

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

---

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2024

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **000-5734**

**AGILYSYS, INC.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**3655 Brookside Parkway, Suite 300**

**Alpharetta, Georgia**

(Address of principal executive offices)

**34-0907152**

(I.R.S. Employer  
Identification No.)

**30022**

(Zip Code)

Registrant's telephone number, including area code: **(770) 810-7800**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, without par value</b>	<b>AGYS</b>	<b>Nasdaq Global Select Market</b>

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-Accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 19, 2024, the registrant had 27,881,838 shares of common stock outstanding.

---

---

## AGILYSYS, INC.

### TABLE OF CONTENTS

#### Part I. Financial Information

Item 1	<a href="#">Financial Statements (Unaudited)</a>	3
	<a href="#">Condensed Consolidated Balance Sheets – June 30, 2024 (Unaudited) and March 31, 2024</a>	3
	<a href="#">Condensed Consolidated Statements of Operations (Unaudited) – Three Months Ended June 30, 2024 and June 30, 2023</a>	4
	<a href="#">Condensed Consolidated Statements of Comprehensive Income (Unaudited) – Three Months Ended June 30, 2024 and June 30, 2023</a>	5
	<a href="#">Condensed Consolidated Statements of Cash Flows (Unaudited) – Three Months Ended June 30, 2024 and June 30, 2024</a>	6
	<a href="#">Condensed Consolidated Statements of Shareholders' Equity (Unaudited) – Three Months Ended June 30, 2024 and June 30, 2023</a>	7
	<a href="#">Notes to Condensed Consolidated Financial Statements (Unaudited)</a>	8
Item 2	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	17
Item 3	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	23
Item 4	<a href="#">Controls and Procedures</a>	23

#### Part II. Other Information

Item 1	<a href="#">Legal Proceedings</a>	24
Item 1A	<a href="#">Risk Factors</a>	24
Item 2	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	24
Item 3	<a href="#">Defaults Upon Senior Securities</a>	24
Item 4	<a href="#">Mine Safety Disclosures</a>	24
Item 5	<a href="#">Other Information</a>	24
Item 6	<a href="#">Exhibits</a>	25

#### Signatures

26

**AGILYSYS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)	June 30, 2024 (Unaudited)	March 31, 2024
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 144,111	\$ 144,891
Accounts receivable, net of allowance for expected credit losses of \$944 and \$974, respectively	27,308	29,441
Contract assets	3,523	2,287
Inventories	5,300	4,587
Prepaid expenses and other current assets	6,523	7,731
Total current assets	186,765	188,937
Property and equipment, net	17,663	17,930
Operating lease right-of-use assets	17,843	18,384
Goodwill	32,659	32,791
Intangible assets, net	16,706	16,952
Deferred income taxes, non-current	76,237	67,373
Other non-current assets	7,825	8,063
Total assets	\$ 355,698	\$ 350,430
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 10,085	\$ 9,422
Contract liabilities	49,200	56,148
Accrued liabilities	13,127	19,522
Operating lease liabilities, current	4,992	4,279
Total current liabilities	77,404	89,371
Deferred income taxes, non-current	549	554
Operating lease liabilities, non-current	18,903	19,613
Other non-current liabilities	4,671	4,415
Commitments and contingencies		
Shareholders' equity:		
Common shares, without par value, at \$0.30 stated value; 80,000,000 shares authorized; 33,342,288 shares issued; and 27,872,345 and 27,376,862 shares outstanding at June 30, 2024 and March 31, 2024, respectively	10,003	10,003
Treasury shares, 5,469,903 and 5,965,426 at June 30, 2024 and March 31, 2024, respectively	(1,642)	(1,791)
Capital in excess of stated value	98,277	94,680
Retained earnings	151,861	137,755
Accumulated other comprehensive loss	(4,328)	(4,170)
Total shareholders' equity	254,171	236,477
Total liabilities and shareholders' equity	\$ 355,698	\$ 350,430

*See accompanying notes to unaudited condensed consolidated financial statements.*

**AGILYSYS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

(In thousands, except per share data)	Three months ended June 30,	
	2024	2023
<b>Net revenue:</b>		
Products	\$ 9,874	\$ 12,781
Subscription and maintenance	38,043	32,125
Professional services	15,595	11,153
Total net revenue	63,512	56,059
<b>Cost of goods sold:</b>		
Products	5,226	6,565
Subscription and maintenance	8,108	7,637
Professional services	10,310	8,800
Total cost of goods sold	23,644	23,002
<b>Gross profit</b>	<b>39,868</b>	<b>33,057</b>
Gross profit margin	62.8%	59.0%
<b>Operating expenses:</b>		
Product development	14,720	13,321
Sales and marketing	7,014	7,301
General and administrative	10,483	9,365
Depreciation of fixed assets	838	923
Amortization of internal-use software and intangibles	251	430
Other charges, net	550	759
Legal settlements	265	—
Total operating expense	34,121	32,099
<b>Operating income</b>	<b>5,747</b>	<b>958</b>
<b>Other income (expense):</b>		
Interest income	1,782	1,101
Other (expense), net	(157)	(159)
<b>Income before taxes</b>	<b>7,372</b>	<b>1,900</b>
Income tax (benefit) provision	(6,734)	352
<b>Net income</b>	<b>\$ 14,106</b>	<b>\$ 1,548</b>
Series A convertible preferred stock dividends	—	(459)
<b>Net income attributable to common shareholders</b>	<b>\$ 14,106</b>	<b>\$ 1,089</b>
<b>Weighted average shares outstanding - basic</b>	<b>27,134</b>	<b>24,936</b>
<b>Net income per share - basic:</b>	<b>\$ 0.52</b>	<b>\$ 0.04</b>
<b>Weighted average shares outstanding - diluted</b>	<b>28,127</b>	<b>26,177</b>
<b>Net income per share - diluted:</b>	<b>\$ 0.50</b>	<b>\$ 0.04</b>

*See accompanying notes to unaudited condensed consolidated financial statements.*

**AGILYSYS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

<b>(In thousands)</b>	Three months ended June 30,	
	<b>2024</b>	<b>2023</b>
Net income	14,106	\$ 1,548
Other comprehensive income (loss):		
Unrealized foreign currency translation adjustments	(158)	523
Total comprehensive income	\$ 13,948	\$ 2,071

*See accompanying notes to unaudited condensed consolidated financial statements.*

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

(In thousands)	Three Months Ended June 30,	
	2024	2023
<b>Operating activities</b>		
Net income	\$ 14,106	\$ 1,548
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of fixed assets	838	923
Amortization of internal-use software and intangibles	251	430
Deferred income taxes	(8,861)	(129)
Share-based compensation	4,429	3,167
Changes in operating assets and liabilities	(9,665)	(5,917)
Net cash provided by operating activities	1,098	22
<b>Investing activities</b>		
Capital expenditures	(869)	(3,065)
Additional investments in corporate-owned life insurance policies	—	(2)
Net cash used in investing activities	(869)	(3,067)
<b>Financing activities</b>		
Payment of preferred stock dividends	—	(918)
Repurchase of common shares to satisfy employee tax withholding	(925)	(1,783)
Principal payments under long-term obligations	—	(1)
Net cash used in financing activities	(925)	(2,702)
<b>Effect of exchange rate changes on cash</b>	<b>(84)</b>	<b>(2)</b>
Net decrease in cash and cash equivalents	(780)	(5,749)
Cash and cash equivalents at beginning of period	144,891	112,842
<b>Cash and cash equivalents at end of period</b>	<b>\$ 144,111</b>	<b>\$ 107,093</b>

*See accompanying notes to unaudited condensed consolidated financial statements.*

**AGILYSYS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(Unaudited)

Three Months Ended June 30, 2024

(In thousands, except share data)	Common Shares							
	Issued		In Treasury		Capital in excess of	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Stated value	Shares	Stated value	Stated value			
Balance at March 31, 2024	33,342	\$ 10,003	(5,965)	\$ (1,791)	\$ 94,680	\$ 137,755	\$ (4,170)	\$ 236,477
Share-based compensation	—	—	—	—	4,850	—	—	4,850
Restricted shares issued, net	—	—	11	3	(3)	—	—	—
Shares issued upon exercise of SSARs	—	—	498	150	(150)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of restricted shares	—	—	(14)	(4)	(1,100)	—	—	(1,104)
Net income	—	—	—	—	—	14,106	—	14,106
Unrealized translation adjustments	—	—	—	—	—	—	(158)	(158)
<b>Balance at June 30, 2024</b>	<b>33,342</b>	<b>\$ 10,003</b>	<b>(5,470)</b>	<b>\$ (1,642)</b>	<b>\$ 98,277</b>	<b>\$ 151,861</b>	<b>\$ (4,328)</b>	<b>\$ 254,171</b>

