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 December 31, 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)	**34-0907152** (I.R.S. Employer Identification No.)
3655 Brookside Parkway, Suite 300 **Alpharetta, Georgia** (Address of principal executive offices)	**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
Common Stock, without par value	**AGYS**	**Nasdaq Global Select Market**

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	☒	Accelerated filer	☐
Non-Accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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 January 17, 2025, the registrant had 27,963,988 shares of common stock outstanding.

AGILYSYS, INC.

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AGILYSYS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)		December 31, 2024 (Unaudited)		March 31, 2024
ASSETS				
Current assets:				
Cash and cash equivalents	**$**	**60,761**	$	144,891
Accounts receivable, net of allowance for expected credit losses of $937 and $974, respectively		**49,275**		29,441
Contract assets		**4,016**		2,287
Inventories		**6,360**		4,587
Prepaid expenses and other current assets		**10,798**		7,731
Total current assets		**131,210**		188,937
Property and equipment, net		**16,872**		17,930
Operating lease right-of-use assets		**17,017**		18,384
Goodwill		**128,544**		32,791
Intangible assets, net		**73,539**		16,952
Deferred income taxes, non-current		**68,041**		67,373
Other non-current assets		**8,638**		8,063
Total assets	**$**	**443,861**	$	350,430
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	**$**	**11,684**	$	9,422
Contract liabilities		**80,338**		56,148
Accrued liabilities		**17,497**		19,522
Operating lease liabilities, current		**5,431**		4,279
Total current liabilities		**114,950**		89,371
Deferred income taxes, non-current		**11,540**		554
Operating lease liabilities, non-current		**17,469**		19,613
Debt, non-current		**38,000**		—
Other non-current liabilities		**5,111**		4,415
Commitments and contingencies				
Shareholders' equity:				
Common shares, without par value, at $0.30 stated value; 80,000,000 shares authorized; 33,342,288 shares issued; and 27,961,890 and 27,376,862 shares outstanding at December 31, 2024 and March 31, 2024, respectively		**10,003**		10,003
Treasury shares, 5,380,398 and 5,965,426 at December 31, 2024 and March 31, 2024, respectively		**(1,616)**		(1,791)
Capital in excess of stated value		**105,017**		94,680
Retained earnings		**157,055**		137,755
Accumulated other comprehensive loss		**(13,668)**		(4,170)
Total shareholders' equity		**256,791**		236,477
Total liabilities and shareholders' equity	**$**	**443,861**	$	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 December 31, 2024	Three Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Net revenue:				
Products	**$ 10,677**	$ 12,678	**$ 31,077**	$ 38,100
Subscription and maintenance	**44,379**	35,107	**123,853**	101,481
Professional services	**14,505**	12,781	**46,422**	35,662
Total net revenue	**69,561**	60,566	**201,352**	175,243
Cost of goods sold:				
Products	**5,550**	6,707	**15,982**	20,023
Subscription and maintenance	**9,531**	7,371	**26,466**	22,812
Professional services	**10,625**	8,664	**31,967**	26,428
Total cost of goods sold	**25,706**	22,742	**74,415**	69,263
Gross profit	**43,855**	37,824	**126,937**	105,980
Gross profit margin	**63.0%**	62.5%	**63.0%**	60.5%
Operating expenses:				
Product development	**14,971**	14,551	**45,863**	42,455
Sales and marketing	**9,013**	6,137	**24,822**	19,838
General and administrative	**9,536**	9,057	**30,181**	27,207
Depreciation of fixed assets	**985**	909	**2,738**	3,042
Amortization of internal-use software and intangibles	**1,622**	343	**2,777**	1,120
Other (gains) charges, net	**(12)**	(924)	**2,576**	45
Legal settlements	**330**	—	**699**	—
Total operating expense	**36,445**	30,073	**109,656**	93,707
Operating income	**7,410**	7,751	**17,281**	12,273
Other income (expense):				
Interest income	**416**	1,252	**3,293**	3,580
Interest expense	**(657)**	—	**(1,116)**	—
Other income (expense), net	**574**	95	**804**	(15)
Income before taxes	**7,743**	9,098	**20,262**	15,838
Income tax provision (benefit)	**3,913**	(68,043)	**962**	(67,396)
Net income	**$ 3,830**	$ 77,141	**$ 19,300**	$ 83,234
Series A convertible preferred stock dividends	**—**	(286)	**—**	(1,204)
Net income attributable to common shareholders	**$ 3,830**	$ 76,855	**$ 19,300**	$ 82,030
Weighted average shares outstanding - basic	**27,667**	25,808	**27,446**	25,256
Net income per share - basic:	**$ 0.14**	$ 2.98	**$ 0.70**	$ 3.25
Weighted average shares outstanding - diluted	**28,314**	26,979	**28,248**	26,463
Net income per share - diluted:	**$ 0.14**	$ 2.85	**$ 0.68**	$ 3.10

See accompanying notes to unaudited condensed consolidated financial statements.

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

(In thousands)	Three Months Ended December 31, 2024	Three Months Ended December 31, 2023	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Net income	**3,830**	$ 77,141	**19,300**	$ 83,234
Other comprehensive loss:				
Unrealized foreign currency translation adjustments	**(10,049)**	187	**(9,498)**	131
Total comprehensive (loss) income	**$ (6,219)**	$ 77,328	**$ 9,802**	$ 83,365

See accompanying notes to unaudited condensed consolidated financial statements.

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

(In thousands)	Nine Months Ended December 31, 2024	Nine Months Ended December 31, 2023
Operating activities		
Net income	**$ 19,300**	$ 83,234
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss (gain) on asset disposals	**24**	(1,145)
Depreciation of fixed assets	**2,738**	3,042
Amortization of internal-use software and intangibles	**2,777**	1,120
Deferred income taxes	**(980)**	(66,506)
Share-based compensation	**12,656**	9,489
Changes in operating assets and liabilities	**(8,539)**	(10,855)
Net cash provided by operating activities	**27,976**	18,379
Investing activities		
Cash paid for business combination, net of cash acquired	**(144,945)**	—
Capital expenditures	**(2,082)**	(7,658)
Additional investments in corporate-owned life insurance policies	**(27)**	(2)
Net cash used in investing activities	**(147,054)**	(7,660)
Financing activities		
Payment of preferred stock dividends	**—**	(1,663)
Debt proceeds, net of issuance costs	**49,646**	—
Debt repayments	**(12,000)**	—
Proceeds from Employee Stock Purchase Plan purchases	**453**	—
Repurchase of common shares to satisfy employee tax withholding	**(2,848)**	(5,734)
Principal payments under long-term obligations	**—**	(2)
Net cash provided by (used in) financing activities	**35,251**	(7,399)
Effect of exchange rate changes on cash	**(303)**	38
Net (decrease) increase in cash and cash equivalents	**(84,130)**	3,358
Cash and cash equivalents at beginning of period	**144,891**	112,842
Cash and cash equivalents at end of period	**$ 60,761**	$ 116,200

