

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2023

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: 000-23999

**Manhattan Associates, Inc.**

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of  
incorporation or organization+)

2300 Windy Ridge Parkway, Tenth Floor

Atlanta, Georgia

(Address of principal executive offices)

58-2373424

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

30339

(Zip Code)

Registrant's telephone number, including area code: (770) 955-7070

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

Title of each class

Name of each exchange on which registered

Common Stock, \$.01 par value per share

The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

**Note** – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant as of June 30, 2023 was \$12,326,302,179, which was calculated based upon a closing sales price of \$199.88 per share of the Common Stock as reported by the Nasdaq Global Select Market on the same day. As of January 30, 2024, the Registrant had outstanding 61,566,215 shares of Common Stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

The Registrant's definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 9, 2024 is incorporated by reference in Part III of this Form 10-K to the extent stated herein.

**MANHATTAN ASSOCIATES, INC.**  
**Annual Report on Form 10-K**  
**For the Fiscal Year Ended December 31, 2023**  
**Table of Contents**

<b>Item Number</b>	<b>Item Description</b>	<b>Page Number</b>
<b>PART I</b>		
Item 1	<a href="#">Business</a>	4
Item 1A	<a href="#">Risk Factors</a>	12
Item 1B	<a href="#">Unresolved Staff Comments</a>	20
Item 1C	<a href="#">Cybersecurity</a>	20
Item 2	<a href="#">Properties</a>	22
Item 3	<a href="#">Legal Proceedings</a>	22
Item 4	<a href="#">Mine Safety Disclosures</a>	23
<b>PART II</b>		
Item 5	<a href="#">Market for Registrant’s Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities</a>	24
Item 6	<a href="#">[Reserved]</a>	24
Item 7	<a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	25
Item 7A	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	38
Item 8	<a href="#">Financial Statements and Supplementary Data</a>	39
Item 9	<a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	63
Item 9A	<a href="#">Controls and Procedures</a>	63
Item 9B	<a href="#">Other Information</a>	63
Item 9C	<a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	63
<b>PART III</b>		
Item 10	<a href="#">Directors, Executive Officers and Corporate Governance</a>	64
Item 11	<a href="#">Executive Compensation</a>	64
Item 12	<a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters</a>	64
Item 13	<a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	64
Item 14	<a href="#">Principal Accountant Fees and Services</a>	64
<b>PART IV</b>		
Item 15	<a href="#">Exhibits</a>	65
Item 16	<a href="#">Form 10-K Summary</a>	66
	<a href="#">Exhibit Index</a>	66
	<a href="#">Signatures</a>	69

## Forward-Looking Statements

Certain statements contained in this filing are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to statements related to expectations about global macroeconomic trends and industry developments, plans for future business development activities, anticipated costs of revenues, product mix and service revenues, research and development, selling, general and administrative activities, and liquidity and capital needs and resources. When used in this Annual Report, on Form 10-K (this “Form 10-K”) the words “may,” “expect,” “forecast,” “anticipate,” “intend,” “plan,” “design”, “believe,” “could,” “seek,” “estimate,” “project,” and similar expressions are generally intended to identify forward-looking statements. Undue reliance should not be placed on these forward-looking statements, which reflect opinions only as of the date of this Form 10-K. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Investors are cautioned that forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements.

Some of the factors that could cause actual results to differ materially from the results discussed in forward-looking statements include:

- ongoing disruption and transformation in our vertical markets;
- general economic, political and market conditions, including inflation;
- our ability to attract and retain highly skilled employees;
- competition;
- our dependence on a single line of business;
- our dependence on generating revenue from cloud subscriptions and software licenses to drive business;
- undetected errors or “bugs” in our software;
- the risk of defects, delays or interruptions in our cloud subscription services;
- possible compromises of our data protection and IT security measures;
- risks associated with large system implementations;
- possible liability to customers if our products fail;
- the requirement to maintain high quality professional service capabilities;
- the risks of international operations, including foreign currency exchange risk;
- the possibility that research and developments investments may not yield sufficient returns;
- the long sales cycle associated with our products;
- the difficulty of predicting operating results;
- the need to continually improve our technology;
- risks associated with managing growth;
- reliance on third party and open source software;
- the need for our products to interoperate with other systems;
- the need to protect our intellectual property, and our exposure to intellectual property claims of others;
- the effects of wars, such as the wars in Ukraine and the Middle East, natural disasters and pandemics, such as the Covid-19 pandemic;
- the possible effects on international commerce of new or increased tariffs, or a “trade war;” and
- other risks described under the heading “Risk Factors” in Part I, Item 1A of this Form 10-K, as there may be updated from time to time in subsequent documents that we file with the Security and Exchange Commission.

We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.