Three Months Ended June 30, 2023

(In thousands, except share data)	Common Shares							
	Issued		In Treasury		Capital in excess of	Retained earnings	Accumulated other comprehensive income (loss)	Total
	Shares	Stated value	Shares	Stated value	Stated value			
Balance at March 31, 2023	31,607	\$ 9,482	(6,280)	\$ (1,884)	\$ 52,978	\$ 52,764	\$ (4,030)	\$ 109,310
Share-based compensation	—	—	—	—	3,377	—	—	3,377
Restricted shares issued, net	—	—	12	3	(3)	—	—	—
Shares issued upon exercise of SSARs	—	—	50	15	(15)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of restricted shares	—	—	(37)	(11)	(2,602)	—	—	(2,613)
Net income	—	—	—	—	—	1,548	—	1,548
Series A convertible preferred stock dividends	—	—	—	—	—	(459)	—	(459)
Unrealized translation adjustments	—	—	—	—	—	—	523	523
<b>Balance at June 30, 2023</b>	<b>31,607</b>	<b>\$ 9,482</b>	<b>(6,255)</b>	<b>\$ (1,877)</b>	<b>\$ 53,735</b>	<b>\$ 53,853</b>	<b>\$ (3,507)</b>	<b>\$ 111,686</b>

*See accompanying notes to unaudited condensed consolidated financial statements.*

**AGILYSYS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

## **1. Nature of Operations and Financial Statement Presentation**

### *Nature of Operations*

Agilysys has been a leader in hospitality software for more than 45 years, delivering innovative cloud-native SaaS and on-premise solutions for hotels, resorts and cruise lines, casinos, corporate foodservice management, restaurants, universities, stadiums, and healthcare. The Company's software solutions include point-of-sale (POS), property management (PMS), inventory and procurement, payments, and related applications that manage and enhance the entire guest journey. Agilysys also is known for its world-class customer-centric service. Many of the top hospitality companies around the world use Agilysys solutions to improve guest loyalty, drive revenue growth, and increase operational efficiencies. Agilysys operates across North America, Europe, the Middle East, Asia-Pacific, and India, with headquarters in Alpharetta, GA.

The Company has just one reportable segment serving the global hospitality industry.

### *Basis of Presentation*

The accompanying unaudited Condensed Consolidated Financial Statements include our accounts consolidated with our wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Our fiscal year ends on March 31st. References to a particular year refer to the fiscal year ending in March of that year. For example, fiscal 2025 refers to the fiscal year ending March 31, 2025.

Our unaudited interim financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information, the instructions to the Quarterly Report on Form 10-Q (Quarterly Report) under the Securities Exchange Act of 1934, as amended (the Exchange Act), and Rule 10-01 of Regulation S-X under the Exchange Act. Certain information and footnote disclosures normally included in the annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations relating to interim financial statements.

The Condensed Consolidated Balance Sheet as of June 30, 2024, as well as the Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income, Condensed Consolidated Statements of Cash Flows, and Condensed Consolidated Statements of Shareholders' Equity for the three months ended June 30, 2024 and 2023, are unaudited. However, these financial statements have been prepared on the same basis as those in the audited annual financial statements. In the opinion of management, all adjustments of a recurring nature necessary to fairly state the results of operations, financial position, and cash flows have been made.

These unaudited interim financial statements should be read together with the consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended March 31, 2024, filed with the Securities and Exchange Commission (SEC) on May 22, 2024.

### *Use of estimates*

Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. Actual results could differ from those estimates.

## **2. Summary of Significant Accounting Policies**

A detailed description of our significant accounting policies can be found in the audited financial statements for the fiscal year ended March 31, 2024, included in our Annual Report on Form 10-K. There have been no material changes to our significant accounting policies from those disclosed therein.

### *Recently Issued Accounting Pronouncements*

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09") to update income tax



disclosure requirements primarily by requiring specific categories and greater disaggregation within the rate reconciliation and disaggregation of income taxes paid by jurisdiction. The amendments in the ASU also remove disclosures related to certain unrecognized tax benefits and deferred taxes. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, or our fiscal 2026. The amendments may be applied prospectively or retrospectively with early adoption is permitted. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

In November 2023, the FASB issued ASU No. 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* (“ASU 2023-07”) to expand reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in the ASU require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to an entity's chief operating decision maker (“CODM”), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. ASU 2023-07 applies to entities with a single reportable segment. Annual disclosures are required for fiscal years beginning after December 15, 2023 or our fiscal 2025. Interim disclosures are required for periods within fiscal years beginning after December 15, 2024, or our fiscal 2026. Retrospective application is required for all prior periods presented with early adoption is permitted. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

### **3. Revenue Recognition**

Our customary business practice is to enter into legally enforceable written contracts with our customers. The majority of our contracts are governed by a master service agreement between us and the customer, which sets forth the general terms and conditions of any individual contract between the parties, which is then supplemented by a customer order to specify the different goods and services, the associated prices, and any additional terms for an individual contract. Performance obligations specific to each individual contract are defined within the terms of each order. Each performance obligation is identified based on the goods and services that will be transferred to our customer that are both capable of being distinct and are distinct within the context of the contract. The transaction price is determined based on the consideration to which we will be entitled and expect to receive in exchange for transferring goods or services to the customer. Typically, our contracts do not provide our customer with any right of return or refund; we do not constrain the contract price as it is probable that there will not be a significant revenue reversal due to a return or refund.

Typically, our customer contracts contain one or more of the following goods or services which constitute performance obligations.

Our proprietary software licenses typically provide for a perpetual right to use our software. Generally, our contracts do not provide significant services of integration and customization and installation services are not required to be purchased directly from us. The software is delivered before related services are provided and is functional without professional services, updates and technical support. We have concluded that the software license is distinct as the customer can benefit from the software on its own. Software revenue is typically recognized when the software is delivered or made available for download to the customer.

We recognize revenue for hardware sales when the product is shipped to the customer and when obligations that affect the customer's final acceptance of the arrangement have been fulfilled. Hardware is purchased from suppliers and provided to the end-user customers via drop-ship or from inventory. We are responsible for negotiating price both with the supplier and the customer, payment to the supplier, establishing payment terms and product returns with the customer, and we bear the credit risk if the customer does not pay for the goods. As the principal contact with the customer, we recognize revenue and cost of goods sold when we ship or are notified by the supplier that the product has been shipped. In certain limited instances, as shipping terms dictate, revenue is recognized upon receipt at the point of destination or upon installation at the customer site.

Our subscription service revenue is comprised of fees for contracts that provide customers a right to access our software for a subscribed period. We do not provide the customer the contractual right to license the software at any time outside of the subscription period under these contracts. Our subscription service revenue is primarily based on rates per location, including rates per points of sale and per room. We recognize certain subscription service revenue on a per-transaction basis. The customer can only benefit from the software and software maintenance when provided the right to access the software. Accordingly, each of the rights to access the software, the maintenance services, any hosting services, and any transaction-based services is not considered a distinct performance obligation in the context of the contract and should be combined into a single performance obligation to be recognized over the contract period. The Company recognizes subscription revenue over a one-month period based on the typical monthly invoicing and renewal cycle in accordance with our customer agreement terms.

We derive maintenance service revenue from providing unspecified updates, upgrades, bug fixes, and technical support services for our proprietary software. These services represent a stand-ready obligation that is concurrently delivered and

has the same pattern of transfer to the customer; we account for these maintenance services as a single performance obligation. Maintenance revenue includes the same services provided by third-parties for remarketed software. We recognize substantially all maintenance revenue over the contract period of the maintenance agreement. We also recognize certain maintenance service revenue based on the volume of payment transactions processed by third parties through access to our software.