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended December 31, 2024							
	Common Shares							
	Issued		In Treasury		Capital in excess of Stated value	Retained earnings	Accumulated other comprehensive income (loss)	Total
(In thousands, except share data)	Shares	Stated value	Shares	Stated value				
Balance at September 30, 2024	33,342	$ 10,003	(5,402)	$ (1,622)	$ 102,275	$ 153,225	$ (3,619)	$ 260,262
Share-based compensation	—	—	—	—	4,173	—	—	4,173
Shares issued upon exercise of SSARs	—	—	36	11	(11)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of other grants	—	—	(12)	(4)	(1,421)	—	—	(1,425)
Other common stock issuances, net	—	—	(2)	(1)	1	—	—	—
Net income	—	—	—	—	—	3,830	—	3,830
Unrealized translation adjustments	—	—	—	—	—	—	(10,049)	(10,049)
Balance at December 31, 2024	33,342	$ 10,003	(5,380)	$ (1,616)	$ 105,017	$ 157,055	$ (13,668)	$ 256,791

	Three Months Ended December 31, 2023							
	Common Shares							
	Issued		In Treasury		Capital in excess of Stated value	Retained earnings	Accumulated other comprehensive income (loss)	Total
(In thousands, except share data)	Shares	Stated value	Shares	Stated value				
Balance at September 30, 2023	31,607	$ 9,482	(6,236)	$ (1,871)	$ 55,154	$ 57,939	$ (4,086)	$ 116,618
Share-based compensation	—	—	—	—	3,488	—	—	3,488
Shares issued upon exercise of SSARs	—	—	93	28	(28)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of other grants	—	—	(22)	(7)	(1,868)	—	—	(1,875)
Other common stock issuances, net	—	—	173	52	(52)	—	—	—
Net income	—	—	—	—	—	77,141	—	77,141
Conversion of Series A preferred stock	1,735	521	—	—	34,479	—	—	35,000
Series A convertible preferred stock dividends	—	—	—	—	—	(286)	—	(286)
Unrealized translation adjustments	—	—	—	—	—	—	187	187
Balance at December 31, 2023	33,342	$ 10,003	(5,992)	$ (1,798)	$ 91,173	$ 134,794	$ (3,899)	$ 230,273

	Nine Months Ended December 31, 2024							
	Common Shares							
	Issued		In Treasury		Capital in excess of Stated value	Retained earnings	Accumulated other comprehensive income (loss)	Total
(In thousands, except share data)	Shares	Stated value	Shares	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	—	—	—	—	12,900	—	—	12,900
Shares issued upon exercise of SSARs	—	—	581	175	(175)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of other grants	—	—	(28)	(9)	(2,832)	—	—	(2,841)
Other common stock issuances, net	—	—	32	9	444	—	—	453
Net income	—	—	—	—	—	19,300	—	19,300
Unrealized translation adjustments	—	—	—	—	—	—	(9,498)	(9,498)
Balance at December 31, 2024	33,342	$ 10,003	(5,380)	$ (1,616)	$ 105,017	$ 157,055	$ (13,668)	$ 256,791

	Nine Months Ended December 31, 2023							
	Common Shares							
	Issued		In Treasury		Capital in excess of Stated value	Retained earnings	Accumulated other comprehensive income (loss)	Total
(In thousands, except share data)	Shares	Stated value	Shares	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	—	—	—	—	9,399	—	—	9,399
Shares issued upon exercise of SSARs	—	—	183	55	(55)	—	—	—
Shares withheld for taxes upon exercise of SSARs or vesting of other grants	—	—	(72)	(22)	(5,575)	—	—	(5,597)
Other common stock issuances, net	—	—	177	53	(53)	—	—	—
Net income	—	—	—	—	—	83,234	—	83,234
Conversion of Series A preferred stock	1,735	521	—	—	34,479	—	—	35,000
Series A convertible preferred stock dividends	—	—	—	—	—	(1,204)	—	(1,204)
Unrealized translation adjustments	—	—	—	—	—	—	131	131
Balance at December 31, 2023	33,342	$ 10,003	(5,992)	$ (1,798)	$ 91,173	$ 134,794	$ (3,899)	$ 230,273

See accompanying notes to unaudited condensed consolidated financial statements.

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 December 31, 2024, as well as the Condensed Consolidated Statements of Operations, Condensed Consolidated Statements of Comprehensive Income, and Condensed Consolidated Statements of Shareholders' Equity for the three and nine months ended December 31, 2024 and 2023 and the Condensed Consolidated Statements of Cash Flows for the nine months ended December 31, 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 November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03 *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures* ("ASU 2024-03") to expand expense disclosures by requiring disaggregated disclosure of certain income statement expense line items, including those that contain purchases of inventory, employee compensation, depreciation and amortization. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, or our fiscal 2028, and subsequent interim periods, with early adoption permitted. The amendments should be applied prospectively, but retrospective application is permitted. We are currently assessing the impact of the requirements on our consolidated financial statements and disclosures.

In December 2023, the FASB issued 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, and subsequent interim periods. 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 $10.7 million and $12.7 million, and $31.1 million and $38.1 million for the three and nine months ended December 31, 2024 and 2023, respectively. Subscription, maintenance, and substantially all professional services revenue recognized over time totaled $58.9 million and $47.9 million, and $170.3 million and $137.1 million for the three and nine months ended December 31, 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 year was $10.6 million and $12.0 million for the three months ended December 31, 2024 and 2023, respectively, and $52.8 million and $48.9 million for the nine months ended December 31, 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, $0.2 million for the three months ended December 31, 2023, and $2.2 million and $2.1 million for the nine months ended December 31, 2024 and 2023, respectively.

Substantially all of our arrangements are for a period of one year or less. As a result, unsatisfied performance obligations as of December 31, 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.

We had $5.5 million and $4.3 million of capitalized sales incentive costs as of December 31, 2024 and 2023, respectively. These balances are included in other non-current assets on our condensed consolidated balance sheets. During the three and nine months ended December 31, 2024, we expensed $1.0 million and $2.8 million, respectively, of sales commissions, which included amortization of capitalized amounts of $0.5 million and $1.3 million, respectively. During the comparable periods ending December 31, 2023, we expensed $1.0 million and $2.9 million, respectively, of sales commissions, which included amortization of capitalized amounts of $0.4 million and $1.2 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)	**December 31, 2024**	**March 31, 2024**
Prepaid expenses and other current assets:		
Prepaid expenses	**$ 8,768**	$ 7,330
Other	**2,030**	401
Total	**$ 10,798**	$ 7,731
Accrued liabilities:		
Salaries, wages, employee benefits, and payroll taxes	**$ 12,521**	$ 16,264
Income and indirect taxes payable	**2,783**	1,684
Other	**2,193**	1,574
Total	**$ 17,497**	$ 19,522

5. Supplemental Disclosures of Cash Flow Information

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

	Nine Months Ended December 31,	
(In thousands)	**2024**	**2023**
Cash receipts for interest	**$ 3,181**	$ 3,191
Cash payments for interest	**955**	—
Cash payments for income tax, net	**1,566**	1,246
Cash payments for operating leases	**3,843**	3,684
Cash payments for finance leases	**—**	4
Accrued capital expenditures	**17**	114

6. Income Taxes

The following table compares our income tax provision and effective tax rates for the three and nine months ended December 31, 2024 and 2023:

(In thousands)	Three Months Ended December 31,		Nine Months Ended December 31,	
	2024	2023	**2024**	2023
Income tax provision (benefit)	**$ 3,913**	$ (68,043)	**$ 962**	$ (67,396)
Effective tax rate	**50.5%**	nm	**4.7%**	nm

nm - not meaningful

For the three months ended December 31, 2024, income tax provision and the effective tax rate were primarily driven by the tax effects of share-based compensation, global intangible low-taxed income (GILTI) and the mix of earnings in the U.S. and India.

