



Agilysys...

INVESTOR PRESENTATION

September 2020

# Forward-looking Statements & Non-GAAP Financial Information

## Forward-Looking Language

This presentation contains “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. Examples of forward-looking statements include, among others, our revenue and Adjusted EBITDA guidance for the second quarter, statements we make regarding our ability to improve our competitive positioning and improvement of our business momentum and business health over time once the industry begins to recover.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the effect of the COVID-19 pandemic on our business and the success of any measures we have taken or may take in the future in response thereto; and the risks described in the Company’s filings with the Securities and Exchange Commission, including the Company’s reports on Form 10-K and Form 10-Q.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement that may be made from time to time, whether written or oral, whether as a result of new information, future developments or otherwise.

## Use of Non-GAAP Financial Information

To supplement the unaudited consolidated financial statements presented in accordance with U.S. GAAP in this press release, certain non-GAAP financial measures as defined by the SEC rules are used. These non-GAAP financial measures include EBITDA, Adjusted EBITDA, adjusted net income, adjusted basic earnings per share, adjusted diluted earnings per share and free cash flow. Management believes that such information can enhance investors’ understanding of the Company’s ongoing operations.

# Agilysys Overview



End to End Software Solutions Provider



Exclusively Hospitality



Provide Mission Critical Solutions



Products With Global Reach



**\$152.2M**

Total Revenue

**55%**

Recurring Revenue as a % of Total Revenue

**37%**

Subscription Revenue as a % of Recurring Revenue

**20%**

Subscription Revenue Growth Rate

*Note: All data is as of the trailing twelve months ended June 30, 2020.*

# What Sets Agilysys Apart

TECHNOLOGY | INNOVATION | SOLUTIONS



## Pure Hospitality

Hospitality is all We Do Because our Business is 100% Focused on this Industry



## End to End Comprehensive Solutions

Agilysys has the Broadest Software Offerings with the Deepest Functionality in the Market



## Obsessively Customer Centric

We are Obsessive About Putting our Customers at the Center of Everything We Do



# Go To Market Strategy

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OBSESSIVELY CUSTOMER CENTRIC

IN EVERY MARKET WE SERVE

ENGINEERING DRIVEN COMPANY

>95%  
Customer  
Retention  
Annually

~5% Pre-COVID  
Increase in YOY  
International  
Bookings

R&D Team  
Strength\*\*  
Jan 2017 – 230  
Mar 2019 – 500  
Sep 2020 – 750

*\*Note: All data is as of the trailing twelve months ended June 30, 2020.  
\*\*R&D strength numbers represent approximate headcount.*

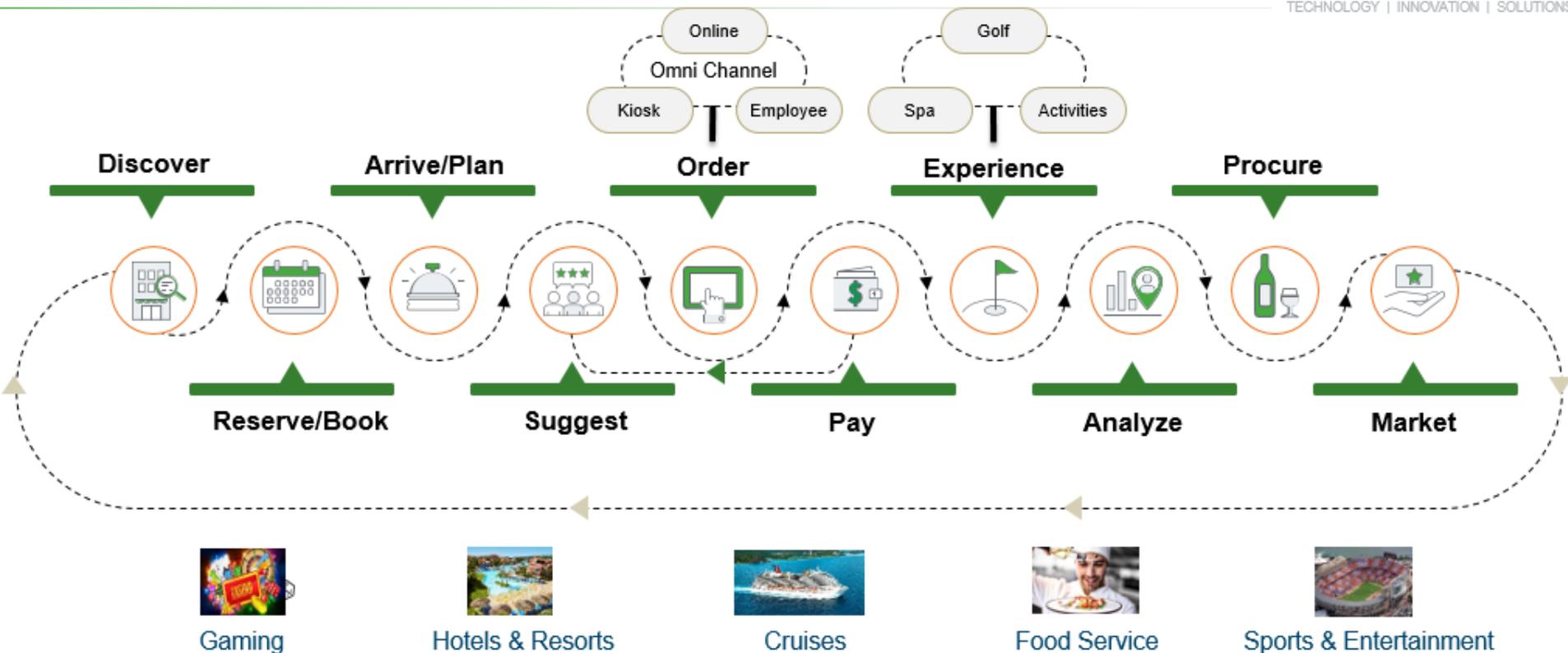
# Strategic Product Vision



*We Are in the Business of Providing A Fully Integrated Suite of Software Solutions to Enterprise Food & Beverage and Lodging Operators in the Hospitality Space that Enable Memorable Experiences Across All Channels of Guest Engagement*