Professional services revenues primarily consist of fees for consulting, implementation, installation, integration, development and training and are generally recognized over time as the customer simultaneously receives and consumes the benefits of the professional services as the services are being performed. Certain professional development services are recognized upon delivery of the developed solutions to the customer. At the end of each reporting period, we recognize the most likely amount of variable consideration on any contract holdbacks we expect to bill for development services delivered. Professional services can be provided by internal or external providers, do not significantly affect the customer's ability to access or use other provided goods or services, and provide a measure of benefit beyond that of other promised goods or services in the contract. As a result, professional services are considered distinct in the context of the contract and represent a separate performance obligation. Professional services that are billed on a time and materials basis are recognized over time as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time using an input method based on labor hours expended to date relative to the total labor hours expected to be required to satisfy the related performance obligation.

We use the market approach to derive standalone selling price ("SSP") by maximizing observable data points (in the form of recently executed customer contracts) to determine the price customers are willing to pay for the goods and services transferred. If the contract contains a single performance obligation, the entire transaction price is allocated to that performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative SSP basis.

Shipping and handling fees billed to customers are recognized as revenue and the related costs are recognized in cost of goods sold. Revenue is recorded net of any applicable taxes collected and remitted to governmental agencies.

### **Disaggregation of Revenue**

We derive and report our revenue from the sale of products (proprietary software licenses, third party hardware and operating systems), subscription and maintenance, and professional services. Products revenue recognized at a point in time totaled \$9.9 million and \$12.8 million for the three months ended June 30, 2024 and 2023, respectively. Subscription, maintenance, and substantially all professional services revenue recognized over time totaled \$53.6 million and \$43.3 million for the three months ended June 30, 2024 and 2023, respectively.

### **Contract Balances**

Contract assets are rights to consideration in exchange for goods or services that we have transferred to a customer when that right is conditional on something other than the passage of time. The majority of our contract assets represent unbilled amounts related to products and professional services. We expect billing and collection of our contract assets to occur within the next twelve months. We receive payments from customers based upon contractual billing schedules and accounts receivable are recorded when the right to consideration becomes unconditional. Contract liabilities represent consideration received or consideration which is unconditionally due from customers prior to transferring goods or services to the customer under the terms of the contract.

Revenue recognized from amounts included in contract liabilities at the beginning of the period was \$26.8 million and \$22.1 million for the three months ended June 30, 2024 and 2023, respectively. Because the right to the transaction became unconditional, we transferred to accounts receivable from contract assets at the beginning of the period, \$1.9 million and \$1.6 million for the three months ended June 30, 2024 and 2023, respectively.

Our arrangements are for a period of one year or less. As a result, unsatisfied performance obligations as of June 30, 2024 are expected to be satisfied and the allocated transaction price recognized in revenue within a period of 12 months or less.

### **Assets Recognized from Costs to Obtain a Contract**

Sales commission expenses that would not have occurred absent the customer contracts are considered incremental costs to obtain a contract. We expense the incremental costs to obtain a contract as incurred when the expected benefit and amortization period is one year or less. For subscription contracts that are renewed monthly based on an agreement term, we capitalize commission expenses and amortize as we satisfy the underlying performance obligations, generally based on the contract terms and anticipated renewals. Other sales commission expenses have a period of benefit of one year or less and are therefore expensed as incurred in line with the practical expedient elected.

We had \$4.8 million and \$4.0 million of capitalized sales incentive costs as of June 30, 2024 and 2023, respectively. These balances are included in other non-current assets on our condensed consolidated balance sheets. During the three months ended June 30, 2024 and 2023, we expensed \$0.9 million and \$0.9 million, respectively, of sales commissions, which included amortization of capitalized amounts of \$0.4 million and \$0.4 million, respectively. These expenses are included in operating expenses – sales and marketing in our condensed consolidated statement of operations. All other costs to obtain a contract are not considered incremental and therefore are expensed as incurred.

#### 4. Additional Balance Sheet Information

Additional information related to the condensed consolidated balance sheets is as follows:

(In thousands)	June 30, 2024	March 31, 2024
<b>Accrued liabilities:</b>		
Salaries, wages, employee benefits, and payroll taxes	\$ 7,744	\$ 16,264
Income and indirect taxes payable	4,264	1,684
Other	1,119	1,574
<b>Total</b>	<b>\$ 13,127</b>	<b>\$ 19,522</b>
<b>Other non-current liabilities:</b>		
Employee benefit obligations	4,571	4,315
Other	100	100
<b>Total</b>	<b>\$ 4,671</b>	<b>\$ 4,415</b>

#### 5. Supplemental Disclosures of Cash Flow Information

Additional information related to the condensed consolidated statements of cash flows is as follows:

(In thousands)	Three months ended June 30,	
	2024	2023
Cash receipts for interest, net	\$ 1,424	\$ 893
Cash payments for income tax, net	578	376
Cash payments for operating leases	912	1,425
Cash payments for finance leases	—	2
Accrued capital expenditures	181	320

#### 6. Income Taxes

The following table compares our income tax provision and effective tax rates for the three months ended June 30, 2024 and 2023:

(Dollars in thousands)	Three months ended June 30,	
	2024	2023
Income tax (benefit) provision	\$ (6,734)	\$ 352
Effective tax rate	nm	18.5%

nm - not meaningful

For the three months ended June 30, 2023, income tax provision and the effective tax rate were primarily driven by activity within the foreign jurisdictions in which the company operates as valuation allowances were recorded against deferred tax assets in the U.S. and Canada. We released valuation allowances recorded against Canadian, U.S. Federal and certain state deferred tax assets in the period ending December 31, 2023.

For the three months ended June 30, 2024, income tax (benefit) and the effective tax rate were primarily driven by the impact of discrete excess tax benefits associated with Share-Based Compensation.

Our India subsidiary operates in a “Special Economic Zone (“SEZ”)”. One of the benefits associated with the SEZ is that the India subsidiary is not subject to regular India income taxes during its first five years of operations, which included fiscal 2018 through fiscal 2022. The India subsidiary is subject to 50% of regular India income taxes during its second five years of operations, which includes fiscal 2023 through fiscal 2027.

We have recorded and maintain valuation allowances offsetting the Company’s deferred tax assets in certain U.S. States and foreign jurisdictions. The ultimate realization of deferred tax assets depends on various factors including the generation of future taxable income in the periods in which the underlying temporary differences are deductible. We maintain valuation allowances for deferred tax assets until we have sufficient evidence to support the reversal of all or some portion of the allowances.

## 7. Commitments and Contingencies

We are involved in legal actions that arise in the ordinary course of business. It is the opinion of management that the resolution of any current pending litigation will not have a material adverse effect on our financial position or results of operations.

## 8. Earnings per Share

The following data shows the amounts used in computing earnings per share and the effect on earnings and the weighted average number of shares of dilutive potential common shares.

(In thousands, except per share data)	Three months ended June 30,	
	2024	2023
<b>Numerator:</b>		
Net income	\$ 14,106	\$ 1,548
Series A convertible preferred stock dividends	—	(459)
Net income attributable to common shareholders	\$ 14,106	\$ 1,089
<b>Denominator:</b>		
Weighted average shares outstanding - basic	27,134	24,936
Dilutive SSARs	710	1,008
Dilutive unvested restricted shares	270	231
Dilutive unvested restricted stock units	13	2
Weighted average shares outstanding - diluted	28,127	26,177
<b>Income per share - basic:</b>	\$ 0.52	\$ 0.04
<b>Income per share - diluted:</b>	\$ 0.50	\$ 0.04
Anti-dilutive SSARs, restricted shares, performance shares and preferred shares	7	1,735

Basic income per share is computed as net income attributable to common shareholders divided by the weighted average basic shares outstanding. The outstanding shares used to calculate the weighted average basic shares excludes 367,271 and 339,956 of restricted shares at June 30, 2024 and 2023, respectively, as these shares were issued but were not vested and therefore, not considered outstanding for purposes of computing basic income per share at the balance sheet dates.

Diluted income per share includes the impact of all potentially dilutive securities on earnings per share. We have stock-settled appreciation rights (SSARs), restricted shares, restricted stock units, and preferred shares that are potentially dilutive securities.

## 9. Share-based Compensation

We may grant incentive stock options, non-qualified stock options, SSARs, restricted shares, restricted stock units, and performance shares under our shareholder-approved 2020 Stock Incentive Plan (the 2020 Plan) for up to 2.25 million common shares, plus 868,864 common shares, the number of shares that were remaining for grant under the 2016 Stock

Incentive Plan (the 2016 Plan) as of the effective date of the 2020 Plan, plus the number of shares remaining for grant under the 2016 Plan that are forfeited, settled in cash, canceled or expired. The maximum aggregate number of restricted shares or restricted stock units that may be granted under the 2020 Plan is 3.1 million. We may also grant shares under our shareholder-approved Employee Stock Purchase Plan (the ESPP) for up to 500,000 common shares.

