

AGILYSYS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

<i>(In thousands, except share data)</i>	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Net revenue:				
Products	\$ 8,101	\$ 7,599	\$ 24,244	\$ 19,396
Support, maintenance and subscription services	25,136	22,846	72,371	65,647
Professional services	6,223	6,230	19,463	15,797
Total net revenue	39,460	36,675	116,078	100,840
Cost of goods sold:				
Products	4,400	3,660	12,420	9,625
Support, maintenance and subscription services	5,421	4,655	15,184	13,515
Professional services	4,923	4,164	14,634	11,802
Total cost of goods sold	14,744	12,479	42,238	34,942
Gross profit	24,716	24,196	73,840	65,898
Gross profit margin	62.6%	66.0%	63.6%	65.3%
Operating expenses:				
Product development	11,210	12,376	34,074	28,900
Sales and marketing	3,943	3,327	10,418	8,278
General and administrative	6,804	7,509	20,330	18,446
Depreciation of fixed assets	495	722	1,609	2,160
Amortization of internal-use software	267	521	1,077	1,490
Severance and other charges	381	1,552	1,187	2,762
Legal settlements, net	4	-	371	50
Total operating expense	23,104	26,007	69,066	62,086
Operating income (loss)	1,612	(1,811)	4,774	3,812
Other (income) expense:				
Interest income	(10)	(27)	(45)	(76)
Interest expense	4	9	5	13
Other expense, net	52	95	53	284
Income (loss) before taxes	1,566	(1,888)	4,761	3,591
Income tax expense	24	182	265	311
Net income (loss)	\$ 1,542	\$ (2,070)	\$ 4,496	\$ 3,280
Series A convertible preferred stock issuance costs	-	-	-	(1,031)
Series A convertible preferred stock dividends	(459)	(459)	(1,377)	(1,117)
Net income (loss) attributable to common shareholders	\$ 1,083	\$ (2,529)	\$ 3,119	\$ 1,132
Weighted average shares outstanding - basic	24,477	23,429	24,315	23,419
Net income (loss) per share - basic:	\$ 0.04	\$ (0.11)	\$ 0.13	\$ 0.05
Weighted average shares outstanding - diluted	25,392	23,429	25,327	23,903
Net income (loss) per share - diluted:	\$ 0.04	\$ (0.11)	\$ 0.12	\$ 0.05

AGILYSYS, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In thousands, except share data)</i>	December 31, 2021 (Unaudited)	March 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 115,122	\$ 99,180
Accounts receivable, net of allowance for expected credit losses of \$717 and \$1,220, respectively	24,957	25,732
Contract assets	1,628	2,364
Inventories	3,256	1,177
Prepaid expenses and other current assets	4,651	4,797
Total current assets	149,614	133,250
Property and equipment, net	6,788	8,789
Operating lease right-of-use assets	9,681	12,210
Goodwill	19,622	19,622
Intangible assets, net	8,400	8,400
Deferred income taxes, non-current	2,281	1,802
Other non-current assets	5,952	5,800
Total assets	\$ 202,338	\$ 189,873
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 8,035	\$ 6,346
Contract liabilities	43,193	38,394
Accrued liabilities	8,385	11,233
Operating lease liabilities, current	4,531	5,009
Finance lease obligations, current	7	19
Total current liabilities	64,151	61,001
Deferred income taxes, non-current	937	923
Operating lease liabilities, non-current	6,187	8,597
Finance lease obligations, non-current	3	6
Other non-current liabilities	3,647	4,011
Commitments and contingencies		
Series A convertible preferred stock, no par value	35,000	35,459
Shareholders' equity:		
Common shares, without par value, at \$0.30 stated value; 80,000,000 shares authorized; 31,606,831 shares issued; and 24,712,343 and 24,010,727 shares outstanding at December 31, 2021 and March 31, 2021, respectively	9,482	9,482
Treasury shares, 6,894,488 and 7,596,104 at December 31, 2021 and March 31, 2021, respectively	(2,068)	(2,278)
Capital in excess of stated value	46,436	37,257
Retained earnings	38,495	35,376
Accumulated other comprehensive income	68	39
Total shareholders' equity	92,413	79,876
Total liabilities and shareholders' equity	\$ 202,338	\$ 189,873