# Enabling The Guest Journey

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Delivering a Comprehensive Suite of Solutions

# An Omni-Channel F&B Product Strategy

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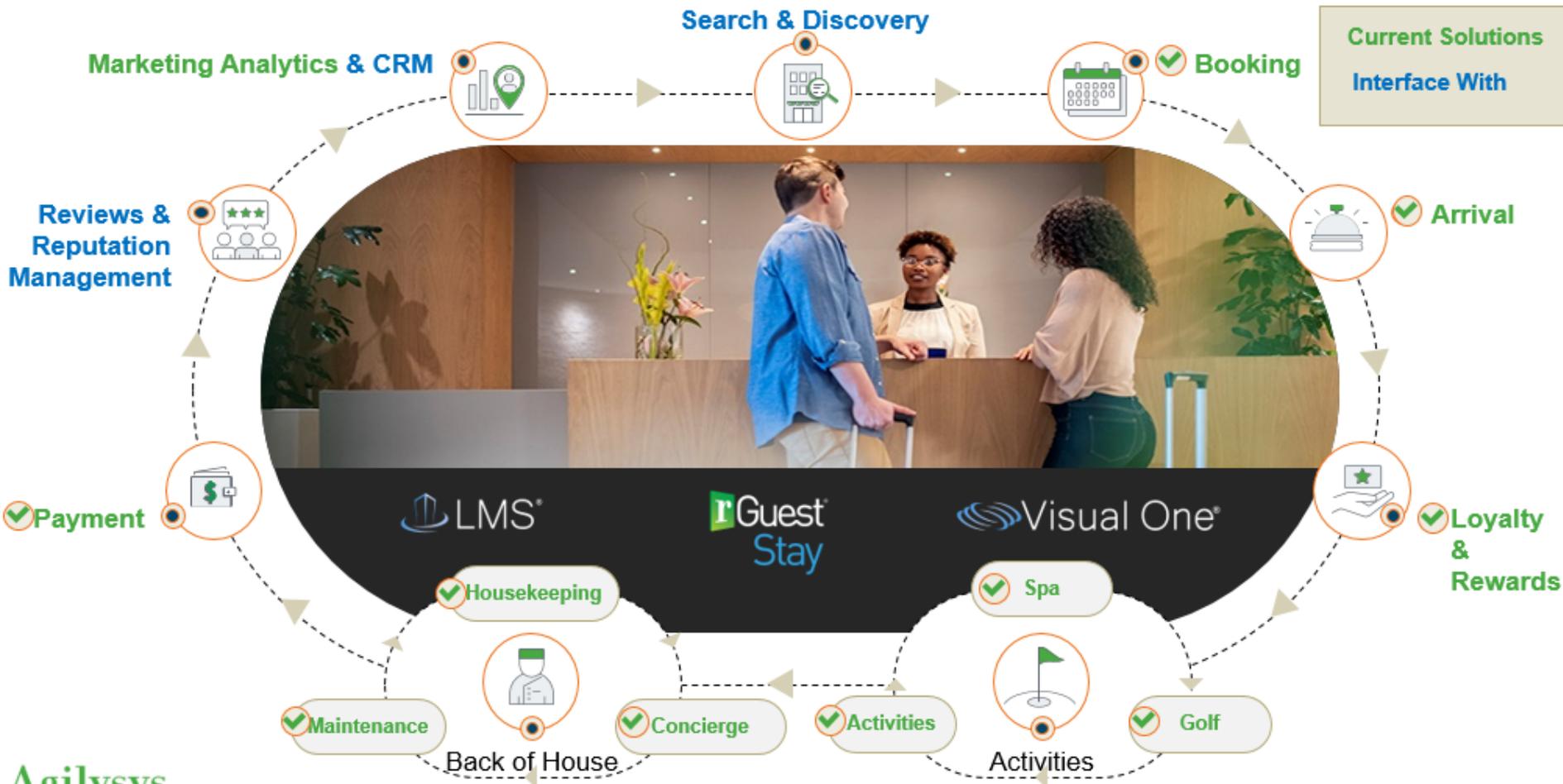
Current Solutions  
Interface With



# PMS Ecosystem – Contactless Journey

TECHNOLOGY | INNOVATION | SOLUTIONS

Current Solutions  
Interface With



# We Serve Leading Hospitality Brands

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THE COSMOPOLITAN  
of LAS VEGAS