We may distribute authorized but unissued shares or treasury shares to satisfy share option and SSAR exercises or grants of restricted shares, restricted stock units, performance shares, or ESPP shares.

For SSARs, the exercise price must be set at least equal to the closing market price of our common shares on the date of grant. The maximum term of SSARs is seven years from the date of grant. The Compensation Committee of the Board of Directors establishes the period over which SSARs subject to a service condition vest and the vesting criteria for SSARs subject to a market condition.

Restricted shares and restricted stock units, whether time-vested or performance-based, may be issued at no cost or at a purchase price that may be below their fair market value, but are subject to forfeiture and restrictions on their sale or other transfer. Performance-based grants may be conditioned upon the attainment of specified performance objectives and other conditions, restrictions, and contingencies. Restricted shares have the right to receive dividends, if any, upon vesting, subject to the same forfeiture provisions that apply to the underlying grants.

We record compensation expense related to SSARs, restricted shares, restricted stock units, performance shares, and ESPP shares granted to certain employees and non-employee directors based on the fair value of the awards on the grant date. The fair value of restricted stock unit and restricted share grants subject only to a service condition is based on the closing price of our common shares on the grant date. For stock option and SSAR grants subject only to a service condition, we estimate the fair value on the grant date using the Black-Scholes-Merton option pricing model with inputs including the closing market price at grant date, exercise price and assumptions regarding the risk-free interest rate, expected volatility of our common shares based on historical volatility, and expected term as estimated using the simplified method. We use the simplified method for SSAR grants because we believe historical exercise data does not provide a reasonable basis upon which to estimate the expected term. For restricted stock unit, restricted share, and SSAR grants subject to a market condition, we estimate the fair value on the grant date through a lattice option pricing model that utilizes a Monte Carlo analysis with inputs including the closing market price at grant date, share price threshold, performance period term and assumptions regarding the risk-free interest rate and expected volatility of our common shares based on historical volatility. Inputs for SSAR grants subject to a market condition also include exercise price, remaining contractual term, and suboptimal exercise factor.

We record compensation expense for restricted stock units, restricted shares, and SSAR grants subject to a service condition using the graded vesting method. We record compensation expense for ESPP shares on a straight-line basis over the applicable offering period. We record compensation expense for SSAR grants subject only to a market condition over the derived service period, which is an output of the lattice option pricing model. Under the 2020 Plan, the fair value of performance shares is based on the closing price of our common shares on the settlement date of the performance award, for which we record compensation expense over the service period consistent with our annual bonus incentive plan as approved by the Compensation Committee of the Board of Directors.

The following table summarizes the share-based compensation expense for restricted and performance grants included in the condensed consolidated statements of operations:

(In thousands)	Three months ended June 30,	
	2024	2023
Product development	2,636	1,625
Sales and marketing	331	166
General and administrative	1,462	1,376
<b>Total share-based compensation expense</b>	<b>4,429</b>	<b>3,167</b>

#### *Stock-Settled Appreciation Rights*

SSARs are rights granted to an employee to receive value equal to the difference between the price of our common shares on the date of exercise and the exercise price. The value is settled in common shares of Agilysys, Inc.

We use a Black-Scholes-Merton option pricing model to estimate the fair value of service condition SSARs and a lattice option pricing model to estimate the fair value of market condition SSARs. There were no SSARs granted during the three months ended June 30, 2024 and 2023.

The following table summarizes the activity during the three months ended June 30, 2024 for SSARs awarded under the 2020 and 2016 Plans:

(In thousands, except share and per share data)	Number of Rights	Weighted-Average Exercise Price (per right)	Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at April 1, 2024	1,297,339	\$ 27.63		
Granted	—	—		
Exercised	(737,136)	33.48		
Forfeited	—	—		
Expired	—	—		
<b>Outstanding at June 30, 2024</b>	<b>560,203</b>	<b>\$ 19.94</b>	<b>3.3</b>	<b>\$ 47,169</b>
<b>Exercisable at June 30, 2024</b>	<b>560,203</b>	<b>\$ 19.94</b>	<b>3.3</b>	<b>\$ 47,169</b>
<b>Vested and expected to vest at June 30, 2024</b>	<b>560,203</b>	<b>\$ 19.94</b>	<b>3.3</b>	<b>\$ 47,169</b>

As of June 30, 2024, there was no unrecognized share-based compensation expense related to SSARs.

#### *Restricted Shares*

We granted shares to certain of our Directors, executives and key employees, the vesting of which is service-based. Certain restricted shares are also subject to a market condition. The following table summarizes the activity during the three months ended June 30, 2024 for restricted shares awarded under the 2020 Plan:

	Number of Shares	Weighted-Average Grant-Date Fair Value (per share)
Outstanding at April 1, 2024	436,177	\$ 65.52
Granted	13,149	103.30
Vested	(79,792)	53.51
Forfeited	(2,263)	70.58
<b>Outstanding at June 30, 2024</b>	<b>367,271</b>	<b>\$ 68.05</b>

The weighted-average grant date fair value of the restricted shares includes grants subject only to a service condition and certain grants subject to both a service condition and a market condition. As of June 30, 2024, total unrecognized share-based compensation expense related to unvested restricted shares was \$12.9 million, which is expected to be recognized over a weighted-average vesting period of 2.0 years.

#### *Restricted Stock Units*

We granted restricted stock units to our Chief Executive Officer, the vesting of which is service-based. Certain restricted stock units are also subject to a market condition. The following table summarizes the activity during three months ended June 30, 2024 for restricted stock units awarded under the 2020 Plan:

	Number of Shares	Weighted-Average Grant-Date Fair Value (per share)
Outstanding at April 1, 2024	56,547	\$ 70.03
Granted	—	—
Vested	—	—
Forfeited	—	—
<b>Outstanding at June 30, 2024</b>	<b>56,547</b>	<b>\$ 70.03</b>

As of June 30, 2024, total unrecognized share-based compensation expense related to non-vested restricted stock units was \$2.0 million, which is expected to be recognized over the weighted-average vesting period of 1.8 years.

### *Performance Shares*

Upon approval of the Compensation Committee of our Board of Directors, after achieving the performance conditions associated with our annual bonus plan, we granted 6,098 common shares to our Chief Executive Officer in May 2024 that vested immediately for a total value of \$0.6 million.

### *Employee Stock Purchase Plan Shares*

The ESPP permits participants to purchase common stock through regular payroll deductions, up to a specified percentage of their eligible compensation. The ESPP is compensatory because, among other provisions, it currently allows participants to purchase stock at up to a 15% discount from the lower of the closing price of a share of our common stock on the first or last trading day of the ESPP offering period. We measure share-based compensation expense for the ESPP based on the fair value of the ESPP grant at the beginning of the offering period. The fair value includes the value of the discount and the value associated with the call and put options that take advantage of the variability in the common stock price during the offering period. We estimate the value of the call and put options using the Black-Scholes-Merton option pricing model with inputs including the closing market price of our common stock on the first date of the offering period and assumptions regarding the risk-free interest rate, expected term, and expected volatility of our common shares over the offering period based on historical volatility.

	<b>Offering Period Ended June 30, 2024</b>
Grant date fair value	<b>\$ 81.60</b>
Risk-free interest rate over contractual term	<b>5.36%</b>
Expected term (in years)	<b>0.41</b>
Expected volatility	<b>47.41%</b>

The risk-free interest rate is based on the yield of a zero coupon U.S. Treasury bond whose maturity period approximates the expected term of the ESPP shares. The expected term is the offering period, which is typically six months.

We record amounts withheld from participants during each offering period in accrued salaries, wages and related benefits in the consolidated balance sheets until such shares are purchased. Amounts withheld from participants for the offering period ended June 30, 2024 totaled \$0.5 million as of June 30, 2024.

As of June 30, 2024, there was no unrecognized share-based compensation expense related of the offering period ending June 30, 2024.

