

AGILYSYS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

Three months ended
June 30,

(In thousands, except per share data)

	2022	2021
Net revenue:		
Products	\$ 11,046	\$ 8,844
Subscription and maintenance	27,727	23,207
Professional services	8,733	6,674
Total net revenue	47,506	38,725
Cost of goods sold:		
Products	5,879	4,360
Subscription and maintenance	6,286	4,744
Professional services	6,846	4,754
Total cost of goods sold	19,011	13,858
Gross profit	28,495	24,867
Gross profit margin	60.0%	64.2%
Operating expenses:		
Product development	11,556	11,485
Sales and marketing	5,413	3,052
General and administrative	7,353	7,003
Depreciation of fixed assets	473	566
Amortization of internal-use software and intangibles	453	465
Other charges	214	225
Legal settlements	-	30
Total operating expense	25,462	22,826
Operating income	3,033	2,041
Other (income) expense:		
Interest income	(101)	(22)
Interest expense	1	1
Other (income) expense, net	(304)	(103)
Income before taxes	3,437	2,165
Income tax expense	398	193
Net income	\$ 3,039	\$ 1,972
Series A convertible preferred stock dividends	(459)	(459)
Net income attributable to common shareholders	\$ 2,580	\$ 1,513
Weighted average shares outstanding - basic	24,598	24,014
Net income per share - basic:	\$ 0.10	\$ 0.06
Weighted average shares outstanding - diluted	25,370	25,178
Net income per share - diluted:	\$ 0.10	\$ 0.06

AGILYSYS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(In thousands, except share data)

	June 30, 2022 Unaudited	March 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 94,897	\$ 96,971
Accounts receivable, net of allowance for expected credit losses of \$496 and \$318, respectively	22,901	25,175
Contract assets	2,661	1,669
Inventories	7,246	6,940
Prepaid expenses and other current assets	4,435	5,418
Total current assets	132,140	136,173
Property and equipment, net	5,896	6,345
Operating lease right-of-use assets	9,277	9,889
Goodwill	32,759	32,759
Intangible assets, net	19,831	20,178
Deferred income taxes, non-current	2,677	2,664
Other non-current assets	6,179	6,154
Total assets	\$ 208,759	\$ 214,162
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,185	\$ 9,766
Contract liabilities	41,989	46,095
Accrued liabilities	7,870	10,552
Operating lease liabilities, current	4,729	5,049
Finance lease obligations, current	4	4
Total current liabilities	62,777	71,466
Deferred income taxes, non-current	943	938
Operating lease liabilities, non-current	4,970	5,649
Finance lease obligations, non-current	1	2
Other non-current liabilities	3,792	3,304
Commitments and contingencies		
Series A convertible preferred stock, no par value	35,000	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 25,025,983 and 24,728,532 shares outstanding at June 30, 2022 and March 31, 2022, respectively	9,482	9,482
Treasury shares, 6,580,848 and 6,878,299 at June 30, 2022 and March 31, 2022, respectively	(1,974)	(2,063)
Capital in excess of stated value	51,624	49,963
Retained earnings	42,598	40,018
Accumulated other comprehensive loss	(454)	(56)
Total shareholders' equity	101,276	97,344
Total liabilities and shareholders' equity	\$ 208,759	\$ 214,162

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

(In thousands)	Three Months Ended June 30,	
	2022	2021
Operating activities		
Net income	\$ 3,039	\$ 1,972
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on disposal of property & equipment	—	123
Depreciation of fixed assets	473	566
Amortization of internal-use software and intangibles	453	465
Deferred income taxes	(116)	(108)
Share-based compensation	2,488	3,621
Changes in operating assets and liabilities	(6,236)	1,356
Net cash provided by operating activities	101	7,995
Investing activities		
Capital expenditures	(98)	(274)
Additional investments in corporate-owned life insurance policies	(7)	(2)
Net cash used in investing activities	(105)	(276)
Financing activities		
Payment of preferred stock dividends	(918)	(918)
Repurchase of common shares to satisfy employee tax withholding	(820)	(2,070)
Principal payments under long-term obligations	(1)	(6)
Net cash used in financing activities	(1,739)	(2,994)
Effect of exchange rate changes on cash	(331)	6
Net (decrease) increase in cash and cash equivalents	(2,074)	4,731
Cash and cash equivalents at beginning of period	96,971	99,180
Cash and cash equivalents at end of period	\$ 94,897	\$ 103,911

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

<i>(In thousands)</i>	Three months ended June 30,	
	2022	2021
Net income	\$ 3,039	\$ 1,972
Income tax expense	398	193
Income before taxes	3,437	2,165
Depreciation of fixed assets	473	566
Amortization of internal-use software and intangibles	453	465
Amortization of developed technology acquired	41	—
Interest income, net	(100)	(21)
EBITDA (a)	4,304	3,175
Share-based compensation	2,488	3,621
Other charges	214	225
Other non-operating (income) expense	(304)	(103)
Legal settlements	-	30
Adjusted EBITDA (b)	\$ 6,702	\$ 6,948

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

AGILYSYS, INC.
RECONCILIATION OF NET INCOME TO ADJUSTED NET INCOME FOR ADJUSTED EARNINGS PER SHARE
(UNAUDITED)

<i>(In thousands, except per share data)</i>	Three months ended June 30,	
	2022	2021
Net income attributable to common shareholders	\$ 2,580	\$ 1,513
Amortization of developed technology acquired	41	—
Amortization of internal-use software and intangibles	453	465
Share-based compensation	2,488	3,621
Other charges	214	225
Legal settlements	—	30
Income tax adjustments	(527)	(655)
Adjusted net income (a)	\$ 5,249	\$ 5,199
Basic weighted average shares outstanding	24,598	24,014
Diluted weighted average shares outstanding	25,370	25,178
Adjusted basic earnings per share (b)	\$ 0.21	\$ 0.22
Adjusted diluted earnings per share (b)	\$ 0.21	\$ 0.21

(a) Adjusted net income, a non-GAAP financial measure, is defined as net income attributable to common shareholders before amortization expense (including amortization of developed technology), share-based compensation, and one-time charges including other charges 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 divided by basic and diluted weighted average shares outstanding

AGILYSYS, INC.
RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO FREE CASH FLOW
(UNAUDITED)

(In thousands)

	Three months ended June 30,	
	2022	2021
Net cash provided by operating activities	\$ 101	\$ 7,995
Capital expenditures	(98)	(274)
Free cash flow (a)	\$ 3	\$ 7,721

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