Yale University



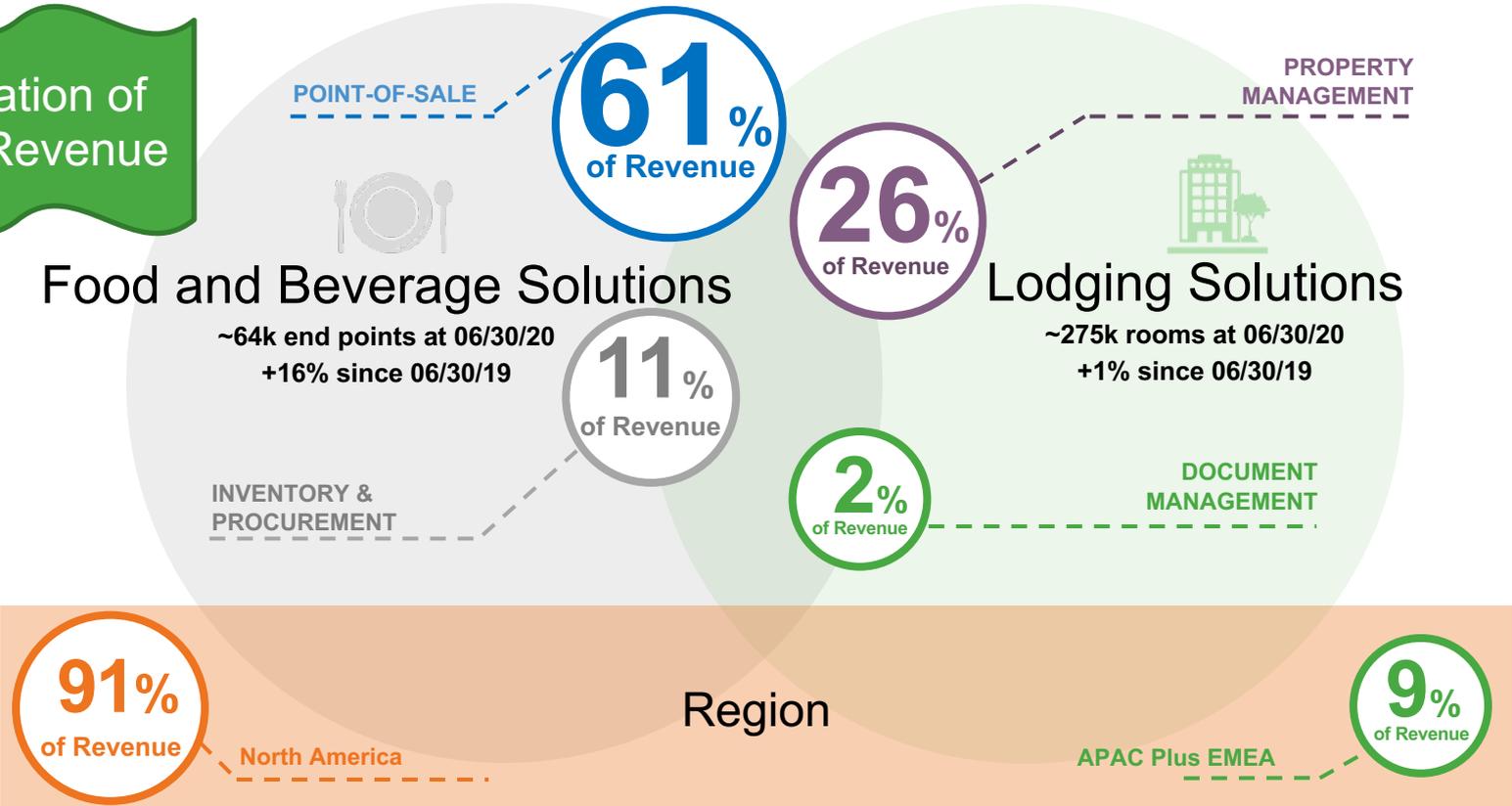
VANDERBILT  
UNIVERSITY



# We Provide Industry Leading Hospitality Solutions

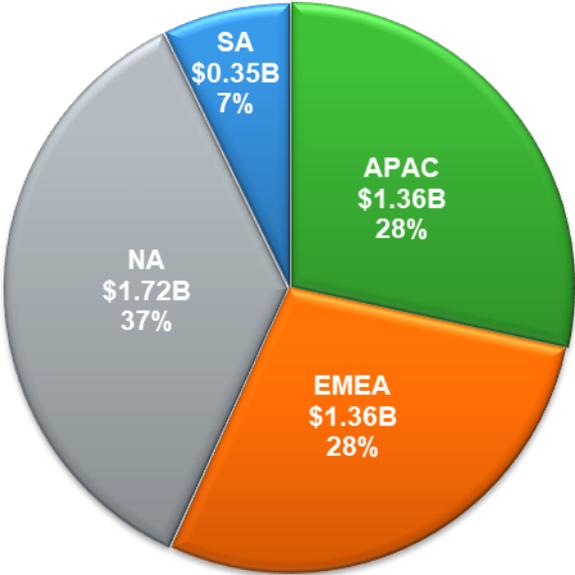
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## Allocation of Total Revenue

