.4	2.0	1.6	1.5	1.1	7.4	6.2	-21%	-16%
Selling, general and administrative expenses	6.9	6.5	4.9	5.2	6.1	5.3	6.2	6.6	23.5	24.2	27%	3%
Research and development	2.7	2.1	1.9	1.9	2.8	2.1	2.3	1.7	8.6	8.9	-11%	4%
<b>Total stock-based compensation expense</b>	<b>12.5</b>	<b>10.6</b>	<b>7.9</b>	<b>8.5</b>	<b>10.9</b>	<b>9.0</b>	<b>10.0</b>	<b>9.4</b>	<b>39.5</b>	<b>39.3</b>	<b>11%</b>	<b>-1%</b>
Accounts receivable	339	346	366	493	429	445	448	465	493	465	-6%	-6%
A/R days sales outstanding	91	91	91	97	90	90	93	96	97	96	-1%	-1%

Note: Table 1 excludes Netsmart in all reported periods

**Table 2**  
**Allscripts Healthcare Solutions, Inc.**  
**Non-GAAP Financial Information**  
(In millions)  
(unaudited)

	2016	2017					2018				
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Non-GAAP Revenue</b>											
<b>Software Delivery, Support &amp; Maintenance*</b>											
Recurring revenue	856.0	227.8	224.6	231.1	309.7	993.2	296.5	296.8	292.4	290.7	1,176.4
Non-recurring revenue	168.2	40.9	51.3	58.8	39.4	190.4	35.7	44.6	46.1	59.3	185.7
<b>Total Software Delivery, Support &amp; Maintenance</b>	<b>1,024.2</b>	<b>268.7</b>	<b>275.9</b>	<b>289.9</b>	<b>349.1</b>	<b>1,183.6</b>	<b>332.2</b>	<b>341.4</b>	<b>338.5</b>	<b>350.0</b>	<b>1,362.1</b>
<b>Client Services*</b>											
Recurring revenue	361.2	101.8	103.5	109.3	125.1	439.7	122.4	133.6	135.5	135.0	526.5
Non-recurring revenue	190.3	44.6	48.3	52.0	72.6	217.5	64.0	60.8	61.8	53.4	240.0
<b>Total Client Services</b>	<b>551.5</b>	<b>146.4</b>	<b>151.8</b>	<b>161.3</b>	<b>197.7</b>	<b>657.2</b>	<b>186.4</b>	<b>194.4</b>	<b>197.3</b>	<b>188.4</b>	<b>766.5</b>
<b>Total non-GAAP revenue</b>	<b>1,575.7</b>	<b>415.1</b>	<b>427.7</b>	<b>451.2</b>	<b>546.8</b>	<b>1,840.8</b>	<b>518.6</b>	<b>535.8</b>	<b>535.8</b>	<b>538.4</b>	<b>2,128.6</b>
<b>Revenue Mix</b>											
Recurring revenue	77%	79%	77%	75%	80%	78%	81%	80%	80%	79%	80%
Non-recurring revenue	23%	21%	23%	25%	20%	22%	19%	20%	20%	21%	20%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Non-GAAP Gross Profit</b>											
Software Delivery, Support & Maintenance	678.7	179.0	180.0	194.3	229.8	783.1	215.0	221.0	217.5	224.4	877.9
Client Services	72.8	18.1	25.3	24.1	31.4	98.9	30.5	30.7	33.8	29.1	124.1
<b>Total non-GAAP gross profit</b>	<b>751.5</b>	<b>197.1</b>	<b>205.3</b>	<b>218.4</b>	<b>261.2</b>	<b>882.0</b>	<b>245.5</b>	<b>251.7</b>	<b>251.3</b>	<b>253.5</b>	<b>1,002.0</b>
<b>Non-GAAP Gross Margin</b>											
Software Delivery, Support & Maintenance	66.3%	66.6%	65.2%	67.0%	65.8%	66.2%	64.7%	64.7%	64.2%	64.1%	64.5%
Client Services	13.2%	12.4%	16.7%	14.9%	15.9%	15.1%	16.4%	15.8%	17.1%	15.4%	16.2%
<b>Total non-GAAP gross margin</b>	<b>47.7%</b>	<b>47.5%</b>	<b>48.0%</b>	<b>48.4%</b>	<b>47.8%</b>	<b>47.9%</b>	<b>47.3%</b>	<b>47.0%</b>	<b>46.9%</b>	<b>47.1%</b>	<b>47.1%</b>

Note: Please refer to Table 3 within this Supplemental Financial Data Workbook for a reconciliation of GAAP and non-GAAP revenue and gross profit.