For the nine months ended December 31, 2024, income tax provision and the effective tax rate were primarily driven by the impact of discrete excess tax benefits associated with Share-Based Compensation.

For the three and nine months ended December 31, 2023, income tax provision and the effective tax rate were primarily driven by the release of valuation allowances recorded against deferred tax assets in the U.S. and Canada.

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.

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) is a stimulus bill which was in response to economic consequences of the COVID-19 pandemic. The CARES Act provided an employee retention credit, which is a refundable tax credit against certain employment taxes. During the three and nine months ended December 31, 2024, we recorded $0.5 million of employee retention credits received in cash as other (gains) charges, net, in the condensed consolidated statements of operations.

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.

As of December 31, 2024, we have additional operating leases that have not yet commenced of approximately $1.9 million. These leases are expected to commence in fiscal year 2025 and in fiscal year 2027 with initial lease terms of approximately 1.5 to 5 years, respectively.

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.

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands, except per share data)	**2024**	**2023**	**2024**	**2023**
Numerator:				
Net income	**$ 3,830**	$ 77,141	**$ 19,300**	$ 83,234
Series A convertible preferred stock dividends	**—**	(286)	**—**	(1,204)
Net income attributable to common shareholders	**$ 3,830**	$ 76,855	**$ 19,300**	$ 82,030
Denominator:				
Weighted average shares outstanding - basic	**27,667**	25,808	**27,446**	25,256
Dilutive SSARs	**399**	920	**514**	951
Dilutive unvested restricted shares	**204**	223	**248**	239
Dilutive unvested restricted stock units	**44**	28	**40**	17
Weighted average shares outstanding - diluted	**28,314**	26,979	**28,248**	26,463
Income per share - basic:	**$ 0.14**	$ 2.98	**$ 0.70**	$ 3.25
Income per share - diluted:	**$ 0.14**	$ 2.85	**$ 0.68**	$ 3.10
Anti-dilutive SSARs, restricted shares, performance shares and preferred shares	**136**	89	**136**	30

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 248,704 and 454,336 of restricted shares at December 31, 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, and restricted stock units 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 Amended and Restated 2024 Equity Incentive Plan (the 2024 Plan) for up to three million common shares, plus 237,080 common shares, the number of shares that were remaining for grant under the 2020 Equity Incentive Plan, as Amended and Restated (the 2020 Plan) as of the effective date of the 2024 Plan, plus the number of shares remaining for grant under the 2020 Plan that are forfeited, settled in cash, canceled or expired. The maximum aggregate number of common shares available for issuance under the 2024 Plan is 3.2 million. We may also grant shares under our shareholder-approved Employee Stock Purchase Plan (the ESPP) for up to 0.5 million 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 grants included in the condensed consolidated statements of operations:

	Three Months Ended December 31,		**Nine Months Ended December 31,**	
(In thousands)	**2024**	**2023**	**2024**	**2023**
Product development	**2,293**	1,878	**7,199**	4,743
Sales and marketing	**541**	228	**1,115**	487
General and administrative	**1,384**	1,532	**4,342**	4,259
Total share-based compensation expense	**4,218**	3,638	**12,656**	9,489

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 nine months ended December 31, 2024 and 2023.

The following table summarizes the activity during the nine months ended December 31, 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	Remaining Contractual Term		Aggregate Intrinsic Value
			(per right)	(in years)		
Outstanding at April 1, 2024	1,297,339	$	27.63			
Granted	—		—			
Exercised	(838,104)		31.86			
Forfeited	—		—			
Expired	—		—			
Outstanding at December 31, 2024	**459,235**	**$**	**19.91**	**2.8**	**$**	**51,342**
Exercisable at December 31, 2024	**459,235**	**$**	**19.91**	**2.8**	**$**	**51,342**
Vested and expected to vest at December 31, 2024	**459,235**	**$**	**19.91**	**2.8**	**$**	**51,342**

As of December 31, 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 nine months ended December 31, 2024 for restricted shares granted 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	37,349		106.81
Vested	(213,436)		60.20
Forfeited	(11,386)		74.94
Outstanding at December 31, 2024	**248,704**	**$**	**75.84**

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 December 31, 2024, total unrecognized share-based compensation expense related to unvested restricted shares was $8.9 million, which is expected to be recognized over a weighted-average vesting period of 1.8 years.

Restricted Stock Units

We granted restricted stock units to certain of our Directors, executives and key employees, 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 nine months ended December 31, 2024 for restricted stock units awarded under the 2020 and 2024 Plans:

	Number of Shares		Weighted-Average Grant-Date Fair Value
			(per share)
Outstanding at April 1, 2024	56,547	$	70.03
Granted	135,777		137
Vested	—		—
Forfeited	—		—
Outstanding at December 31, 2024	**192,324**	**$**	**117.64**

As of December 31, 2024, total unrecognized share-based compensation expense related to non-vested restricted stock units was $18.7 million, which is expected to be recognized over the weighted-average vesting period of 2.7 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.

	Offering Period Ended June 30, 2024	**Offering Period Ended December 31, 2024**
Grant date fair value	**$ 81.60**	**$ 103.43**
Risk-free interest rate over contractual term	**5.36%**	**4.91%**
Expected term (in years)	**0.41**	**0.50**
Expected volatility	**47.41%**	**40.93%**

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 December 31, 2024 totaled $0.5 million as of December 31, 2024.

As of December 31, 2024, there was no unrecognized share-based compensation expense related to the offering period ended December 31, 2024.

10. Debt

Revolving Credit Facility

On August 16, 2024 (the "Credit Agreement Closing Date"), we entered into a credit agreement (the "Credit Agreement") with the lenders party thereto and Bank of America, N.A., as lender and administrative agent (in such capacity, the "Agent"). The Credit Agreement provides for a revolving credit facility in the initial maximum aggregate principal amount of $75.0 million (the "Revolving Facility"). The Revolving Facility includes the ability for the Company to request an increase to the commitments under the Revolving Facility by an additional aggregate principal amount of up to $25.0 million. On the Credit Agreement Closing Date, the Company drew $50.0 million on the Revolving Facility (the "Initial Revolving Loan"), the proceeds of which we used to fund the Business Combination as described in Note 11 below. We repaid $12.0 million and $14.0 million of the principal balance in October 2024 and January 2025, respectively.

The Revolving Facility matures on August 16, 2027, the three-year anniversary of the Credit Agreement Closing Date, at which time any and all outstanding principal balance will be due and payable. The Company may voluntarily repay outstanding loans and terminate commitments under the Revolving Facility at any time without premium or penalty. There are no repayments required before August 16, 2027. Debt issuance costs relating to the Revolving Facility of $0.3 million, included in other non-current assets on our condensed consolidated balance sheet, amortize into interest expense over the three-year life of the Credit Agreement.

Our obligations under the Revolving Facility are guaranteed by certain of the Company's subsidiaries (the "Subsidiary Guarantors"), subject to certain customary exceptions and limitations. Pursuant to a security and pledge agreement, dated as of the Credit Agreement Closing Date, among the Company, the Subsidiary Guarantors and the Agent, the Revolving Facility is secured by a first-priority lien on substantially all of the Company's and the Subsidiary Guarantors' present and future personal assets and intangible assets and the outstanding capital stock of the Company's subsidiaries owned by the Company or any Subsidiary Guarantor, in each case, subject to certain customary exceptions and limitations.