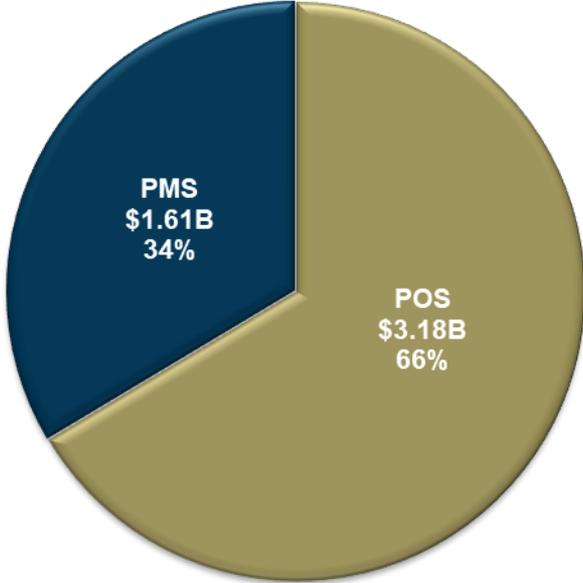


# Hospitality Market

### ARR Market Opportunity \$4.8 Billion



### ARR Product Opportunity \$4.8 Billion



Agilysys ARR ~ \$84.1M\*

# Achievements Under New Management Team

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## Revenue Growth

COVID impact more than  
37% better than  
expected

9  
Quarters of Sequential  
Revenue Growth Pre-  
COVID

New sales at 60% of pre-  
COVID amounts

## Continuing to Improve

8.6%  
Q1 FY21 SaaS Revenue  
Growth

6%  
YOY Increase in Adjusted  
EBITDA

Cash Flow Positive in  
FY21

## Focus on Profitability

\$3.4M  
Near record Q1 FY21  
Adjusted EBITDA

2%  
Increase in Operating  
Cash YOY Q1 FY21

\$74.6M  
Cash as of Q1 FY21

## Expand Product Capabilities

Tripled  
R&D Team Strength

Fully Captive IDC

10  
New Software Modules

# India Development Center

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- Currently Expanding Capacity To:
  - 100,000 Square Feet
  - 1,000 Employee Capacity
- Approximately 95% of Current Employees are Technical Staff
- Team is experienced with the products and are familiar with everything Agilysys



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FINANCIAL OVERVIEW

# Evolving Business, Evolving P&L

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## Financial Metrics and Valuation\*

<b>Share Price</b> (09/16/20)	\$26.23
<b>Diluted Shares Outstanding</b>	23.4M
<b>Diluted Market Capitalization</b>	\$613.9M
<b>Cash</b> (as of 06/30/20)	\$74.6M
<b>Debt</b> (as of 06/30/20)	\$14.5M
<b>Enterprise Value</b>	\$553.8M
<hr/>	
<b>Revenue</b>	\$152.2M
<b>Gross Profit</b>	\$79.5M
<b>Adjusted EBITDA<sup>^</sup></b>	\$13.2M
<b>Earnings per Share</b>	(\$1.41)
<b>EV/Revenue</b>	3.6x
<b>EV/Gross Profit</b>	7.0x

## Business Metrics (as of 06/30/20)

<b>Direct POS End Points Managed</b>	~64k
<i>Y/Y Growth</i>	16%
<b>Direct Hotel Rooms Managed</b>	~275k
<i>Y/Y Growth</i>	1%
<b>Recurring Revenue*</b>	55%
<i>As % of Total Revenue</i>	
<b>Subscription Revenue*</b>	37%
<i>As % of Recurring Revenue</i>	
<b>Services Revenue*</b>	19%
<i>As % of Total Revenue</i>	
<b>Subscription Revenue Growth Y/Y*</b>	20%
<b>rGuest as % of Total Revenue*</b>	10%
<b>New Customer Count*</b>	59

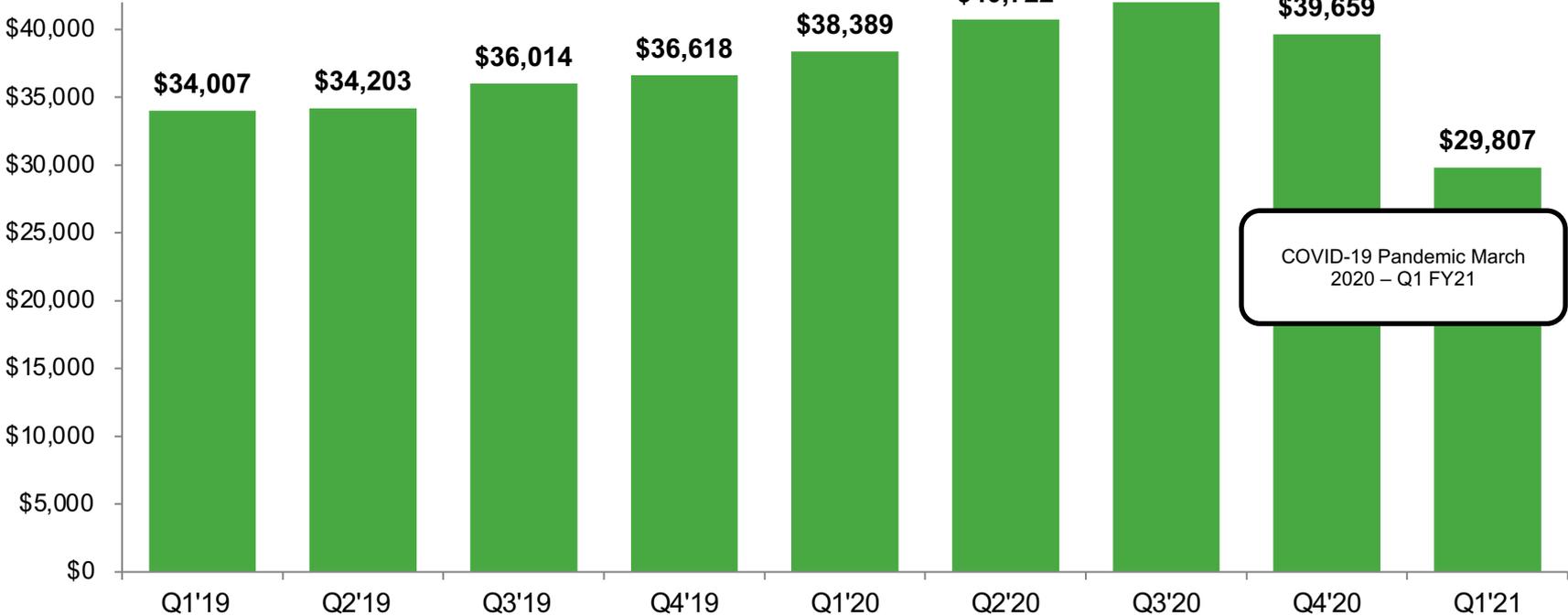
<sup>^</sup>Non-GAAP measure, see reconciliation on slide 26.  
\*Trailing twelve months ended June 30, 2020.