\* During 2018, we changed the presentation of certain bundled revenue streams and the associated cost of revenue which were previously included as part of software delivery, support and maintenance revenue. Under the new presentation, these amounts are included as part of client services revenue and cost of revenue, respectively. We have recast previously reported revenue and cost of revenue amounts to conform with the new presentation. This change in presentation had no impact on previously reported gross profit, net income (loss) or earnings (loss) per share. Quarterly revenue previously reported during fiscal 2018 already reflected this change in presentation.

**Table 3**  
**Allscripts Healthcare Solutions, Inc.**  
**Non-GAAP Financial Information**  
(In millions)  
(unaudited)

	2016	2017					2018				
	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Software Delivery, Support &amp; Maintenance</b>											
<b>Revenue, as reported*</b>	899.3	221.8	225.5	236.4	274.5	958.2	280.6	284.5	274.1	289.1	1,128.3
Acquisition-related deferred revenue and other adjustments	5.7	0.0	0.2	0.4	24.8	25.4	2.2	5.0	4.8	0.7	12.7
Transaction-related	119.2	46.9	50.2	53.1	49.8	200.0	49.4	51.9	59.6	60.2	221.1
<b>Total non-GAAP revenue</b>	<b>1,024.2</b>	<b>268.7</b>	<b>275.9</b>	<b>289.9</b>	<b>349.1</b>	<b>1,183.6</b>	<b>332.2</b>	<b>341.4</b>	<b>338.5</b>	<b>350.0</b>	<b>1,362.1</b>
<b>Gross profit, as reported</b>	<b>551.7</b>	<b>129.8</b>	<b>128.3</b>	<b>143.5</b>	<b>154.8</b>	<b>556.4</b>	<b>168.6</b>	<b>167.0</b>	<b>161.8</b>	<b>171.0</b>	<b>668.4</b>
Acquisition-related deferred revenue and other adjustments	5.7	0.0	0.2	0.4	24.8	25.4	2.2	5.0	4.8	0.7	12.7
Acquisition-related amortization	30.2	8.1	8.3	7.1	9.7	33.2	10.1	9.3	9.5	9.5	38.4
Stock-based compensation expense	4.3	1.2	1.0	0.3	0.4	2.9	0.6	0.5	0.5	0.6	2.2
Transaction-related	86.8	39.9	42.2	43.0	40.1	165.2	33.5	39.2	40.9	42.6	156.2
<b>Non-GAAP gross profit</b>	<b>678.7</b>	<b>179.0</b>	<b>180.0</b>	<b>194.3</b>	<b>229.8</b>	<b>783.1</b>	<b>215.0</b>	<b>221.0</b>	<b>217.5</b>	<b>224.4</b>	<b>877.9</b>
<b>Client Services</b>											
<b>Revenue, as reported*</b>	486.8	121.3	124.6	131.7	161.9	539.5	153.2	157.0	158.3	153.2	621.7
Acquisition-related deferred revenue and other adjustments	0.6	0.0	0.0	0.3	3.8	4.1	1.7	5.0	4.8	0.2	11.7
Transaction-related	64.1	25.1	27.2	29.3	32.0	113.6	31.5	32.4	34.2	35.0	133.1
<b>Total non-GAAP revenue</b>	<b>551.5</b>	<b>146.4</b>	<b>151.8</b>	<b>161.3</b>	<b>197.7</b>	<b>657.2</b>	<b>186.4</b>	<b>194.4</b>	<b>197.3</b>	<b>188.4</b>	<b>766.5</b>
<b>Gross profit, as reported</b>	<b>49.6</b>	<b>14.4</b>	<b>21.9</b>	<b>18.7</b>	<b>21.4</b>	<b>76.4</b>	<b>16.1</b>	<b>6.8</b>	<b>16.2</b>	<b>17.1</b>	<b>56.2</b>
Acquisition-related deferred revenue and other adjustments	0.6	0.0	0.0	0.3	3.8	4.1	1.7	5.0	4.8	0.2	11.7
Stock-based compensation expense	4.4	1.7	1.0	0.8	1.0	4.5	1.4	1.1	1.0	0.5	4.0
Transaction-related	18.2	2.0	2.4	4.3	5.2	13.9	11.3	17.8	11.8	11.3	52.2
<b>Non-GAAP gross profit</b>	<b>72.8</b>	<b>18.1</b>	<b>25.3</b>	<b>24.1</b>	<b>31.4</b>	<b>98.9</b>	<b>30.5</b>	<b>30.7</b>	<b>33.8</b>	<b>29.1</b>	<b>124.1</b>

\* During 2018, we changed the presentation of certain bundled revenue streams and the associated cost of revenue which were previously included as part of software delivery, support and maintenance revenue. Under the new presentation, these amounts are included as part of client services revenue and cost of revenue, respectively. We have recast previously reported revenue and cost of revenue amounts to conform with the new presentation. This change in presentation had no impact on previously reported gross profit, net income (loss) or earnings (loss) per share. Quarterly revenue previously reported during fiscal 2018 already reflected this change in presentation.