The Initial Revolving Loan bears interest at the SOFR Daily Floating Rate (as defined in the Credit Agreement), plus an initial margin of 1.625%, which is subject to adjustment as of each fiscal quarter end within the ranges set forth in the Credit Agreement. We are to pay a commitment fee under the Revolving Facility in respect of any unutilized commitments thereunder, which is determined on a leverage-based sliding scale ranging from 0.225% to 0.325% per annum. The initial commitment fee is 0.275% subject to quarterly adjustment. We record the commitment fee as a component of interest expense. Interest and commitment fees are payable quarterly.

The Credit Agreement contains certain restrictive covenants, including financial covenants that require the Company to maintain a consolidated interest coverage ratio and a consolidated leverage ratio determined at the end of each fiscal quarter as defined in the Credit Agreement.

11. Business Combination

On August 20, 2024 (the "Acquisition Date"), we acquired all the issued and outstanding shares of Book4Time Parent, Inc. ("Book4Time"), a hospitality software company based in Canada. Book4Time is now a wholly-owned subsidiary of Agilysys, Inc. The consolidated financial statements include the results of Book4Time's operations since the Acquisition Date. The acquisition expands the opportunity to increase our solutions-per-customer globally.

The purchase price consisted of $147.2 million of cash paid at closing, funded from cash on hand and the proceeds of the Initial Revolving Loan, partially offset by $2.3 million of Book4Time's cash received in the acquisition resulting in net cash consideration of $144.9 million. We allocated the purchase price for Book4Time to the intangible and certain tangible assets acquired and certain liabilities assumed based on their estimated fair values on the Acquisition Date, with the remaining unallocated purchase price recorded as goodwill. We determined the fair values assigned to identifiable intangible assets acquired primarily by using the income approach, which discounts the expected future cash flows to present value using estimates and assumptions determined by management.

The following table sets forth the components and the allocation of the purchase price for our acquisition of Book4Time:

(In thousands)		**Total**
Components of Purchase Price:		
Cash	$	147,181
Total Purchase Price	**$**	**147,181**
Allocation of Purchase Price:		
Accounts receivable, net	$	1,623
Other current assets, including cash acquired		4,390
Other assets		623
Current and other liabilities		(3,018)
Deferred tax liabilities		(11,825)
Contract liabilities		(9,324)
Net tangible assets (liabilities)		(17,531)
Identifiable intangible assets:		
Customer relationships		35,000
Non-competition agreements		8,100
Developed technology		2,600
Trade name		17,100
Total identifiable intangible assets		62,800
Goodwill		101,912
Total purchase price allocation	**$**	**147,181**

We assigned the acquired customer relationships, non-competition agreements, developed technology, and trade name estimated useful lives of 20 years, three years, five years, and 15 years, respectively, with a weighted average useful life of approximately 15.8 years. The identifiable intangible assets acquired amortize on a straight-line basis, which we believe approximates the pattern in which the assets are utilized, over their estimated useful lives.

The goodwill recognized in the Book4Time purchase price allocation is attributable to synergies in products and technologies to serve a broader customer base, and the addition of a skilled, assembled workforce, which is not separable from goodwill under FASB Accounting Standards Codification 805. As part of the acquisition, the Company acquired fully trained personnel thereby avoiding the expenditure that would have been required to hire and train equivalent personnel. We considered the replacement cost method as most appropriate for the assembled workforce valuation. We valued the assembled workforce included in goodwill at $1.5 million. The total goodwill recognized in the acquisition amounted to $101.9 million, which is not deductible for income tax purposes.

As of the Acquisition Date, we recorded current liabilities of $1.5 million for uncertain tax positions, including estimated penalties and interest, we identified during the acquisition. We recorded a related indemnification asset of $1.5 million in current assets covered by funds held in escrow under the terms of the share purchase agreement and escrow agreement we entered into with the sellers of Book4Time.

We have prepared the Book4Time purchase price allocation on a preliminary basis. Changes to the allocation may occur as additional information becomes available during the measurement period (up to one year from the Acquisition Date). The primary areas that remain preliminary include, but are not limited to, intangible assets including the initial assumptions used in their estimates of fair values and their respective estimated useful lives, income taxes, and residual goodwill.

The Company recognized acquisition costs of $1.9 million related to the acquisition of Book4Time, consisting primarily of professional fees, during the nine months ended December 31, 2024. The consolidated statement of operations includes these costs in other (gains) charges, net.

Revenue attributable to Book4Time included in our condensed consolidated statement of operations was $4.6 million and $6.8 million for the three and nine months ended December 31, 2024, respectively. Net income (loss) was not material.

Unaudited Pro-Forma Information

The financial information in the table below summarizes the combined results of operations of Agilysys and Book4Time, on a pro forma basis, as though the companies had been combined as of the beginning of the periods presented. The pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place on April 1, 2023 or of results that may occur in the future.

The following unaudited pro forma financial information for the three- and nine-month periods ended December 31, 2024 and December 31, 2023, combines the historical results of Agilysys and of Book4Time, as converted to U.S. GAAP, for the respective periods:

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands)	**2024 Pro Forma**	**2023 Pro Forma**	**2024 Pro Forma**	**2023 Pro Forma**
Revenue	$ 69,561	$ 64,775	$ 208,298	$ 187,004
Net income (loss)	$ 3,830	$ 75,063	$ 16,588	$ 73,828

We based the foregoing pro forma results on estimates and assumptions that we believe are reasonable. The pro forma results include adjustments primarily related to purchase accounting. We included acquisition costs and other non-recurring charges incurred in the earliest period presented.

12. 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 31 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 and nine months ended December 31, 2024, global macroeconomic and geopolitical conditions were, and continue to be, influenced by a number of factors, including, but not limited to, political unrest, armed conflicts, foreign currency fluctuations, 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.

Book4Time

On August 20, 2024, we acquired Book4Time Parent, Inc. (“Book4Time”), the global leader in spa management SaaS software, as further described in Note 11, “Business Combination”, to our condensed consolidated financial statements included under Part I, Item 1 of this quarterly report. The cash consideration for the acquisition totaled $147.2 million of net cash, partially funded by a credit agreement (the “Credit Agreement”) we entered into on August 16, 2024 (the “Credit Agreement Closing Date”), with the lenders party thereto and Bank of America, N.A., as lender and administrative agent, as further described in Note 10, “Debt”, to our condensed consolidated financial statements included under Part I, Item 1 of this quarterly report.

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

Third Fiscal Quarter 2025 Compared to Third Fiscal Quarter 2024

Net Revenue and Operating Income

The following table presents our consolidated revenue and operating results for the three months ended December 31, 2024 and 2023:

	Three Months Ended December 31,		Increase (decrease)	
(In thousands)	2024	2023	$	%
Net revenue:				
Products	**$ 10,677**	$ 12,678	$ (2,001)	(15.8)%
Subscription and maintenance	**44,379**	35,107	9,272	26.4 %
Professional services	**14,505**	12,781	1,724	13.5 %
Total net revenue	**69,561**	60,566	8,995	14.9 %
Cost of goods sold:				
Products	**5,550**	6,707	(1,157)	(17.3)%
Subscription and maintenance	**9,531**	7,371	2,160	29.3 %
Professional services	**10,625**	8,664	1,961	22.6 %
Total cost of goods sold	**25,706**	22,742	2,964	13.0 %
Gross profit	**$ 43,855**	$ 37,824	$ 6,031	15.9 %
Gross profit margin	**63.0 %**	62.5 %		
Operating expenses:				
Product development	**$ 14,971**	$ 14,551	$ 420	2.9 %
Sales and marketing	**9,013**	6,137	2,876	46.9 %
General and administrative	**9,536**	9,057	479	5.3 %
Depreciation of fixed assets	**985**	909	76	8.4 %
Amortization of internal-use software and intangibles	**1,622**	343	1,279	nm
Other (gains) charges, net	**(12)**	(924)	912	nm
Legal settlements	**330**	—	330	nm
Operating income	**$ 7,410**	$ 7,751	$ (341)	(4.4)%
Operating income percentage	**10.7 %**	12.8 %		