# Strong Balance Sheet

<b>Consolidated Balance Sheet (in thousands)</b>		
	<b>March 31, 2020</b>	<b>June 30, 2020</b>
Cash, Cash Equivalents and Marketable Securities	\$46,653	\$74,604
Other Current Assets	46,755	42,338
Long-Term Assets	61,154	59,161
<b>Total Assets</b>	<b>\$154,562</b>	<b>\$176,103</b>
Current Liabilities	\$69,423	\$56,054
Other Liabilities	13,382	48,699
<b>Total Liabilities</b>	<b>82,805</b>	<b>104,753</b>
Shareholders' Equity	71,757	71,350
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$154,562</b>	<b>\$176,103</b>

# Revenue - Quarterly

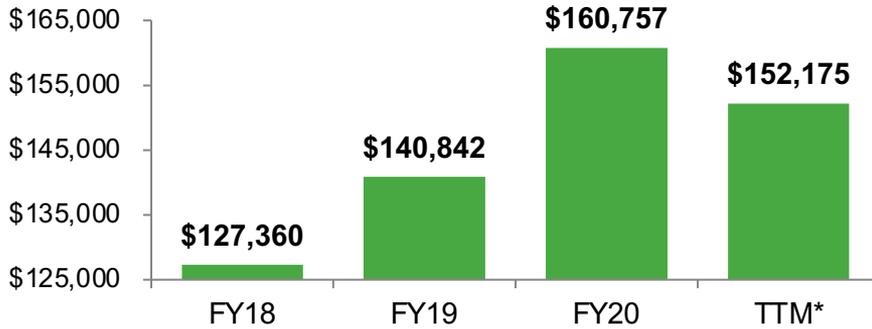
Total Revenue



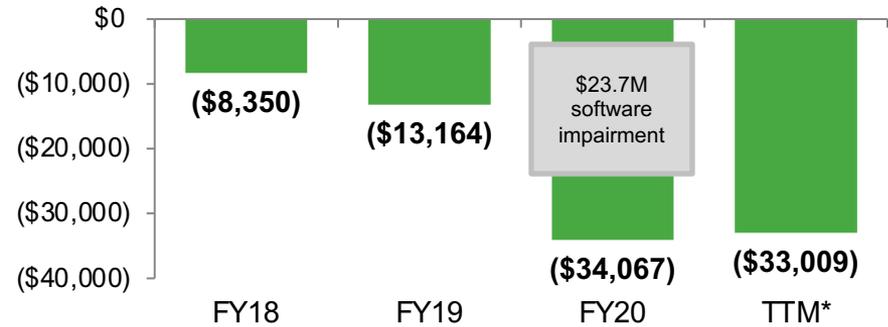
COVID-19 Pandemic March 2020 – Q1 FY21

# Historical Financial Results

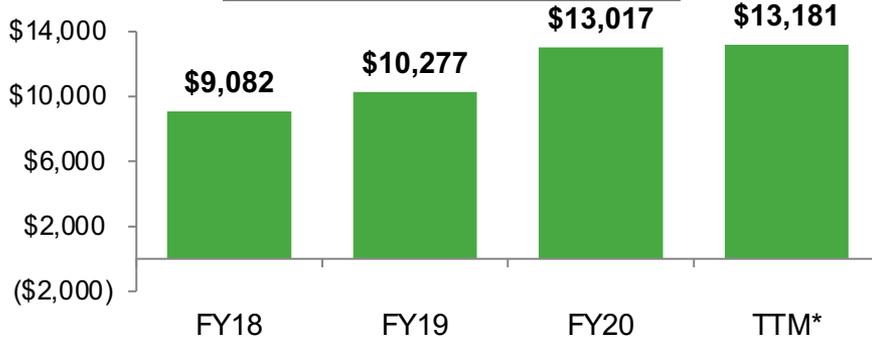
Revenue - GAAP



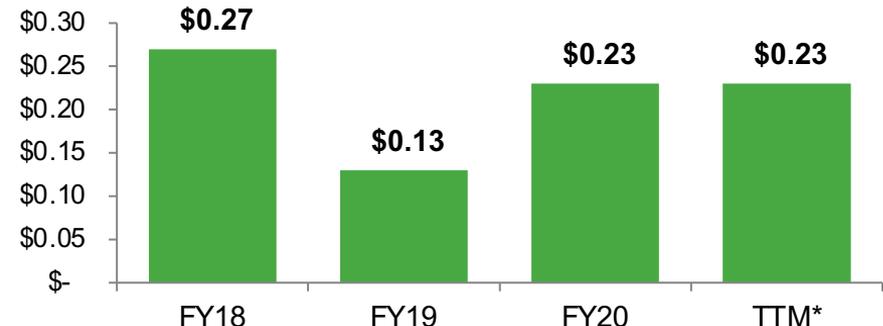
Net Loss - GAAP



Adjusted EBITDA - Non-GAAP^



Adjusted Diluted Earnings per Share - Non-GAAP^

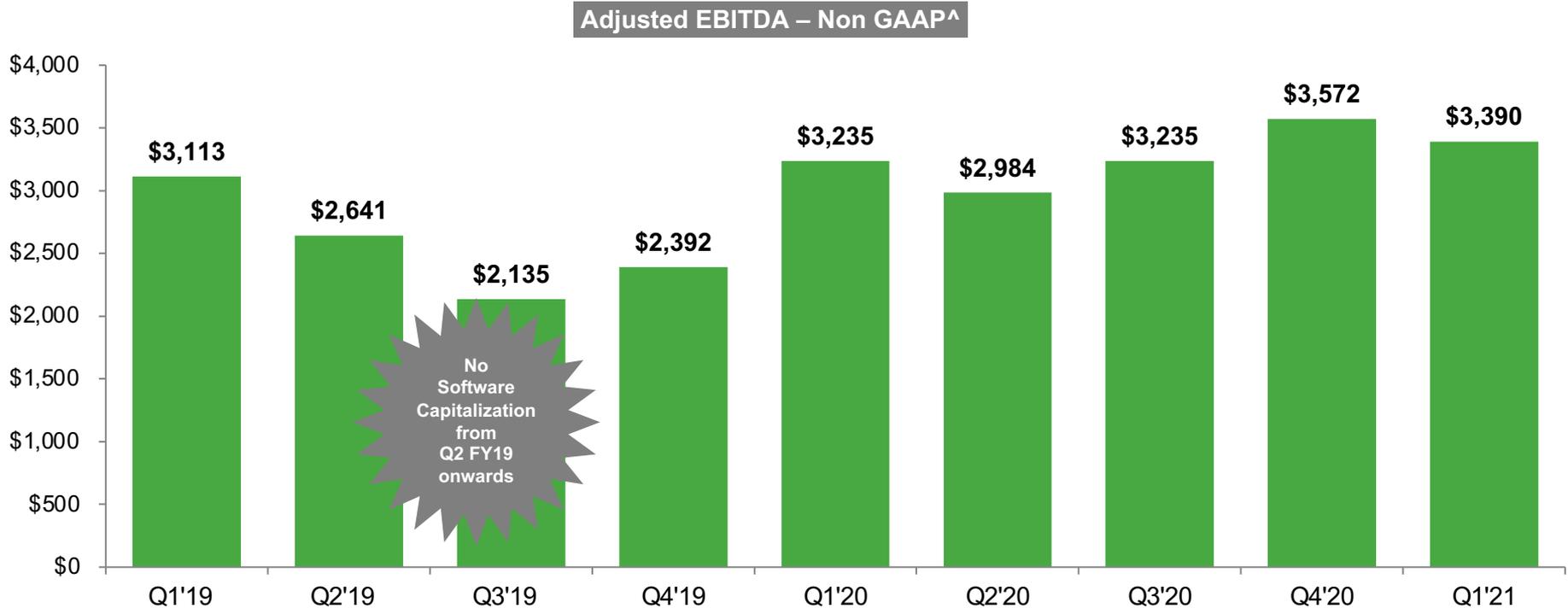


All numbers in thousands.

^ Non-GAAP measure, see reconciliation on slide 26.

\*Trailing twelve months ended June 30, 2020.

# Profitability Metrics - Quarterly



- Average of \$2.5M in capitalized software development costs per quarter from Q1'17 to Q1'19.
- Fiscal Year is From 4/1-3/31

All numbers in thousands.

<sup>^</sup> Non-GAAP measure, see reconciliation on slide 27.



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APPENDIX

# Senior Management Leading New Growth Vision

TECHNOLOGY | INNOVATION | SOLUTIONS



## **RAMESH SRINIVASAN - President and Chief Executive Officer**

Ramesh is an accomplished CEO with leadership and turnaround success across multiple industries resulting in rapid and sustainable long-term growth and significant increases in shareholder value.



## **Dave Wood - Chief Financial Officer**

Dave is an experienced financial and strategic leader who joined Agilysys in 2011 as controller of the Hospitality Solutions Group. Dave brings with him extensive experience in financial initiatives and strategic development with software and SaaS companies.



## **PRABUDDHA BISWAS - Chief Technology Officer**

Prabuddha brings over 30 years of successful software development and innovative technology leadership to Agilysys, where his responsibilities include leadership and oversight of the Company's technology vision.