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

<i>(In thousands)</i>	Nine Months Ended December 31,	
	2021	2020
Operating activities		
Net income	\$ 4,496	\$ 3,280
Adjustments to reconcile net income to net cash provided by operating activities		
Loss on disposal of property & equipment	123	—
Depreciation	1,609	2,160
Amortization of internal-use software	1,077	1,490
Deferred income taxes	(491)	(499)
Share-based compensation	10,802	9,312
Changes in operating assets and liabilities	4,199	(659)
Net cash provided by operating activities	21,815	15,084
Investing activities		
Capital expenditures	(1,078)	(1,076)
Additional investments in corporate-owned life insurance policies	(3)	(2)
Net cash used in investing activities	(1,081)	(1,078)
Financing activities		
Repurchase of common shares to satisfy employee tax withholding	(2,902)	(1,069)
Series A convertible preferred stock issuance proceeds, net of issuance costs	—	33,969
Payment of preferred stock dividends	(1,836)	(1,117)
Principal payments under long-term obligations	(16)	(18)
Net cash (used in) provided by financing activities	(4,754)	31,765
Effect of exchange rate changes on cash	(38)	184
Net increase in cash and cash equivalents	15,942	45,955
Cash and cash equivalents at beginning of period	99,180	46,653
Cash and cash equivalents at end of period	\$ 115,122	\$ 92,608

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

<i>(In thousands)</i>	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Net income (loss)	\$ 1,542	\$ (2,070)	\$ 4,496	\$ 3,280
Income tax expense	24	182	265	311
Income before taxes	1,566	(1,888)	4,761	3,591
Depreciation of fixed assets	495	722	1,609	2,160
Amortization of internal-use software	267	521	1,077	1,490
Interest (income), net	(6)	(18)	(40)	(63)
EBITDA (a)	2,322	(663)	7,407	7,178
Share-based compensation	3,839	6,630	10,802	9,312
Severance and other charges	381	1,552	1,187	2,762
Other non-operating expense	52	95	53	284
Legal settlements, net	4	—	371	50
Adjusted EBITDA (b)	\$ 6,598	\$ 7,614	\$ 19,820	\$ 19,586

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

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

AGILYSYS, INC.

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

(In thousands, except per share data)

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2021	2020	2021	2020
Net income (loss) attributable to common shareholders	\$ 1,083	\$ (2,529)	\$ 3,119	\$ 1,132
Amortization of internal-use software	267	521	1,077	1,490
Share-based compensation	3,839	6,630	10,802	9,312
Series A convertible preferred stock issuance costs	—	—	—	1,031
Severance and other charges, net	381	1,552	1,187	2,762
Legal settlements, net	4	—	371	50
Income tax adjustments	(657)	(640)	(1,868)	(1,522)
Adjusted net income (a)	\$ 4,917	\$ 5,534	\$ 14,688	\$ 14,255
Basic weighted average shares outstanding	24,477	23,429	24,315	23,419
Diluted weighted average shares outstanding	25,392	23,966	25,327	23,903
Adjusted basic earnings per share (b)	\$ 0.20	\$ 0.24	\$ 0.60	\$ 0.61
Adjusted diluted earnings per share (b)	\$ 0.19	\$ 0.23	\$ 0.58	\$ 0.60

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

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

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

<i>(In thousands)</i>	Three months ended December 31,		Nine months ended December 31,	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 10,142	\$ 8,442	\$ 21,815	\$ 15,084
Capital expenditures	(292)	(605)	(1,078)	(1,076)
Free cash flow (a)	\$ 9,850	\$ 7,837	\$ 20,737	\$ 14,008

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