

AGILYSYS INC
Form 10-Q
October 26, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2018

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 0-5734

AGILYSYS, INC.
(Exact name of registrant as specified in its charter)

Ohio 34-0907152
(State
or
other (I.R.S.
jurisdiction) employer
of Identification
incorporation)
or
organization)

1000
Windward
Concourse,
Suite 30005
250,
Alpharetta,
Georgia
(Address
of
principal (ZIP Code)
executive
offices)

(770) 810-7800

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(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of Common Shares of the registrant outstanding as of October 24, 2018 was 23,528,311.

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AGILYSYS, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	September 30, 2018	March 31, 2018
(In thousands, except share data)		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,904	\$ 39,943
Accounts receivable, net of allowance for doubtful accounts of \$830 and \$900, respectively	18,963	16,389
Contract assets	4,696	—
Inventories	1,678	1,999
Prepaid expenses and other current assets	5,089	5,593
Total current assets	63,330	63,924
Property and equipment, net	16,355	17,512
Goodwill	19,622	19,622
Intangible assets, net	8,461	8,484
Software development costs, net	41,159	45,181
Other non-current assets	4,699	2,484
Total assets	\$ 153,626	\$ 157,207
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,381	\$ 8,400
Contract liabilities	25,789	26,820
Accrued liabilities	9,459	9,241
Capital lease obligations, current	72	120
Total current liabilities	42,701	44,581
Deferred income taxes, non-current	274	227
Capital lease obligations, non-current	45	57
Other non-current liabilities	3,632	3,911
Commitments and contingencies (see Note 8)		
Shareholders' equity:		
Common shares, without par value, at \$0.30 stated value; 80,000,000 shares authorized; 31,606,831 shares issued; and 23,530,629 and 23,324,679 shares outstanding at September 30, 2018 and March 31, 2018, respectively	9,482	9,482
Treasury shares, 8,076,202 and 8,282,152 at September 30, 2018 and March 31, 2018, respectively	(2,424) (2,486)
Capital in excess of stated value	(451) (1,911)
Retained earnings	100,687	103,601
Accumulated other comprehensive loss	(320) (255)
Total shareholders' equity	106,974	108,431
Total liabilities and shareholders' equity	\$ 153,626	\$ 157,207

See accompanying notes to condensed consolidated financial statements.

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

	Three months ended		Six months ended	
	September 30,		September 30,	
(In thousands, except share data)	2018	2017	2018	2017
Net revenue:				
Products	\$8,769	\$7,318	\$17,849	\$17,601
Support, maintenance and subscription services	18,856	17,108	36,785	33,775
Professional services	6,578	5,703	13,576	12,618
Total net revenue	34,203	30,129	68,210	63,994
Cost of goods sold:				