## **DON DEMARINIS - Senior Vice President Sales, Americas**

Don brings extensive industry experience and success at Oracle and Micros selling hospitality technology and services to global clients across markets where he led sales increases of up to 30% per annum.

# Senior Management Leading New Growth Vision

TECHNOLOGY | INNOVATION | SOLUTIONS



## **KYLE BADGER** - *Senior Vice President, General Counsel and Secretary*

Kyle leads the global legal and human resources teams and brings over 22 years of legal experience representing public and private companies in general corporate matters.



## **SRIDHAR LAVETI** - *Vice President of Established Products and Customer Support*

Sridhar leads the product engineering and management teams for established Agilysys products and oversees customer support. He brings 25+ years of technology and management leadership across multiple industries.



## **PRAKASH BHAT** - *Vice President and Managing Director (India)*

Prakash brings 30+ years of experience in technology and management with an impressive track record of building new companies to create a strong market presence for established organizations in new locations.



## **ANDREW COX** - *Managing Director (Asia Pacific)*

Andrew has 20+ years of experience, including significant experience with hospitality software companies, working in the Asia Pacific region bringing an extensive background in developing and executing go-to-market strategies which deliver profitable and sustainable growth.

# Senior Management Leading New Growth Vision

TECHNOLOGY | INNOVATION | SOLUTIONS



## **ROB JACKS – Chief Information Officer**

Rob was promoted to CIO in December 2018 and is responsible for advancing Agilysys' internal systems and information technology processes. Rob has a reputation as a transformational executive who can deploy complex solutions with a measurable ROI.



## **JAMES SLATTER - Managing Director (EMEA)**

Based in the UK for 16 years, James has extensive experience working in the hospitality industry, satisfying the software needs of enterprise clients, and helping US based companies expand their international footprint.



## **JEBA KINGSLEY - Vice President of Professional Services**

Jeba was hired as Vice President of Professional Services in December 2018. Jeba has more than 20 years of experience leading revenue-generating global client services organizations.