## **10. Preferred Stock**

### ***Series A Convertible Preferred Stock***

On May 22, 2020, we completed the sale of 1,735,457 shares of our preferred stock, without par value, designated as “Series A Convertible Preferred Stock” (the “Convertible Preferred Stock”) to MAK Capital Fund L.P. and MAK Capital Distressed Debt Fund I, LP (the “Holders”) each, in its capacity as a designee of MAK Capital One LLC (the “Purchaser”), pursuant to the terms of the Investment Agreement, dated as of May 11, 2020, between the Company and the Purchaser, for an aggregate purchase price of \$35 million. We incurred issuance costs of \$1.0 million. We added all issuance costs that were netted against the proceeds upon issuance of the Convertible Preferred Stock to its redemption value. As disclosed in our Annual Report for the fiscal year ended March 31, 2021, Michael Kaufman, the Chairman of the Company’s Board of Directors, is the Chief Executive Officer of MAK Capital One LLC.

### *Conversion*

On November 24, 2023, at our option, we required conversion of all the outstanding shares of Convertible Preferred Stock to common stock. On November 27, 2023, we filed a Certificate of Elimination with the Secretary of State of the State of Delaware with respect to the Convertible Preferred Stock pursuant to which the Convertible Preferred Stock was eliminated and returned to the status of authorized and unissued preferred shares of the Company. Following the mandatory conversion of the outstanding shares of the Convertible Preferred Stock on November 24, 2023, there were no outstanding shares of the Convertible Preferred Stock. Accordingly, we removed the Series A convertible preferred stock, no par value from temporary equity on our consolidated balance sheet and recorded the associated increase of common shares at

\$0.30 stated value and capital in excess of stated value further reflected in our consolidated statement of shareholders' equity.

#### *Dividends*

Prior to the conversion on November 24, 2023, the Holders were entitled to dividends on the Liquidation Preference at the rate of 5.25% per annum, payable semi-annually either (i) 50% in cash and 50% in kind as an increase in the then-current Liquidation Preference or (ii) 100% in cash, at the option of the Company. We paid dividends in the same period as declared by the Company's Board of Directors.

#### *Accounting Policy*

Prior to the conversion on November 24, 2023, we classified convertible preferred stock as temporary equity in the consolidated balance sheets due to certain contingent redemption clauses that were at the election of the Holders. We increased the carrying value of the convertible preferred stock to its redemption value for all undeclared dividends using the interest method.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

In "Management's Discussion and Analysis of Financial Condition and Results of Operations" ("MD&A"), management explains the general financial condition and results of operations for Agilysys and subsidiaries including:

- what factors affect our business;
- what our earnings and costs were;
- why those earnings and costs were different from the year before;
- where the earnings came from;
- how our financial condition was affected; and
- where the cash will come from to fund future operations.

The MD&A analyzes changes in specific line items in the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows and provides information that management believes is important to assessing and understanding our consolidated financial condition and results of operations. This Quarterly Report on Form 10-Q updates information included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2024, filed with the Securities and Exchange Commission (SEC). This discussion should be read in conjunction with the Condensed Consolidated Financial Statements and related Notes that appear in Item 1 of this Quarterly Report as well as our Annual Report for the year ended March 31, 2024. Information provided in the MD&A may include forward-looking statements that involve risks and uncertainties. Many factors could cause actual results to be materially different from those contained in the forward-looking statements. See "Forward-Looking Information" on page 23 of this Quarterly Report, Item 1A "Risk Factors" in Part II of this Quarterly Report, and Item 1A "Risk Factors" in Part I of our Annual Report for the fiscal year ended March 31, 2024 for additional information concerning these items. Management believes that this information, discussion, and disclosure is important in making decisions about investing in Agilysys.

### Overview

#### Recent Developments

##### Macroeconomic Conditions

During the three months ended June 30, 2024, global macroeconomic conditions were, and continue to be, influenced by a number of factors, including, but not limited to, political unrest, armed conflicts, labor shortages and natural disasters. We believe such conditions are impacting customer spending and provider pricing decisions resulting in decreased demand, increased costs, and reduced margins particularly in areas outside of the United States.

### Our Business

Agilysys has been a leader in hospitality software for more than 45 years, delivering innovative cloud-native SaaS and on-premise solutions for hotels, resorts and cruise lines, casinos, corporate foodservice management, restaurants, universities, stadiums, and healthcare. The Company's software solutions include point-of-sale (POS), property management (PMS), inventory and procurement, payments, and related applications that manage and enhance the entire guest journey. Agilysys also is known for its world-class customer-centric service. Many of the top hospitality companies around the world use Agilysys solutions to improve guest loyalty, drive revenue growth, and increase operational efficiencies.

The Company has just one reportable segment serving the global hospitality industry. Agilysys operates across North America, Europe, the Middle East, Asia-Pacific and India with headquarters located in Alpharetta, Georgia.

Our top priority is increasing shareholder value by improving operating and financial performance and profitably growing the business through superior products and services. To that end, we expect to invest a certain portion of our cash on hand to fund enhancements to existing software products, to develop and market new software products, and to expand our customer breadth, both vertically and geographically.

Our strategic plan specifically focuses on:

- Putting the customer first
- Focusing on product innovation and development
- Improving our liquidity
- Increasing organizational efficiency and teamwork
- Developing our employees and leaders
- Growing revenue by improving the breadth and depth of our product set across both point-of-sale and property management applications
- Growing revenue through international expansion

The primary objective of our ongoing strategic planning process is to create shareholder value by capitalizing on growth opportunities, increasing profitability and strengthening our competitive position within the specific technology solutions and end markets we serve. Profitability and industry-leading growth will be achieved through tighter management of operating expenses and sharpening the focus of our investments to concentrate on growth opportunities that offer the highest returns.

### **Revenue - Defined**

As required by the SEC, we separately present revenue earned as products revenue, subscription and maintenance revenue or professional services revenue in our condensed consolidated statements of operations. In addition to the SEC requirements, we may, at times, also refer to revenue as defined below. The terminology, definitions, and applications of terms we use to describe our revenue may be different from those used by other companies and caution should be used when comparing these financial measures to those of other companies. We use the following terms to describe revenue:

- Revenue – We present revenue net of sales returns and allowances.
- Products revenue – Revenue earned from the sales of software licenses, third party hardware and operating systems.
- Subscription and maintenance revenue – Revenue earned from the ongoing delivery of software updates, upgrades, bug fixes, technical support, and transaction-based fees over the period covered by subscription or maintenance agreements with our customers for both proprietary and remarketed solutions.
- Professional services revenue – Revenue earned from the delivery of implementation, integration, development and installation services for proprietary and remarketed products.

## Results of Operations

### *First Fiscal Quarter 2025 Compared to First Fiscal Quarter 2024*

#### *Net Revenue and Operating Income*

The following table presents our consolidated revenue and operating results for the three months ended June 30, 2024 and 2023:

(Dollars in thousands)	Three months ended June 30,		Increase (decrease)	
	2024	2023	\$	%
<b>Net revenue:</b>				
Products	\$ 9,874	\$ 12,781	\$ (2,907)	(22.7)%
Subscription and maintenance	38,043	32,125	5,918	18.4%
Professional services	15,595	11,153	4,442	39.8%
Total net revenue	63,512	56,059	7,453	13.3%
<b>Cost of goods sold:</b>				
Products	5,226	6,565	(1,339)	(20.4)%
Subscription and maintenance	8,108	7,637	471	6.2%
Professional services	10,310	8,800	1,510	17.2%
Total cost of goods sold	23,644	23,002	642	2.8%
<b>Gross profit</b>	\$ 39,868	\$ 33,057	\$ 6,811	20.6%
<b>Gross profit margin</b>	62.8%	59.0%		
<b>Operating expenses:</b>				
Product development	\$ 14,720	\$ 13,321	\$ 1,399	10.5%
Sales and marketing	7,014	7,301	(287)	(3.9)%
General and administrative	10,483	9,365	1,118	11.9%
Depreciation of fixed assets	838	923	(85)	nm
Amortization of internal-use software and intangibles	251	430	(179)	(41.6)%
Other charges, net	550	759	(209)	nm
Legal settlements	265	—	265	nm
Operating income	\$ 5,747	\$ 958	\$ 4,789	499.9%
Operating income percentage	9.0%	1.7%		

nm - not meaningful

The following table presents the percentage relationship of our condensed consolidated statement of operations line items to our consolidated net revenues for the periods presented:

	Three months ended June 30,	
	2024	2023
<b>Net revenue:</b>		
Products	15.5%	22.8%
Subscription and maintenance	59.9	57.3
Professional services	24.6	19.9
Total net revenue	100.0%	100.0%
<b>Cost of goods sold:</b>		
Products	8.2%	11.7%
Subscription and maintenance	12.8	13.6
Professional services	16.2	15.7
Total net cost of goods sold	37.2%	41.0%
<b>Gross profit</b>	<b>62.8%</b>	59.0%
<b>Operating expenses:</b>		
Product development	23.2%	23.8%
Sales and marketing	11.0	13.0
General and administrative	16.6	16.7
Depreciation of fixed assets	1.3	1.6
Amortization of internal-use software and intangibles	0.4	0.8
Other charges, net	0.9	1.4
Legal settlements	0.4	—
Operating income	9.0%	1.7%

*Net revenue.* Total net revenue increased \$7.5 million, or 13.3%, during the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. Products revenue decreased \$2.9 million, or 22.7%, due to increasing customer preference for subscription-based software licenses instead of perpetual software licenses and to their decreasing need for hardware due to improvements we have made to our technology enabling more support for consumer grade devices our customers can source elsewhere. Subscription and maintenance revenue increased \$5.9 million, or 18.4%, compared to the first quarter of fiscal 2024 driven by continued growth in subscription-based service revenue, which increased 32.0% during the first quarter of fiscal 2025 compared to the first quarter of fiscal 2024. Professional services revenue increased \$4.4 million, or 39.8%, due to higher sales and service activity as our new and existing customers continue implementing technology to improve their operations.

*Gross profit and gross profit margin.* Our total gross profit increased \$6.8 million, or 20.6%, during the first quarter of fiscal 2025 and total gross profit margin increased from 59.0% to 62.8% compared to the first quarter of fiscal 2024 driven by changes in the composition of revenue by category. Products gross profit decreased \$1.6 million, or 25.2%, and products gross profit margin decreased from 48.6% to 47.1% due to the composition of hardware and proprietary software products delivered. Subscription and maintenance gross profit increased \$5.4 million, or 22.2%, and gross profit margin increased from 76.2% to 78.7% as revenue increases outpaced variable costs as a result of certain cost control initiatives. Professional services gross profit increased \$2.9 million, or 124.6%, and gross profit margin increased from 21.1% to 33.9% reflecting improved utilization rates from efficiency gains on multi-solution implementations and revenue associated with a large development service contract.

#### *Operating Expenses*

Operating expenses, excluding other charges, net and legal settlements, increased \$2.0 million, or 6.3%, during the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024.

*Product development.* Product development increased \$1.4 million, or 10.5%, in the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024 due to hiring and increased salary, incentive and employee benefits rates across our development teams.

*Sales and marketing.* Sales and marketing decreased \$0.3 million, or 3.9%, in the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024 due to timing of marketing event and trade show activity.

*General and administrative.* General and administrative increased \$1.1 million, or 11.9%, in the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024 due to increased compensation rates across our administrative teams and payroll taxes associated with certain exercises of stock-settled appreciation rights during the quarter.

*Depreciation of fixed assets.* Depreciation of fixed assets decreased \$0.1 million, or 9.2%, in the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024 due to the timing of assets reaching their useful life.

*Amortization of internal-use software and intangibles.* Amortization of internal-use software and intangibles decreased \$0.2 million, or 41.6%, in the first quarter of fiscal 2025 compared with the first quarter of fiscal 2024 due to the full amortization of certain intangible assets.

*Other charges, net.* Other charges, net consist of losses on asset disposals, severance costs and acquisition costs related to business combinations.

*Legal settlements.* Legal settlements consist of settlements of employment and other business-related matters.

*Other income (expense)*

(Dollars in thousands)	Three months ended		Favorable (unfavorable)	
	June 30,		\$	%
	2024	2023		
<b>Other income (expense):</b>				
Interest income	\$ 1,782	\$ 1,101	\$ 681	61.9%
Other (expense), net	(157)	(159)	2	nm
<b>Total other income, net</b>	<b>\$ 1,625</b>	<b>\$ 942</b>	<b>\$ 683</b>	<b>72.5%</b>

nm - not meaningful

*Interest income.* Interest income consists of interest earned on cash equivalents including short-term investments in commercial paper, treasury bills and money market funds.

*Other (expense), net.* Other (expense), net mainly consists of movement of foreign currencies against the US dollar.

*Income Taxes*

(Dollars in thousands)	Three months ended		Favorable (unfavorable)	
	June 30,		\$	%
	2024	2023		
Income tax (benefit) provision	\$ (6,734)	\$ 352	\$ 7,086	nm
Effective tax rate	nm	18.5%		

nm - not meaningful

For the three months ended June 30, 2023, income tax provision and the effective tax rate were primarily driven by activity within the foreign jurisdictions in which the company operates as valuation allowances were recorded against deferred tax assets in the U.S. and Canada. We released valuation allowances recorded against Canadian, U.S. Federal and certain state deferred tax assets in the period ending December 31, 2023.

For the three months ended June 30, 2024, income tax (benefit) and the effective tax rate were primarily driven by the impact of discrete excess tax benefits associated with Share-Based Compensation.

We are consistently subject to tax audits. Due to the nature of examinations in multiple jurisdictions, changes could occur in the amount of gross unrecognized tax benefits during the next 12 months that we cannot anticipate.

We have recorded and maintain valuation allowances offsetting the Company's deferred tax assets in certain U.S. States and foreign jurisdictions. The ultimate realization of deferred tax assets depends on various factors including the generation of future taxable income in the periods in which the underlying temporary differences are deductible. We maintain valuation allowances for deferred tax assets until we have sufficient evidence to support the reversal of all or some portion of the allowances.

## Liquidity and Capital Resources

### Overview

Our cash requirements consist primarily of working capital needs, capital expenditures, and payments of contractual obligations. Our contractual obligations consist primarily of operating leases for office space.

At June 30, 2024, 100% of our cash and cash equivalents, of which 96% were located in the United States, were deposited in bank accounts or invested in highly liquid investments including commercial paper and treasury bills with original maturity from the date of acquisition of three months or less and money market funds. We determine the fair value of commercial paper using significant other observable inputs based on pricing from independent sources that use quoted prices in active markets for identical assets or other observable inputs including benchmark yields and interest rates. We believe credit risk is limited with respect to our cash and cash equivalents.

We believe that cash flow from operating activities, cash on hand of \$144.1 million as of June 30, 2024, and access to capital markets will provide adequate funds to meet our short- and long-term liquidity requirements.

### Cash Flow

(In thousands)	Three months ended	
	June 30,	
	2024	2023
Net cash provided by (used in):		
Operating activities	\$ 1,098	\$ 22
Investing activities	(869)	(3,067)
Financing activities	(925)	(2,702)
Effect of exchange rate changes on cash	(84)	(2)
Decrease in cash	\$ (780)	\$ (5,749)

*Cash flow provided by operating activities.* Cash flow provided by operating activities was \$1.1 million in the first three months of fiscal 2025. The provision of cash was due to cash-based earnings of \$10.8 million and a decrease of \$9.7 million due to changes in net operating assets and liabilities. Cash-based earnings is net income of \$14.1 million and \$3.3 million of non-cash adjustments.

*Cash flow used in investing activities.* Consists primarily of property and equipment purchases, which decreased during the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due to leasehold improvements and equipment purchases for our new office lease in Las Vegas, Nevada during the three months ended June 30, 2023.

*Cash flow used in financing activities.* Cash flow used in financing activities decreased during the three months ended June 30, 2024 compared to the three months ended June 30, 2023 due to a reduction from \$1.8 million to \$0.9 million in the repurchase of shares to satisfy employee tax withholding on share-based compensation and a reduction from \$0.9 million to zero in preferred stock dividend payments during the respective periods.

### Contractual Obligations

As of June 30, 2024, there were no significant changes to our contractual obligations as presented in our Annual Report for the year ended March 31, 2024.

### Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have had or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

### Critical Accounting Policies

A detailed description of our significant accounting policies is included in our Annual Report for the year ended March 31, 2024. There have been no material changes in our significant accounting policies and estimates since March 31, 2024.