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 December 31,	
	2024	**2023**
Net revenue:		
Products	**15.3%**	20.9%
Subscription and maintenance	**63.8**	58.0
Professional services	**20.9**	21.1
Total net revenue	**100.0%**	100.0%
Cost of goods sold:		
Products	**8.0%**	11.0%
Subscription and maintenance	**13.7**	12.2
Professional services	**15.3**	14.3
Total cost of goods sold	**37.0%**	37.5%
Gross profit	**63.0%**	62.5%
Operating expenses:		
Product development	**21.5%**	24.0%
Sales and marketing	**13.0**	10.1
General and administrative	**13.7**	15.0
Depreciation of fixed assets	**1.4**	1.5
Amortization of internal-use software and intangibles	**2.3**	0.6
Other (gains) charges, net	**—**	(1.5)
Legal settlements	**0.4**	—
Operating income	**10.7%**	12.8%

Net revenue. Total net revenue increased $9.0 million, or 14.9%, during the third quarter of fiscal 2025 compared to the third quarter of fiscal 2024. Products revenue decreased $2.0 million, or 15.8%, 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 $9.3 million, or 26.4%, compared to the third quarter of fiscal 2024 driven by continued growth in subscription-based service revenue including service to Book4Time customers. Total subscription revenue increased 45.1% during the third quarter of fiscal 2025 compared to the third quarter of fiscal 2024. Professional services revenue increased $1.7 million, or 13.5%, 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 $6.0 million, or 15.9%, during the third quarter of fiscal 2025 and total gross profit margin increased from 62.5% to 63.0% compared to the third quarter of fiscal 2024 driven by changes in the composition of revenue by category. Products gross profit decreased $0.8 million, or 14.1%, and products gross profit margin increased from 47.1% to 48.0% due to the composition of hardware and proprietary software products delivered. Subscription and maintenance gross profit increased $7.1 million, or 25.6%, and gross profit margin decreased from 79.0% to 78.5% as variable costs increased ahead of related revenue. Professional services gross profit decreased $0.2 million, or 5.8%, and gross profit margin decreased from 32.2% to 26.7% reflecting lower utilization rates due to higher non-billable hours on new, more complex solution implementations over the comparable three-month periods and customer delays on certain projects.

Operating Expenses

Operating expenses, excluding other (gains) charges, net, and legal settlements, increased $5.1 million, or 16.5%, during the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024.

Product development. Product development increased $0.4 million, or 2.9%, in the third quarter of fiscal 2025 compared with the third 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 increased $2.9 million, or 46.9%, in the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024 due to hiring and increased compensation rates across our sales teams, sales team additions from the Book4Time acquisition, and higher volume of marketing event and trade show activity.

General and administrative. General and administrative increased $0.5 million, or 5.3%, in the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024 due to ongoing investments in our information security and information technology infrastructure and increased compensation rates across our administrative teams.

Depreciation of fixed assets. Depreciation of fixed assets increased $0.1 million, or 8.4%, in the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024 due to the addition of fixed assets.

Amortization of internal-use software and intangibles. Amortization of internal-use software and intangibles increased $1.3 million in the third quarter of fiscal 2025 compared with the third quarter of fiscal 2024 due to the addition of certain intangible assets resulting from the Book4Time acquisition.

Other (gains) charges, net. Other (gains) charges, net, consist of (gains) losses on asset disposals, severance costs, charitable contributions, employee retention credits, and acquisition costs related to business combinations.

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

Other income (expense)

	Three Months Ended December 31,		Favorable (unfavorable)	
(In thousands)	**2024**	**2023**	**$**	**%**
Other income (expense):				
Interest income	**$ 416**	$ 1,252	$ (836)	(66.8)%
Interest expense	**(657)**	—	(657)	nm
Other income, net	**574**	95	479	nm
Total other income (expense), net	**$ 333**	$ 1,347	$ (1,014)	(75.3)%

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.

Interest expense. Interest expense consists of interest charges under our Credit Agreement and amortization of related debt issuance costs.

Other income, net. Other income, net, mainly consists of movement of foreign currencies against the U.S. dollar.

Income Taxes

	Three Months Ended December 31,		Favorable (unfavorable)	
(In thousands)	**2024**	**2023**	**$**	**%**
Income tax provision (benefit)	**$ 3,913**	$ (68,043)	$ (71,956)	nm
Effective tax rate	**50.5 %**	nm		

nm - not meaningful

For the three months ended December 31, 2024, income tax provision and the effective tax rate were primarily driven by the tax effects of share-based compensation, GILTI and the mix of earnings in the U.S. and India.

For the three months ended December 31, 2023, income tax (benefit) and the effective tax rate were primarily driven by the release of valuation allowances recorded against deferred tax assets in the U.S. and Canada.

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.

Results of Operations

First Nine Months of Fiscal 2025 Compared to First Nine Months of Fiscal 2024

Net Revenue and Operating Income

The following table presents our consolidated revenue and operating results for the nine months ended December 31, 2024 and 2023:

	Nine Months Ended December 31,		Increase (decrease)	
(In thousands)	2024	2023	$	%
Net revenue:				
Products	**$ 31,077**	$ 38,100	$ (7,023)	(18.4)%
Subscription and maintenance	**123,853**	101,481	22,372	22.0 %
Professional services	**46,422**	35,662	10,760	30.2 %
Total net revenue	**201,352**	175,243	26,109	14.9 %
Cost of goods sold:				
Products	**15,982**	20,023	(4,041)	(20.2)%
Subscription and maintenance	**26,466**	22,812	3,654	16.0 %
Professional services	**31,967**	26,428	5,539	21.0 %
Total cost of goods sold	**74,415**	69,263	5,152	7.4 %
Gross profit	**$ 126,937**	$ 105,980	$ 20,957	19.8 %
Gross profit margin	**63.0 %**	60.5 %		
Operating expenses:				
Product development	**$ 45,863**	$ 42,455	$ 3,408	8.0 %
Sales and marketing	**24,822**	19,838	4,984	25.1%
General and administrative	**30,181**	27,207	2,974	10.9 %
Depreciation of fixed assets	**2,738**	3,042	(304)	(10.0)%
Amortization of internal-use software and intangibles	**2,777**	1,120	1,657	nm
Other (gains) charges, net	**2,576**	45	2,531	nm
Legal settlements	**699**	—	699	nm
Operating income	**$ 17,281**	$ 12,273	$ 5,008	40.8 %
Operating income percentage	**8.6 %**	7.0 %		

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:

	Nine Months Ended December 31,	
	2024	**2023**
Net revenue:		
Products	**15.4%**	21.7%
Subscription and maintenance	**61.5**	57.9
Professional services	**23.1**	20.4
Total net revenue	**100.0%**	100.0%
Cost of goods sold:		
Products	**7.9%**	11.4%
Subscription and maintenance	**13.1**	13.0
Professional services	**16.0**	15.1
Total cost of goods sold	**37.0%**	39.5%
Gross profit	**63.0%**	60.5%
Operating expenses:		
Product development	**22.8%**	24.2%
Sales and marketing	**12.3**	11.3
General and administrative	**15.0**	15.5
Depreciation of fixed assets	**1.4**	1.7
Amortization of internal-use software and intangibles	**1.4**	0.6
Other (gains) charges, net	**1.3**	—
Legal settlements	**0.2**	—
Operating income	**8.6%**	7.0%

Net revenue. Total net revenue increased $26.1 million, or 14.9%, during the first nine months of fiscal 2025 compared to the first nine months of fiscal 2024. Products revenue decreased $7.0 million, or 18.4%, 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 $22.4 million, or 22.0%, compared to the first nine months of fiscal 2024 driven by continued growth in subscription-based service revenue including service to Book4Time customers. Total subscription revenue increased 38.2% during the first nine months of fiscal 2025 compared to the first nine months of fiscal 2024. Professional services revenue increased $10.8 million, or 30.2%, 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 $21.0 million, or 19.8%, during the first nine months of fiscal 2025 and total gross profit margin increased from 60.5% to 63.0% compared to the first nine months of fiscal 2024 driven by changes in the composition of revenue by category. Products gross profit decreased $3.0 million, or 16.5%, and products gross profit margin increased from 47.4% to 48.6% due to the composition of hardware and proprietary software products delivered. Subscription and maintenance gross profit increased $18.7 million, or 23.8%, and gross profit margin increased from 77.5% to 78.6% as revenue increases outpaced variable costs as a result of certain cost control measures. Professional services gross profit increased $5.2 million, or 56.5% and gross profit margin increased from 25.9% to 31.1% 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 $12.7 million, or 13.6%, during the first nine months of fiscal 2025 compared with the first nine months of fiscal 2024.

Product development. Product development increased $3.4 million, or 8.0%, in the first nine months of fiscal 2025 compared with the first nine months of fiscal 2024 due to hiring and increased salary, incentive and employee benefits rates across our development teams.

Sales and marketing. Sales and marketing increased $5.0 million, or 25.1%, in the first nine months of fiscal 2025 compared with the first nine months of fiscal 2024 due to hiring and increased compensation rates across our sales teams, sales team additions from the Book4Time acquisition, and higher volume of marketing event and trade show activity.

General and administrative. General and administrative increased $3.0 million, or 10.9%, in the first nine months of fiscal 2025 compared with the first nine months of fiscal 2024 due to ongoing investments in our information security and information technology infrastructure, increased compensation rates across our administrative teams and, during the quarter ended June 30, 2024, payroll taxes associated with certain exercises of stock-settled appreciation rights.

Depreciation of fixed assets. Depreciation of fixed assets decreased $0.3 million, or 10.0%, in the first nine months of fiscal 2025 compared with the first nine months 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 increased $1.7 million, or 147.9%, in the first nine months of fiscal 2025 compared with the first nine months of fiscal 2024 due to the addition of certain intangible assets resulting from the Book4Time acquisition.

Other (gains) charges, net. Other (gains) charges, net, consist of (gains) losses on asset disposals, severance costs, charitable contributions, employee retention credits, and acquisition costs related to business combinations.

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

Other income (expense)

	Nine Months Ended December 31,		Favorable (unfavorable)	
(In thousands)	**2024**	**2023**	**$**	**%**
Other income (expense):				
Interest income	**$ 3,293**	$ 3,580	$ (287)	(8.0)%
Interest expense	**(1,116)**	—	(1,116)	nm
Other income (expense), net	**804**	(15)	819	nm
Total other income (expense), net	**$ 2,981**	$ 3,565	$ (584)	nm

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.

Interest expense. Interest expense consists of interest charges under our Credit Agreement and amortization of related debt issuance costs.

Other income (expense), net. Other income (expense), net, mainly consists of movement of foreign currencies against the U.S. dollar.

Income Taxes

	Nine Months Ended December 31,		(Unfavorable) favorable	
(In thousands)	**2024**	**2023**	**$**	**%**
Income tax provision (benefit)	**$ 962**	$ (67,396)	$ (68,358)	nm
Effective tax rate	**4.7%**	nm		

nm - not meaningful

For the nine months ended December 31, 2024, income tax provision and the effective tax rate were primarily driven by the impact of discrete excess tax benefits associated with Share-Based Compensation.

For the nine months ended December 31, 2023, income tax (benefit) and the effective tax rate were primarily driven by the release of valuation allowances recorded against deferred tax assets in the U.S. and Canada.

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 primary recurring source of cash is the collection of proceeds from the sale of products and services to our customers, including cash periodically collected in advance of delivery or performance.

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 and our Credit Agreement.

The Credit Agreement provides for a revolving credit facility in the initial maximum aggregate principal amount of $75 million (the "Revolving Facility"). The Revolving Facility includes the ability for the Company to request an increase to the commitments under the Revolving Facility by an additional aggregate principal amount of up to $25 million. On the Credit Agreement Closing Date, we drew $50 million on the Revolving Facility, the proceeds of which we used to fund the Business Combination described below.

We have expanded our business in part by investing in strategic growth through business acquisitions. We have used cash as consideration in our business acquisitions, including $144.9 million of net cash, partially funded by our Revolving Facility, during the nine months ended December 31, 2024, to complete the acquisition of Book4Time. We completed no business combinations during the nine months ended December 31, 2023.

At December 31, 2024, 100% of our cash and cash equivalents, of which 87% 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 $60.8 million as of December 31, 2024, and access to capital markets will provide adequate funds to meet our short- and long-term liquidity requirements.

Cash Flow

	Nine Months Ended December 31,	
(In thousands)	**2024**	**2023**
Net cash provided by (used in):		
Operating activities	**$ 27,976**	$ 18,379
Investing activities	**(147,054)**	(7,660)
Financing activities	**35,251**	(7,399)
Effect of exchange rate changes on cash	**(303)**	38
Decrease in cash	**$ (84,130)**	$ 3,358

Cash flow provided by operating activities. Due to cash-based earnings of $36.5 million and a decrease of $8.5 million due to changes in net operating assets and liabilities. Cash-based earnings is net income of $19.3 million and $17.2 million of non-cash adjustments.

Cash flow used in investing activities. Consists primarily of $144.9 million in cash paid for business combination, net of cash acquired, and property and equipment purchases, which decreased during the nine months ended December 31, 2024 compared to the nine months ended December 31, 2023 due primarily to leasehold improvements and equipment purchases for our new office lease in Chennai, India during the nine months ended December 31, 2023.

Cash flow provided by financing activities. Consists primarily of $49.6 million in debt proceeds, net of issuance costs, and debt repayments of $12.0 million during the nine months ended December 31, 2024, and a reduction from $5.7 million to $2.8 million in the repurchase of shares to satisfy employee tax withholding on share-based compensation and a reduction from $1.7 million to zero in preferred stock dividend payments during the respective periods.

Contractual Obligations

As of December 31, 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 nine months ended December 31, 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*	Form of Restricted Stock Unit Agreement under the Agilysys, Inc. 2024 Equity Incentive 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: January 21, 2025	/s/ William David Wood III
	William David Wood III
	Chief Financial Officer
	(Principal Financial Officer and Duly Authorized Officer)

RESTRICTED STOCK UNIT AGREEMENT

Participant:

Grant Date:

Number of Restricted Stock Units:

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement") is entered into as of the Grant Date set forth above by and between Agilysys, Inc., a Delaware corporation (the "Company"), and the Participant set forth above ("you" or the "Participant").