# Non-GAAP Reconciliation

AGILYSYS, INC.  
RECONCILIATION OF NET LOSS TO ADJUSTED EARNINGS FROM OPERATIONS  
(UNAUDITED)

	Twelve Months Ended			
	March 31			
	TTM*	2020	2019	2018
<i>(In thousands)</i>				
<b>Net loss</b>	\$ (33,009)	\$ (34,067)	\$ (13,164)	\$ (8,350)
Income tax expense (benefit)	184	201	221	(3,251)
<b>Loss before taxes</b>	(32,825)	(33,866)	(12,943)	(11,601)
Depreciation of fixed assets	3,085	2,574	2,504	2,631
Amortization of intangibles	2,324	2,541	2,567	1,879
Amortization of developed technology	9,386	12,561	12,602	10,016
Interest income	(287)	(371)	(329)	(88)
<b>EBITDA (a)</b>	(18,317)	(16,561)	4,401	2,837
Share-based compensation	6,149	5,205	4,376	4,688
Restructuring, severance and other charges	1,554	582	1,168	1,798
Impairments	23,740	23,740	-	-
Other non-operating (income) expense	174	176	191	(391)
Legal settlements	(119)	(125)	141	150
<b>Adjusted EBITDA (b)</b>	13,181	13,017	10,277	9,082
Capitalized software development costs	-	-	(2,189)	(8,918)
<b>Adjusted EBITDA less capitalized software development costs (c)</b>	13,181	13,017	8,088	164
Capital expenditures	(3,092)	(3,420)	(3,318)	(6,140)
<b>Adjusted Earnings from Operations (d)</b>	\$ 10,089	\$ 9,597	\$ 4,770	\$ (5,976)
Product development (operating expenses)	\$ 39,661	\$ 41,463	\$ 37,817	\$ 27,936
Capitalized software development costs	-	-	2,189	8,918
<b>Product development plus capitalized software development costs (e)</b>	\$ 39,661	\$ 41,463	\$ 40,006	\$ 36,854

(a) EBITDA is defined as net income before income taxes, interest expense, depreciation and amortization

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

(c) Adjusted EBITDA less capitalized software development costs, a non-GAAP financial measure, is defined as Adjusted EBITDA, less capitalized software development costs

(d) Adjusted Earnings from Operations, a non-GAAP financial measure, is defined as Adjusted EBITDA less capitalized software development costs, less capital expenditures

(e) Product development plus capitalized software development costs, a non-GAAP financial measure, is defined as total product development expense plus capitalized software development costs

# Non-GAAP Reconciliation

## RECONCILIATION OF NET LOSS TO ADJUSTED EARNINGS FROM OPERATIONS (UNAUDITED)

(In thousands)	Three Months Ended							
	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018
<b>Net loss</b>	\$ (517)	\$ (26,992)	\$ (2,582)	\$ (2,918)	\$ (1,575)	\$ (3,589)	\$ (4,048)	\$ (3,791)
Income tax expense (benefit)	8	40	95	41	25	35	182	53
<b>Loss before taxes</b>	(509)	(26,952)	(2,487)	(2,877)	(1,550)	(3,554)	(3,866)	(3,738)
Depreciation of fixed assets	723	801	854	707	213	571	651	676
Amortization of intangibles	461	641	608	614	678	675	675	674
Amortization of developed technology	-	3,129	3,129	3,128	3,175	3,245	3,347	3,347
Interest income	(20)	(88)	(67)	(112)	(79)	(102)	(80)	(94)
<b>EBITDA (a)</b>	655	(22,469)	2,037	1,460	2,437	835	727	865
Share-based compensation	1,426	2,049	1,329	1,345	482	1,420	1,282	1,265
Restructuring, severance and other charges	1,203	150	11	190	231	222	58	448
Impairments	-	23,740	-	-	-	-	-	-
Other non-operating (income) expense	106	102	(142)	108	85	(100)	68	28
Legal settlements	-	-	-	(119)	-	15	-	35
<b>Adjusted EBITDA (b)</b>	3,390	3,572	3,235	2,984	3,235	2,392	2,135	2,641
Capitalized software development costs	-	-	-	-	-	-	-	(57)
<b>Adjusted EBITDA less capitalized software development costs (c)</b>	3,390	3,572	3,235	2,984	3,235	2,392	2,135	2,584
Capital expenditures	(243)	(411)	(1,069)	(1,369)	(571)	(1,708)	(277)	(589)
<b>Adjusted Earnings from Operations (d)</b>	\$ 3,147	\$ 3,161	\$ 2,166	\$ 1,615	\$ 2,664	\$ 684	\$ 1,858	\$ 1,995
Product development (operating expenses)	\$ 8,266	\$ 9,332	\$ 11,285	\$ 10,778	\$ 10,064	\$ 10,525	\$ 10,059	\$ 10,151
Capitalized software development costs	-	-	-	-	-	-	-	57
<b>Product development plus capitalized software development costs (e)</b>	\$ 8,266	\$ 9,332	\$ 11,285	\$ 10,778	\$ 10,064	\$ 10,525	\$ 10,059	\$ 10,208

(a) EBITDA is defined as net income before income taxes, interest expense, depreciation and amortization