## Forward-Looking Information

This Quarterly Report and other publicly available documents, including the documents incorporated herein and therein by reference, contain, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods. These statements are not guarantees of future performance and involve risks, uncertainties, and assumptions that are difficult to predict. These statements are based on management's current expectations, intentions, or beliefs and are subject to a number of factors, assumptions, and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause or contribute to such differences or that might otherwise impact the business include the risk factors set forth in Item 1A in Part II of this Quarterly Report and Item IA of our Annual Report for the fiscal year ended March 31, 2023. We undertake no obligation to update any such factor or to publicly announce the results of any revisions to any forward-looking statements contained herein whether as a result of new information, future events, or otherwise.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting us, see Item 7A, "Quantitative and Qualitative Disclosures About Market Risk," contained in our Annual Report for the fiscal year ended March 31, 2024. There have been no material changes in our market risk exposures since March 31, 2024.

### Item 4. Controls and Procedures

#### *Evaluation of Disclosure Controls and Procedures*

Under the supervision of and with the participation of our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Corporate Controller and Treasurer, as Principal Accounting Officer ("PAO"), management evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Quarterly Report. Based on that evaluation, the CEO, CFO and PAO concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

#### *Changes in Internal Control over Financial Reporting*

No changes in our internal control over financial reporting occurred during the three months ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### *Inherent Limitations on Effectiveness of Controls*

Our management, including our CEO, CFO and PAO, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be achieved. Further, the design of a control system must reflect the impact of resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the possibility that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors. Additionally, controls can be circumvented by individual acts, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all possible future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

None.

### **Item 1A. Risk Factors**

There have been no material changes in the risk factors included in our Annual Report for the fiscal year ended March 31, 2024 that may materially affect our business, results of operations, or financial condition.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.



**Item 6. Exhibits**

- 10.1 [Second Amendment to Agilysys, Inc. Employee Stock Purchase Plan.](#)
- 31.1 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Executive Officer.](#)
- 31.2 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Chief Financial Officer.](#)
- 31.3 [Rule 13a-14\(a\)/15d-14\(a\) Certification of Corporate Controller and Treasurer.](#)
- 32 [Certification of Chief Executive Officer, Chief Financial Officer and Corporate Controller and Treasurer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.](#)
- 101.INS Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)
- \* Denotes a management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

AGILYSYS, INC.

Date: July 26, 2024

\_\_\_\_\_  
/s/ William David Wood III  
William David Wood III  
Chief Financial Officer  
(Principal Financial Officer and Duly Authorized Officer)

**SECOND AMENDMENT TO AGILYSYS, INC.  
EMPLOYEE STOCK PURCHASE PLAN**

This **SECOND AMENDMENT** to the **AGILYSYS, INC. EMPLOYEE STOCK PURCHASE PLAN** is made by **AGILYSYS, INC.**, a Delaware corporation (the “**Company**”), and is effective as of January 31, 2024.

**WHEREAS**, the Company originally established the Agilysys, Inc. Employee Stock Purchase Plan, as amended (the “**Plan**”);

**WHEREAS**, pursuant to Section 19.9 of the Plan, the Compensation Committee of the Board of Directors of the Company (the “**Committee**”), has the right to amend the Plan;

**WHEREAS**, the Committee wishes to amend the Plan to reflect that the Committee will have the authority to designate separate offerings under the Plan pursuant to the adoption by it of an offering document for each separate offering, the terms of which are not required to be identical, provided the terms satisfy Treasury Regulation Sections 1.423-2(a)(2) and (a)(3);

**WHEREAS**, the Committee wishes to amend the Plan to clarify that certain employees of the Company or certain of its subsidiaries may not be eligible to participate in the Plan or certain offerings under the Plan; and

**WHEREAS**, the Committee wishes to amend the Plan to provide the Committee with the discretion to determine the minimum percentage of a participant’s compensation that must be elected to use to purchase shares of the Company’s common stock under the Plan during an offering period.

**NOW, THEREFORE**, the Plan is hereby amended, effective January 31, 2023, as follows:

1. The definition of “Employee” included in Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

““**Employee**” means any person who is rendering services to the Company or a Participating Subsidiary as an employee pursuant to an employment relationship with such employer. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on military leave, sick leave or other leave of absence approved by the Company or a Participating Subsidiary that meets the requirements of Treasury Regulation Section 1.421-1(h)(2). Where the period of leave exceeds three (3) months, or such other period of time specified in Treasury Regulation Section 1.421-1(h)(2), and the individual’s right to re-employment is not guaranteed by statute or contract, the employment relationship shall be deemed to have terminated on the first day immediately following such three-month period, or such other period specified in Treasury Regulation Section 1.421-1(h)(2). Notwithstanding the foregoing, the definition of Employee will not include any person who is a citizen or resident of a foreign jurisdiction if granting them an option under the Plan would violate the law of such jurisdiction, or if compliance with the laws of the jurisdiction would cause the Plan to violate Section 423 of the Code.”

2. The definition of “Eligible Employee” included in Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

“**Eligible Employee**” means an Employee who (i) has been employed by the Company or a Participating Subsidiary for at least two (2) years and (ii) is customarily employed for at least twenty (20) hours per week. Notwithstanding the foregoing, the Committee, in its discretion, from time to time may provide in an Offering Document prior to an Offering Date (on a uniform and nondiscriminatory basis or as otherwise permitted by Treasury Regulation Section 1.423-2) that the definition of Eligible Employee will or will not include an individual if he or she: (i) has not completed at least two (2) years of service since his or her last hire date (or such lesser period of time as may be determined by the Committee in its discretion), (ii) customarily works not more than twenty (20) hours per week (or such lesser period of time as may be determined by the Administrator in its discretion), (iii) is a highly compensated employee within the meaning of Section 414(q) of the Code, or (iv) is a highly compensated employee within the meaning of Section 414(q) of the Code with compensation above a certain level or is an officer or subject to the disclosure requirements of Section 16(a) of the Exchange Act, provided the exclusion is applied with respect to each Offering in an identical manner to all highly compensated individuals of the Employer whose Eligible Employees are participating in that Offering. Each exclusion will be applied with respect to an Offering in a manner complying with U.S. Treasury Regulation Section 1.423-2(e)(2)(ii).”

3. The definition of “Offering” is added to Section 2 of the Plan based on alphabetical order to read as follows:

“**Offering**” means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 5. For purposes of the Plan, the Committee may designate separate Offerings under the Plan (the terms of which need not be identical) in which Eligible Employees of the Company and/ or one or more Participating Subsidiaries will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy Treasury Regulation Sections 1.423-2(a)(2) and (a)(3).”

4. The definition of “Offering Document” is added to Section 2 of the Plan based on alphabetical order to read as follows:

“**Offering Document**” means the offering document as described in Section 5 below.”

5. The definition of “Offering or Offering Period” included in Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

“**Offering Period**” means the periods established by the Committee (not to exceed 27 months) in the applicable Offering Document during which an option granted pursuant to the Plan may be exercised. The duration and timing of Offering Periods may be changed pursuant to Sections 5, 18 and 19.”

6. The definition of “Plan ” included in Section 2 of the Plan is amended by adding in “, Inc.” after Agilysys.

7. The definition of “Purchase Date” included in Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

“**Purchase Date**” means the last Trading Day of an Offering Period.”

8. The definition of “Purchase Price” included in Section 2 of the Plan is hereby amended and restated in its entirety to read as follows:

“**Purchase Price**” means an amount per Common Share designated by the Committee from time to time in the applicable Offering Document; provided that the Purchase Price shall not be less than the lesser of (i) eighty-five percent (85%) (or such greater percentage as designated by the Committee) of the Fair Market Value of a Common Share on the Offering Date or (ii) eighty-five percent (85%) (or such greater percentage as designated by the Committee) of the Fair Market Value of a Common Share on the Purchase Date; provided further, that, the Purchase Price per Common Share will in no event be less than the par value of the Common Share.”

9. The first paragraph of Section 4 of the Plan is hereby amended and restated in its entirety to read as follows:

“4. Eligibility. Unless otherwise determined by the Committee in a manner that is consistent with Section 423 of the Code and as may be specified in an Offering Document, any individual who is an Eligible Employee as of the first day of the enrollment period designated by the Committee for a particular Offering during an Offering Period shall be eligible to participate in such Offering Period, subject to the requirements of Section 423 of the Code.”