1. Award.

(a) Award. The Company hereby grants you on the Grant Date an award (the "Award") consisting of the aggregate number of Restricted Stock Units set forth above (the "Restricted Stock Units") subject to the terms and conditions set forth in this Agreement and the Agilysys, Inc. 2024 Equity Incentive Plan, as amended from time to time (the "Plan"). The Restricted Stock Units relate on a one-for-one basis to Common Shares (or, if determined in the discretion of the Committee, the right to receive a cash amount equal to the Fair Market Value of one Common Share). This Award is granted to you in consideration of the services you will render to the Company and its Affiliates and is made pursuant to the Plan.

(b) Account. The Restricted Stock Units shall be credited to a separate account maintained for you on the books and records of the Company (the "Account"). All amounts credited to the Account shall continue for all purposes to be part of the general assets of the Company.

2. Restricted Period; Vesting.

(a) Vesting – Generally. The Restricted Stock Units will vest and the Restricted Period shall lapse with respect to the number of Restricted Stock Units, as follows, subject to the other terms and conditions of this Agreement, including that you remain in Continuous Service as of each of the specified dates below:

The period over which the Restricted Stock Units vest is referred to as the "Restricted Period." Once vested, the vested Restricted Stock Units become "Vested Units."

(b) Vesting – Death or Disability. The foregoing vesting schedule and requirements notwithstanding, if your Continuous Service is terminated due to your Disability or death, 100% of the unvested Restricted Stock Units shall vest and become Vested Units and the Restricted Period shall lapse as of the date of such termination.

(c) Vesting - Change in Control. The foregoing vesting schedule and requirements notwithstanding, in the event of a Change in Control, if your Continuous Service is terminated within twenty-four (24) months following the closing date of the Change in Control due to the termination of your Continuous Service by the Company, an Affiliate or any successor thereto without Cause, 100% of the unvested Restricted Stock Units shall vest and become Vested Units and the Restricted Period shall lapse as of the date of your termination of Continuous Service.

(d) Termination of Continuous Service. Subject to Section 2(b) and 2(c), if your Continuous Service terminates for any reason at any time before the vesting of any portion of your Restricted Stock Units, your unvested Restricted Stock Units shall be automatically forfeited on the date of your termination of Continuous Service.

3. Restrictions. Subject to any exceptions set forth in this Agreement or the Plan, until the Restricted Stock Units become Vested Units in accordance with Section 2 and are settled in accordance with Section 5, the Restricted Stock Units or the rights relating thereto may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by you. Any attempt to assign, alienate, pledge, attach, sell or otherwise transfer or encumber the Restricted Stock Units or the rights relating thereto shall be wholly ineffective and, if any such attempt is made, the Restricted Stock Units will be forfeited by you and all your rights to such Restricted Stock Units shall immediately terminate without any payment or consideration by the Company.

4. Rights as Shareholder; Dividend Equivalents.

(a) Rights as a Shareholder. Except as set forth in Section 4(b) below with respect to certain Dividend Equivalent rights, you shall have no rights of a shareholder, and will not be treated as an owner of any Common Shares issuable in settlement of this Restricted Stock Unit, except with respect to Common Shares that have been issued in settlement of any Restricted Stock Units.

(b) Dividend Equivalents. If, prior to the applicable settlement date of the applicable Restricted Stock Units settled on such settlement date, the Company declares a cash or stock dividend on the Common Shares, then, on the payment date of the dividend, your Account shall be credited with Dividend Equivalents in an amount equal to the dividends that would have been paid to you if one Common Share had been issued on the Grant Date for each Restricted Stock Unit granted to you as set forth in this Agreement. Dividend Equivalents shall be subject to the same vesting terms and Restricted Period as the Restricted Stock Units to which they are attributable and shall be paid on the same settlement date that the Restricted Stock Units to which they are attributable are settled or paid in accordance with Section 5. Dividend Equivalents credited to your Account shall be distributed in cash or, at the discretion of the Committee, in Common Shares having a Fair Market Value equal to the amount of the Dividend Equivalents, if any.

5. Settlement of Restricted Stock Units.

(a) Settlement. Subject to Section 10, in the event that one or more Restricted Stock Unit vests and becomes a Vested Unit and the Restricted Period applicable to such Restricted Stock Unit lapses, the Company shall (i) issue and deliver to you the number of Common Shares equal to the number of Vested Units (or, in the Committee's discretion, a lump sum cash payment equal to the Fair Market Value of such Common Shares) and (ii) a lump sum of cash equal to any

Dividend Equivalents credited with respect to such Vested Units, or, at the discretion of the Committee, Common Shares having a Fair Market Value equal to such Dividend Equivalents within forty-five (45) days following the date on which the applicable portion of the Restricted Stock Units vests and becomes a Vested Unit pursuant to Section 2 and in no event later than March 15th of the calendar year following the calendar year in which the applicable Restricted Stock Units vest and becomes a Vested Unit.

(b) Forfeiture. To the extent that you do not vest in any Restricted Stock Units by the applicable vesting date, all interest in such Restricted Stock Units and any related Dividend Equivalents shall be forfeited. You will have no right with respect to any Restricted Stock Units or corresponding Dividend Equivalents that are forfeited pursuant to the terms of this Agreement.

(c) Entry of Shares. On the applicable settlement date under Section 5(a), to the extent payment is made in Common Shares, the Company will deliver to you (or in the case of your death, to your beneficiary) the Common Shares (rounded down to the nearest full share) by entering such shares in book-entry format.

6. Effect of Corporate Reorganization or Other Changes Affecting Number or Kind of Shares. The provisions of this Agreement will be applicable to the Restricted Stock Units, Common Shares or other securities, if any, which may be acquired by you in connection with the Award of Restricted Stock Units as a result of a liquidation, recapitalization, reorganization, redesignation or reclassification, split-up, reverse split, merger, consolidation, dividend, combination or exchange of Restricted Stock Units or Common Shares, exchange for other securities, a sale of all or substantially all assets or the like. The Committee may appropriately adjust the number and kind of Restricted Stock Units, Common Shares or other securities described in this Agreement to reflect such a change provided that no such adjustment will result in the Award not complying with Code Section 409A.

7. Nontransferability of Shares. Upon the acquisition of any Common Shares pursuant to this Agreement, if the Common Shares have not been registered under the Securities Act, they may not be sold, transferred or otherwise disposed of unless a registration statement under the Securities Act with respect to the Common Shares has become effective or unless you establish to the satisfaction of the Company that an exemption from such registration is available. You will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws or this Agreement. You understand that the Company is under no obligation to register the Common Shares with the Securities and Exchange Commission, any state securities commission or any stock exchange.

8. Data Privacy

(a) Personal Information. In connection with this Agreement and the grant of Restricted Stock Units, the Company and its Affiliates may collect, process, use and/or disclose personal information about you. Any such information will be collected, processed, used and/or disclosed in accordance with the privacy policy of the Company and its Affiliates, which may be made available to you upon request.

(b) Transfer of Personal Information. In connection with this Agreement and the grant of Restricted Stock Units, the Company and its Affiliates may transfer any personal information referred to in Section 8(a) above outside, or within the country in which you work or are employed. You hereby give explicit consent to the transfer of any such personal information.

