

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended March 31,		Year Ended March 31,	
	2022	2021	2022	2021
(In thousands, except per share data)				
Net revenue:				
Products	\$ 11,712	\$ 7,318	\$ 35,956	\$ 26,714
Support, maintenance and subscription services	26,588	22,918	98,958	88,565
Professional services	8,259	6,100	27,722	21,897
Total net revenue	46,559	36,336	162,636	137,176
Cost of goods sold:				
Products	6,830	3,881	19,251	13,506
Support, maintenance and subscription services	5,957	4,470	21,141	17,985
Professional services	6,078	4,505	20,712	16,309
Total cost of goods sold	18,865	12,856	61,104	47,800
Gross profit	27,694	23,480	101,532	89,376
Gross profit margin	59.5%	64.6%	62.4%	65.2%
Operating expenses:				
Product development	12,258	26,445	46,332	55,345
Sales and marketing	4,312	5,918	14,730	14,196
General and administrative	7,404	14,831	27,734	33,273
Depreciation of fixed assets	602	672	2,210	2,832
Amortization of internal-use software	577	470	1,654	1,959
Severance and other charges	398	(233)	1,584	2,529
Legal settlements	598	150	969	200
Total operating expense	26,149	48,253	95,213	110,334
Operating income (loss)	1,545	(24,773)	6,319	(20,958)
Other (income) expense:				
Interest income	(14)	(31)	(59)	(107)
Interest expense	6	7	12	20
Other expense, net	(197)	50	(145)	338
Income (loss) before taxes	1,750	(24,799)	6,511	(21,209)
Income tax expense (benefit)	(232)	(518)	33	(208)
Net income (loss)	\$ 1,982	\$ (24,281)	\$ 6,478	\$ (21,001)
Series A convertible preferred stock issuance costs	—	—	—	(1,031)
Series A convertible preferred stock dividends	(459)	(459)	(1,836)	(1,576)
Net income (loss) attributable to common shareholders	\$ 1,523	\$ (24,740)	\$ 4,642	\$ (23,608)
Weighted average shares outstanding - basic	24,484	23,574	24,357	23,458
Net income (loss) per share - basic:	\$ 0.06	\$ (1.05)	\$ 0.19	\$ (1.01)
Weighted average shares outstanding - diluted	25,317	23,574	25,483	23,458
Net income (loss) per share - diluted:	\$ 0.06	\$ (1.05)	\$ 0.18	\$ (1.01)

AGILYSYS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except share data)	As of March 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 96,971	\$ 99,180
Accounts receivable, net of allowance for expected credit losses of \$318 and \$1,220, respectively	25,175	25,732
Contract assets	1,669	2,364
Inventories	6,940	1,177
Prepaid expenses and other current assets	5,418	4,797
Total current assets	136,173	133,250
Property and equipment, net	6,345	8,789
Operating lease right-of-use assets	9,889	12,210
Goodwill	32,759	19,622
Intangible assets, net	20,178	8,400
Deferred income taxes, non-current	2,664	1,802
Other non-current assets	6,154	5,800
Total assets	\$ 214,162	\$ 189,873
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 9,766	\$ 6,346
Contract liabilities	46,095	38,394
Accrued liabilities	10,552	11,387
Operating lease liabilities, current	5,049	5,009
Finance lease obligations, current	4	19
Total current liabilities	71,466	61,155
Deferred income taxes, non-current	938	923
Operating lease liabilities, non-current	5,649	8,597
Finance lease obligations, non-current	2	6
Other non-current liabilities	3,304	3,857
Commitments and contingencies (see Note 11)		
Series A convertible preferred stock, no par value	35,459	35,459
Shareholders' equity:		
Common shares, without par value, at \$0.30 stated value; 80,000,000 shares authorized; 31,606,831 shares issued; and 24,728,532 and 24,010,727 shares outstanding at March 31, 2022 and March 31, 2021, respectively	9,482	9,482
Treasury shares, 6,878,299 and 7,596,104 at March 31, 2022 and March 31, 2021, respectively	(2,063)	(2,278)
Capital in excess of stated value	49,963	37,257
Retained earnings	40,018	35,376
Accumulated other comprehensive (loss) income	(56)	39
Total shareholders' equity	97,344	79,876
Total liabilities and shareholders' equity	\$ 214,162	\$ 189,873

AGILYSYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

(In thousands)	Year Ended March 31,	
	2022	2021
Operating activities		
Net income (loss)	\$ 6,478	\$ (21,001)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss on disposal of property & equipment	195	44
Depreciation	2,210	2,832
Amortization of intangibles	1,654	1,959
Deferred income taxes	(925)	(959)
Share-based compensation	14,549	40,093
Changes in operating assets and liabilities:		
Accounts receivable	2,551	10,363
Contract assets	684	(228)
Inventories	(5,764)	2,746
Prepaid expense and other current assets	(484)	(201)
Accounts payable	3,417	(7,016)
Contract liabilities	4,902	(3,971)
Accrued liabilities	146	1,187
Income taxes payable	50	340
Other changes, net	(1,188)	2,219
Net cash provided by operating activities	28,475	28,407
Investing activities		
Capital expenditures	(1,197)	(1,389)
Cash paid for business combinations, net of cash acquired	(24,455)	—
Additional investments in corporate-owned life insurance policies	(27)	(2)
Net cash used in investing activities	(25,679)	(1,391)
Financing activities		
Preferred stock issuance proceeds, net of issuance costs	—	33,969
Payment of preferred stock dividends	(1,836)	(1,117)
Repurchase of common shares to satisfy employee tax withholding	(3,046)	(7,512)
Principal payments under long-term obligations	(19)	(24)
Net cash (used in) provided by financing activities	(4,901)	25,316
Effect of exchange rate changes on cash	(104)	195
Net (decrease) increase in cash and cash equivalents	(2,209)	52,527
Cash and cash equivalents at beginning of period	99,180	46,653
Cash and cash equivalents at end of period	\$ 96,971	\$ 99,180

AGILYSYS, INC.
RECONCILIATION OF NET INCOME (LOSS) TO EBITDA AND ADJUSTED EBITDA
(UNAUDITED)

<i>(In thousands)</i>	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Net income (loss)	\$ 1,982	\$ (24,281)	\$ 6,478	\$ (21,001)
Income tax expense (benefit)	(232)	(518)	33	(208)
Income before taxes	1,750	(24,799)	6,511	(21,209)
Depreciation of fixed assets	602	672	2,210	2,832
Amortization of internal-use software	577	470	1,654	1,959
Amortization of developed technology acquired	42	—	42	—
Interest income, net	(8)	(24)	(47)	(87)
EBITDA (a)	2,963	(23,681)	10,370	(16,505)
Share-based compensation	3,747	30,781	14,549	40,093
Severance and other charges	398	(233)	1,584	2,529
Other non-operating expense (income)	(197)	50	(145)	338
Legal settlements	598	150	969	200
Adjusted EBITDA (b)	\$ 7,509	\$ 7,067	\$ 27,327	\$ 26,655

(a) EBITDA, a non-GAAP financial measure, is defined as net income (loss) before income taxes, interest expense (net of interest income), depreciation and amortization

(b) Adjusted EBITDA, a non-GAAP financial measure, is defined as net income (loss) before income taxes, interest expense (net of interest income), depreciation and amortization (including amortization of developed technology), and excluding charges relating to i) legal settlements, ii) severance and other charges, iii) impairments, iv) share-based compensation, and v) other non-operating (income) expense

AGILYSYS, INC.

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME FOR ADJUSTED EARNINGS PER SHARE
(UNAUDITED)

(In thousands, except per share data)

	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Net income (loss) attributable to common shareholders	\$ 1,523	\$ (24,740)	\$ 4,642	\$ (23,608)
Amortization of internal-use software	577	470	1,654	1,959
Share-based compensation	3,747	30,781	14,549	40,093
Series A convertible preferred stock issuance costs	—	—	—	1,031
Severance and other charges	398	(233)	1,584	2,529
Legal settlements	598	150	969	200
Income tax adjustments	(717)	(1,190)	(2,584)	(2,710)
Adjusted net income (a)	\$ 6,126	\$ 5,238	\$ 20,814	\$ 19,494
Basic weighted average shares outstanding	24,484	23,574	24,357	23,458
Diluted weighted average shares outstanding	25,317	24,806	25,483	24,016
Adjusted basic earnings per share (b)	\$ 0.25	\$ 0.22	\$ 0.85	\$ 0.83
Adjusted diluted earnings per share (b)	\$ 0.24	\$ 0.21	\$ 0.82	\$ 0.81

(a) Adjusted net income, a non-GAAP financial measure, is defined as net income (loss) attributable to common shareholders before amortization expense (including amortization of developed technology), share-based compensation, and one-time charges including severance and other charges, impairments and legal settlements, less the related income tax effect of these adjustments, as applicable, at the Company's current combined federal and state income statutory tax rate. No income tax effect applies to one-time charges when a valuation allowance offsets their related deferred tax assets

(b) Adjusted earnings per share, a non-GAAP financial measure, is defined as adjusted net income (loss) divided by basic and diluted weighted average shares outstanding

AGILYSYS, INC.

RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(UNAUDITED)

<i>(In thousands)</i>	Three months ended		Twelve months ended	
	March 31,		March 31,	
	2022	2021	2022	2021
Net cash provided by operating activities	\$ 6,660	\$ 13,323	\$ 28,475	\$ 28,407
Capital expenditures	(119)	(313)	(1,197)	(1,389)
Free cash flow (a)	\$ 6,541	\$ 13,010	\$ 27,278	\$ 27,018

(a) Free cash flow, a non-GAAP financial measure, is defined as net cash provided by operating activities, less capital expenditures