10. Section 5 of the Plan is hereby amended and restated in its entirety to read as follows:

“5. Offering Periods. The Committee may from time to time grant or provide for the grant of rights to purchase Common Shares under the Plan during one or more periods (each, an “**Offering Period**”) selected by the Committee commencing on such dates as selected by the Committee. The terms and conditions applicable to each Offering shall be set forth in an “**Offering Document**” adopted by the Committee, which Offering Document shall be in such form and shall contain such terms and conditions as the Committee shall deem appropriate and shall be incorporated by reference into and made part of the Plan, including (a) the length of the Offering Period, which period shall not exceed twenty-seven months, (b) the Purchase Date(s) on which rights granted under the Plan shall be exercised and purchases of Common Shares carried out during such Offering Period, and (c) the maximum number of Common Shares that may be purchased by an Eligible Employee during such Offering Period. The provisions of separate Offering Periods under the Plan need not be identical.”

11. Section 6 of the Plan is hereby amended and restated in its entirety to read as follows:

“6. Participation.

- a. Enrollment; Payroll Deductions. Except as otherwise set forth in an Offering Document or determined by the Committee, an Eligible Employee may elect to participate in the Plan by properly completing an Enrollment Form, which may be electronic, and submitting it to the Company, in accordance with the enrollment procedures established by the Committee or set forth in the Offering Document. Participation in the Plan is entirely voluntary. By submitting an Enrollment Form, the Eligible Employee authorizes payroll deductions from his or her paycheck in an amount equal to at least 1%, but not more than 10% of his or her Compensation on each pay day occurring during the Offering Period for which the authorization is applicable (or such other percentages as the Committee may specify in the applicable Offering Document). Payroll deductions shall commence on the first payroll date following the applicable Offering Date and end on the last payroll date

on or before the corresponding Offering Period Purchase Date. The Company shall maintain records of all payroll deductions but shall have no obligation to pay interest on payroll deductions or to hold such amounts in a trust or in any segregated account.

- b. Election Changes. During an Offering Period, a Participant may decrease his or her rate of payroll deductions applicable to such Offering Period only once. To make such a change, the Participant must submit a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen days before the applicable Purchase Date for such Offering Period. During an Offering Period, a Participant may not increase his or her rate of payroll deductions for such applicable Offering Period. A Participant may increase or decrease his or her rate of payroll deductions for future Offering Periods by submitting a new Enrollment Form authorizing the new rate of payroll deductions at least fifteen days before the start of the next Offering Period in which the Participant will participate.
  - c. Automatic Re-enrollment. The deduction rate selected in the Enrollment Form shall remain in effect for subsequent applicable Offering Periods unless the Participant (a) submits a new Enrollment Form authorizing a new level of payroll deductions in accordance with Section 6.2, (b) withdraws from the Plan in accordance with Section 10, or (c) terminates employment or otherwise becomes ineligible to participate in the Plan.”
12. Section 7 of the Plan is hereby amended and restated in its entirety to read as follows:
- “7. Grant of Option. With respect to each Offering, on each Offering Date, each Participant in the applicable Offering Period shall be granted an option to purchase, on the applicable Purchase Date, a number of Common Shares determined by dividing the Participant's accumulated payroll deductions by the applicable Purchase Price (subject to adjustment in accordance with Section 18 and the limitations set forth in Section 13 of the Plan).”
13. Section 8 of the Plan is hereby amended and restated in its entirety to read as follows:
- “8. Exercise of Option/Purchase of Shares. With respect to each Offering Period, a Participant's option to purchase Common Shares will be exercised automatically on the Purchase Date of the applicable Offering Period. The Participant's accumulated payroll deductions will be used to purchase the maximum number of shares (including fractional shares) that can be purchased with the amounts in the Participant's notional account. The minimum number of Common Shares that must be purchased on a Purchase Date is one (1). In the event the Participant's accumulated payroll deductions used to purchase shares on the Purchase Date is less than the amount required to purchase one (1) whole Common Share, the accumulated payroll deductions will be paid to the Participant promptly following the Purchase Date.”
14. The first sentence of Section 9 of the Plan is amended and restated to read as follows:
- “As soon as reasonably practicable after each Purchase Date for an applicable Offering, the Company will arrange for the delivery to each Participant of the Common Shares purchased upon exercise of his or her option.”

15. The first sentence of Section 10.1 of the Plan is amended and restated to read as follows:

“A Participant may withdraw from an Offering Period by submitting to the Company a revised Enrollment Form indicating his or her election to withdraw at least fifteen days before the Purchase Date.”

16. Section 11 of the Plan is hereby amended and restated in its entirety to read as follows:

“11. Termination of Employment; Change in Employment Status. Upon termination of a Participant's employment for any reason, including death, disability or retirement, or a change in the Participant's employment status following which the Participant is no longer an Eligible Employee with respect to an Offering, which in either case occurs on or prior to the applicable Purchase Date, the Participant will be deemed to have withdrawn from the Plan and the payroll deductions in the Participant's notional account (that have not been used to purchase Common Shares) shall be returned to the Participant, or in the case of the Participant's death, to the person(s) entitled to such amounts under Section 17, and the Participant's option shall be automatically terminated. The Company will have sole discretion to determine whether a Participant has terminated employment and the effective date on which the Participant terminated employment, regardless of any notice period or garden leave required under local law.”

17. Section 13.2 of the Plan is hereby amended and restated in its entirety to read as follows:

“13.2 Over-subscribed Offerings. The number of Common Shares which a Participant may purchase in an Offering under the Plan may be reduced if an Offering is over-subscribed. No option granted under the Plan shall permit a Participant to purchase Common Shares which, if added together with the total number of Common Shares purchased by all other Participants in such Offering Period, would exceed the total number of Common Shares remaining available under the Plan. If the Committee determines that, on a particular Purchase Date, the number of Common Shares with respect to which options are to be exercised exceeds the number of Common Shares then available under the Plan, the Company shall make a pro rata allocation of the Common Shares remaining available for purchase in as uniform a manner as practicable and as the Committee determines to be equitable.”

18. Section 19.1 of the Plan is hereby amended and restated in its entirety to read as follows:

“19.1 Equal Rights and Privileges. Notwithstanding any provision of the Plan to the contrary and in accordance with Section 423 of the Code, all Eligible Employees who are granted options under an Offering under the Plan shall have the same rights and privileges under the Offering so that the Offering and this Plan qualifies as an “employee stock purchase plan” within the meaning of Section 423 of the Code.”

19. The first sentence of Section 19.3 of the Plan is hereby amended and restated in its entirety to read as follows:

“A Participant will become a shareholder with respect to the Common Shares that are purchased pursuant to options granted under an Offering under the Plan when the shares are transferred to the Participant's ESPP Share Account.”

20. Section 19.12 of the Plan is hereby amended and restated in its entirety to read as follows:

“19.12 Section 423. The Plan is intended to qualify as an “employee stock purchase plan” under Section 423 of the Code. Any provision of the Plan or an Offering under the Plan that is inconsistent with Section 423 of the Code shall be reformed to comply with Section 423 of the Code.”

21. Except as provided in this Second Amendment, no other changes or amendments shall be made to the Plan as previously stated (including all prior amendments) and the remainder thereof shall remain in full force and effect.

**IN WITNESS WHEREOF**, the Committee has executed this Amendment on this 31 day of January, 2024.

**COMMITTEE**

By: /s/ Dana Jones  
Dana Jones, Chair





**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**

I, William David Wood III, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Agilysys, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: July 26, 2024

By:   /s/ William David Wood III    
William David Wood III  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION OF THE CORPORATE CONTROLLER AND TREASURER**

I, Chris J. Robertson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Agilysys, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2024

By: \_\_\_\_\_ /s/ Chris J. Robertson  
Chris J. Robertson  
Corporate Controller and Treasurer  
(Principal Accounting Officer)

**CERTIFICATION**

Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, Ramesh Srinivasan, the Chief Executive Officer, William David Wood III, the Chief Financial Officer, and Chris J. Robertson, the Corporate Controller and Treasurer, of Agilysys, Inc. (the "Company"), hereby certify, that, to their knowledge:

1. The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (the " **Report** ") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 26, 2024

By: \_\_\_\_\_  
 /s/ Ramesh Srinivasan  
 Ramesh Srinivasan  
 President and Chief Executive Officer  
 (Principal Executive Officer)

\_\_\_\_\_

/s/ William David Wood III  
 William David Wood III  
 Chief Financial Officer  
 (Principal Financial Officer)

\_\_\_\_\_

/s/ Chris J. Robertson  
 Chris J. Robertson  
 Corporate Controller and Treasurer  
 (Principal Accounting Officer)