9. Internal Revenue Code Section 409A. This Agreement and the compensation and benefits hereunder are intended to meet the requirements for exemption from coverage under Code Section 409A and shall be construed and administered accordingly. If the Company determines that any compensation or benefits awarded or payable under this Agreement may be subject to taxation under Code Section 409A, the Company shall have the authority to adopt, prospectively or retroactively, such amendments to this Agreement or to take any other actions it determines necessary or appropriate to exempt the compensation and benefits payable under this Agreement from Code Section 409A or meet the requirements of Code Section 409A. In no event, however, shall this Section 9 or any other provisions of the Plan or this Agreement be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or awards or payments under, this Agreement, and the Company shall have no responsibility for tax consequences of any kind to you (or any other person or entity), whether or not such consequences are contemplated at the time of entry into this Agreement, or result from the terms or operation of this Agreement. Notwithstanding anything to the contrary in the Agreement, in the event your Award is subject to Code Section 409A, if you are deemed a "specified employee" within the meaning of Code Section 409A at the time you becomes eligible for settlement or payment of the Restricted Stock Units as a result of your termination of your Continuous Service, then to the extent necessary to prevent any accelerated or additional tax under Code Section 409A, such settlement or payment will be delayed until the earlier of: (a) the business day following the date that is six months following the date of your termination of Continuous Service (determined without regard to any notice period) and (b) your death.

10. Withholding; Tax Liability.

(a) Withholding. You shall be required to pay to the Company and/or any Affiliate, and the Company and/or the Affiliate shall have the right to deduct from any compensation payable to you (or your beneficiary) pursuant to the Plan and this Award, the amount of any required withholding taxes in respect of the Restricted Stock Units and to take all such other action as the Committee deems necessary to satisfy all obligations for the payment of such withholding taxes. The Committee may permit you to satisfy any federal, state or local tax withholding obligation by any of the following means, or by a combination of any such means: (i) tendering a cash payment; (ii) if the Common Shares are listed on any established stock exchange or a national market system, through the delivery of irrevocable instructions to a broker to deliver promptly to the Company and/or any Affiliate an amount equal to the tax required to be withheld by law (i.e., by means of a 'cashless' procedure); or (iii) authorizing the Company and/or any Affiliate to withhold Common Shares from the Common Shares otherwise issuable or deliverable to you as a result of the vesting of the Restricted Stock Units; provided, however, that no Common Shares shall be withheld with a value exceeding the amount of tax required to be withheld by Applicable Law.

(b) Tax-Related Liability. Notwithstanding any action the Company and/or any Affiliate takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), the ultimate liability for all Tax-Related Items is and remains your responsibility and the Company and its Affiliates (i) make no representation or undertakings regarding the treatment of any Tax-Related Items in connection with the grant, vesting or removal of restrictions with respect to the Restricted Stock Units or the subsequent sale of any shares; and (ii) do not commit to structure the Restricted Stock Units to reduce or eliminate your liability for Tax-Related Items.

(c) Share Delivery. The Company shall not deliver any Common Shares to you until it is satisfied that all liabilities pertaining to Tax-Related Items have been paid or arrangements are in place to fulfil the same.

11. No Right to Continued Employment. Neither the Plan nor this Agreement shall be construed to grant you any right to remain in the Continuous Service with the Company or its Affiliates, or to be employed in any position therewith. The Plan and this Agreement do not constitute a contract of employment or service, and the Company and each Affiliate expressly reserves the right, at any time, to terminate your Continuous Employment free from liability, or any claim, under the Plan and this Agreement, except as may be specifically provided therein.

12. Notices. All notices or other communications relating to the Plan and this Agreement as it relates to you shall be in writing, shall be deemed to have been made if personally delivered in return for a receipt or, if mailed, by regular U.S. mail, postage prepaid, by the Company to you at your address then on file with the Company. You are responsible for notifying the Company of a change in your address. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

13. Governing Law. Except as may otherwise be provided in the Plan, this Agreement will be governed by, construed and enforced in accordance with the internal laws of the State of Delaware without giving effect to its conflict of laws principles.

14. Amendment. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement. However, no such action may be inconsistent with the terms of the Plan or materially and adversely affect your rights without your written consent. Notwithstanding the foregoing, the Company may unilaterally amend this Agreement to comply with law, preserve favorable tax effects or avoid unfavorable tax effects for either of the parties.

15. Effect of Waiver. Any waiver of any term, condition or breach thereof will not be a waiver of any other term or condition or of the same term or condition for the future, or of any subsequent breach.

16. Severability. In the event of the invalidity of any part or provision of the Plan or this Agreement, such invalidity will not affect the enforceability of any other part or provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by Applicable Law.

17. Successors and Legal Representatives. This Agreement will bind and inure to the benefit of the Company, its Affiliates and you and its and your respective beneficiaries, heirs, legatees, executors, administrators, estates, successors, assigns, legal representatives, guardians and caretakers.

18. Transferability. The Award shall not be transferable by you other than by will or the laws of descent and distribution.

19. No Further Liability. The liability of the Company, its Affiliates and the Committee under or in connection with this Agreement is limited to the obligations set forth herein and no terms or provisions of this Agreement shall be construed to impose any liability on the Company, its Affiliates, the Committee or their directors and employees in favor of any person or entity with respect to any loss, cost, tax or expense which the person or entity may incur in connection with or arising from any transaction related to this Agreement. No third-party beneficiaries are intended.

20. No Impact on Other Benefits. The value of your Restricted Stock Units is not part of your normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

21. Clawback. Pursuant to Section 14.2 of the Plan, every Award issued pursuant to the Plan is subject to potential forfeiture or "clawback" to the fullest extent called for by applicable federal or state law or any policy of the Company or any Affiliate. By accepting this Restricted Stock Unit Award, you agree to be bound by, and comply with, the terms of any such forfeiture or "clawback" provision imposed by applicable federal or state law or prescribed by any policy of the Company or any Affiliate.

22. The Plan. The Plan is hereby incorporated by reference and made a part of this Agreement for all purposes, and when taken together with this Agreement, shall govern the rights of you and the Company with respect to the Award. You irrevocably agree to, and accept, the terms, conditions and restrictions of the Plan and this Agreement on your own behalf and on behalf of any beneficiaries, heirs, legatees, guardians, representatives, successors and assigns. All capitalized terms used in this Agreement, unless otherwise defined, shall have the meaning ascribed to them under the Plan. In the event and to the extent of an express conflict or inconsistency among any of this Agreement, any written employment agreement with you then in effect, the provisions of the Plan, and any rules, regulations, and interpretations of the Plan adopted by the Committee, then the following order of priority shall control; (a) any written employment agreement then in effect, (b) the Plan, (c) any rules, regulations, and interpretations of the Plan adopted by the Committee, and (d) this Agreement; and to the extent that any other document controls this Agreement shall be deemed to be modified accordingly.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail in portable document format (.pdf), or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement and agree to the terms hereof as of the date first above written.

Company

____
Ramesh Srinivasan
President and Chief Executive Officer

Participant

____

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Ramesh Srinivasan, 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: January 21, 2025

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

Exhibit 31.2

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: January 21, 2025

By: /s/ William David Wood III

William David Wood III

Chief Financial Officer

(Principal Financial Officer)

Exhibit 31.3

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: January 21, 2025

By: /s/ Chris J. Robertson

Chris J. Robertson

Corporate Controller and Treasurer

(Principal Accounting Officer)

Exhibit 32

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 December 31, 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: January 21, 2025

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)