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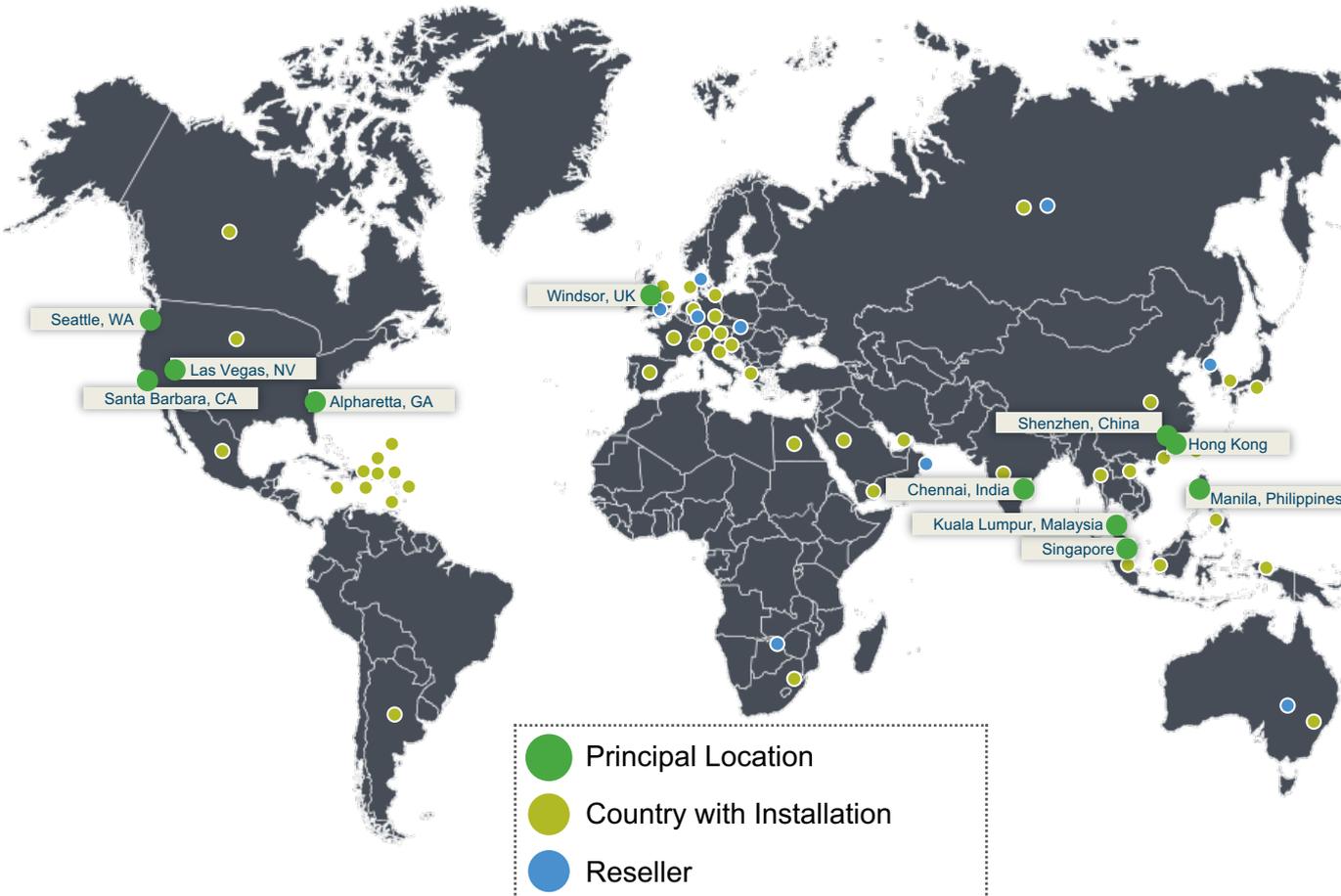
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(e) Product development plus capitalized software development costs, a non-GAAP financial measure, is defined as total product development expense plus capitalized software development costs

# Cash Flow

	<u>TTM*</u>	<u>FY20</u>	<u>FY19</u>	<u>FY18</u>
<b>Operating activities</b>				
Loss from continuing operations	\$ (33,009)	\$ (34,067)	\$ (13,164)	\$ (8,350)
Non cash adjustments, restructuring, legal settlements	44,233	46,260	22,219	16,586
Changes in assets & liabilities	<u>(3,665)</u>	<u>(1,618)</u>	<u>(1,814)</u>	<u>(1,362)</u>
<b>Net cash provided by operating activities</b>	<b>7,559</b>	<b>10,575</b>	7,241	6,874
<b>Investing activities</b>				
Capital expenditures	(3,092)	(3,420)	(3,318)	(6,140)
Capitalized developed software	-	-	(2,189)	(8,918)
Investments	<u>(27)</u>	<u>(27)</u>	<u>(27)</u>	<u>(27)</u>
<b>Net cash used in investing activities</b>	<b>(3,119)</b>	<b>(3,447)</b>	(5,534)	(15,085)
<b>Net cash used in financing activities</b>	<b>33,035</b>	<b>(1,116)</b>	(767)	(1,295)
<b>Effect of exchange rate</b>	<b>(104)</b>	<b>(130)</b>	(112)	194
<b>Decrease in cash &amp; cash equivalents</b>	<b>37,371</b>	<b>5,882</b>	828	(9,312)
<b>Cash &amp; cash equivalents - beginning of period</b>	<b>37,233</b>	<b>40,771</b>	39,943	49,255
<b>Cash &amp; cash equivalents - end of period</b>	<b>\$ 74,604</b>	<b>\$ 46,653</b>	\$ 40,771	\$ 39,943

# Agilysys Global Footprint



## Agilysys Corporate Headquarters

- Alpharetta, Georgia

## Agilysys US Offices

- Las Vegas, Nevada
- Santa Barbara, California
- Bellevue, Washington

## Agilysys EMEA Office

- United Kingdom

## Agilysys APAC Offices

- Hong Kong
- Malaysia
- Philippines
- Singapore
- China

## Agilysys Demonstration Centers

- Las Vegas, Nevada

## India Development Center

- Chennai, India

# Contact:

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