**Item 1. Business****Overview**

Manhattan Associates was founded in 1990 in Manhattan Beach, California and incorporated in Georgia in 1998. References in this filing to the “Company,” “Manhattan,” “Manhattan Associates,” “we,” “our” and “us” refer to Manhattan Associates, Inc., our predecessors, and our wholly-owned and consolidated subsidiaries. Our principal executive offices are located at 2300 Windy Ridge Parkway, Tenth Floor, Atlanta, Georgia 30339, and our telephone number is 770-955-7070.

We develop, sell, deploy, service and maintain software solutions designed to manage supply chains, inventory and omnichannel operations for retailers, wholesalers, manufacturers, logistics providers and other organizations. Our customers include many of the world’s premier and most profitable brands. We run our Manhattan Active® applications in the cloud and deliver them as subscription-based software as a service (SaaS), and its architecture is highly differentiated among enterprise application providers, particularly within the Omni Channel and Supply Chain categories. We believe our application architecture delivers a versionless yet highly extensible experience for our customers. We offer our customers access to new innovation on a quarterly basis, ensuring all customers are running on a single fully up-to-date codebase. Manhattan Active also provides zero downtime updates, so we are able to deliver innovation seamlessly into customer environments without the need for planned maintenance windows.

Manhattan Associates develops modern commerce solutions that help its customers in three distinct areas of their business:

- **Supply Chain** - We provide companies the tools needed to manage distribution and optimize transportation costs throughout their entire commercial network. Manhattan’s Warehouse Management solutions are widely regarded as industry-leading systems designed to optimize productivity and throughput in distribution centers and warehouses around the world. Our software helps optimize fulfillment models to support our customers across a wide range of channels and fulfillment methods. Likewise, we design our offerings to provide shippers and carriers the most comprehensive transportation management solutions in the market. This includes software to help them move freight via the most cost-effective means possible while also meeting service-level expectations, to model their transportation network, and to automate the procurement-to-pay process.
- **Omnichannel** - Meeting ever-evolving consumer expectations of service, inventory availability, and delivery convenience is a challenge every merchant must meet head on. Manhattan’s Omnichannel solutions provide an operating platform for digital commerce, retailers, and wholesale businesses. Comprising Order Management, Store Inventory Fulfillment, Call Center, Point of Sale (POS), and Customer Engagement as their core applications, Manhattan Omnichannel solutions provide CRM capabilities for contact center agents; end-to-end process enablement for store associates, and enterprise-wide inventory availability determination, order fulfillment optimization, and POS capabilities.
- **Inventory** – Manhattan’s solutions provide distributors of finished goods (apparel, food, auto parts, pharmaceuticals, etc.) the ability to forecast demand, determine when, where and how much inventory is needed, and translate this into profitable inventory buying plans. These areas are ever more complex and critical to profitability as more wholesalers and retailers engage in omnichannel operations. Through the use of advanced science and sophisticated analytics, customer service level is maximized with minimum inventory investment. Industry changes driven by omnichannel retail, pharmaceutical regulations and other trends make this an area of particular need for many retailers and wholesale distributors.

**Manhattan Associates’ Software Solution Portfolios**

Our portfolio of solutions is built around holistic-based, technology platform, which provides customers with two major benefits:

- **Industry Leading Feature Function** – Manhattan solutions are consistently rated by customers and industry analysts alike as providing the most comprehensive and innovative feature functionality in the market. From warehouse management to POS, our solutions are consistently at the top of the market with respect to configurability, capability and usability. Customers choose Manhattan applications to solve the industry’s most complex supply chain problems. Our combination of deep domain expertise, an in-house data science and operations research team, and a specialized user experience team combine to differentiate Manhattan solutions.
- **Solution Unification** – Manhattan solutions are organized into three groups: omni-channel, supply chain, and inventory. Each one of these groups are engineered to provide cross-application benefit that simplifies and improves operations within those three areas. This approach significantly reduces complexity, maintenance and application risk for our customers, providing an expanded set of end-to-end capabilities. As complexity continues to grow for our customers, Manhattan provides value by eliminating the need to design, build and maintain complex system to system integration.

Manhattan’s Supply Chain Solutions are focused on the distribution and transportation operations of the enterprise. There are three main components of Manhattan’s Supply Chain Solutions:

- **Distribution Management** - These applications comprise Manhattan's Warehouse Management Solutions (WMS) commonly used to manage the complexity of the modern distribution center. WMS manages the flow of goods and information across the distribution center. WMS is delivered for new and upgrading customers in the form of Manhattan Active Warehouse Management (MAWM), a cloud native and versionless application that delivers new innovation on a quarterly basis. Manhattan Active WM runs on Google Cloud Platform, is offered exclusively via subscription, and includes state of the art fulfillment optimization technology, a consumer grade mobile app experience for the associate, and embedded gamification capabilities to improve associate engagement and performance. Manhattan Active WM is fully configurable and technically extensible, meaning customers can build their own componentry to work alongside our base application. Manhattan Active WM also embeds labor management and slotting optimization capabilities. Manhattan's WMS customers benefit from its embedded warehouse execution system that coordinates the interaction between automation, robotics and labor for maximum efficiency. Manhattan's WMS also enables the efficient utilization of a single distribution center for direct-to-consumer, retail replenishment and high-volume wholesale fulfillment. Our WMS provides the customer the most productive operation that can scale to meet the highest demands during peak season while operating effectively and profitably throughout the course of the year.
- **Transportation Management** - Organizations today face a complex transportation environment with ever-changing demands driven by macro-economic trends and governmental regulations. Manhattan's Transportation Management Solutions (TMS) are designed to help shippers navigate their way through these demands while meeting customer service expectations at the lowest possible freight costs. TMS components include procurement and modeling tools to setup a successful network, along with planning, execution and settlement tools to manage day-to-day transportation requirements. Our TMS can also connect shippers with a network of partners that can increase shipping capacity on an as-needed basis. Manhattan Carrier is a suite of solutions built specifically to help motor carriers optimize load assignments, minimize fuel costs, manage drivers' hours of service and accommodate demand fluctuations.

### ***Manhattan SCALE™ (SCALE)***

SCALE is our portfolio of logistics execution solutions built on Microsoft's .NET® platform. Purpose-built for rapid development and a value-based total cost of ownership, it is targeted toward companies with execution-focused supply chain needs that require speed-to-value, resource-light system configuration and maintenance, and the ability to quickly scale their logistics operations up or down in response to market fluctuations or business requirement changes. SCALE combines the features of Trading Partner Management, Yard Management, Optimization, Warehouse Management and Transportation Execution.

Because SCALE solutions leverage a common platform, they share common data elements, and each user can access all applications through a single sign-on. Users also can set up "dashboards" that enable easy access to real-time information most relevant to their jobs. SCALE's ease of deployment, operation and support make it a popular choice for organizations operating in countries with emerging and developing economies, and where technical support resources are limited.

SCALE is delivered as a cloud-based solution on Microsoft's Azure platform. Through this platform, Manhattan Active SCALE customers receive new capability on an annual basis and enjoy full configurability and elements of technical extensibility even when delivered on Azure. We continue to offer SCALE on premise via perpetual licenses.

### **Omnichannel Solutions**

As omnichannel retail has placed new demands on retailers, it has also created new software solution needs. These range from the ability to leverage inventory across the entire network to meet any demand, to providing store associates and call center representatives the means to take advantage of the available inventory. Our Manhattan Active Omni set of solutions brings together Order Management, Store Inventory & Fulfillment, POS and Customer Engagement tools into a single application built on a shared, cloud-native, microservices platform. This architecture enables our customers to more easily expand their systems to include more capabilities and quarterly product enhancements while always maintaining their customizations.

- **Enterprise Omnichannel Solutions** - There is a wide range of new capabilities that must be leveraged at a corporate or 'central' level in retail today to enable best-in-class customer service, full inventory visibility, direct to client distribution and seamless fulfillment operations. Our goal is to enable an omnichannel commerce platform that can be tapped into by any selling system—such as webstore, ERP, point-of-sale, call center, and mobile app, to more cost-effectively promise and then meet delivery dates. Manhattan's Enterprise Inventory builds out a complete inventory availability picture that can be updated in near-real time with feeds from the warehouse, the store and other fulfillment locations in the network. Enterprise Order Management merges this inventory availability data with demand feeds from across the organization to match supply with demand - satisfying customer delivery expectations while striving to maximize revenue and profitability. Finally, Manhattan offers a unique Customer Engagement solution that enables contact center associates to see a holistic view of the customer, including a complete customer sales and interaction history, to better satisfy shopper needs while optimizing potential revenue

and profit opportunities through new orders, exchanges or a returns. Manhattan Active Omni now also includes a set of Digital Self-Service capabilities, allowing consumers to manage their orders after they have placed them.

- **Omnichannel Solutions for the Store** - As the consumer enters the store with more information than ever, it is vital to equip the sales associate with relevant information and capabilities to satisfy their demands. Store solutions available on mobile and fixed stations include POS to process purchase transactions and Customer Engagement to provide the associate with a complete picture of the shopper's purchase history. Manhattan brings these solutions together on a single mobile platform to enable retailers to offer unparalleled service and convenience for the shopper.
- Another important part of the Manhattan Active store offering is **Store Inventory and Fulfillment**. Most retailers are now looking to leverage store inventory to fulfill e-commerce demand (driving greater sales revenue with less inventory). This requires solutions that can accurately maintain inventory integrity and enable productive, reliable fulfillment. Manhattan's Store Fulfillment solutions provide store associates with capabilities that power fulfillment experiences like buy online, pickup in store, curbside pickup, same day delivery and ship from store.

### **Inventory Solutions**

The ability to accurately forecast demand and project inventory needs is heightened by omnichannel retail requirements that change traditional approaches to inventory management. Manhattan's Inventory solutions address which products should be carried and the quantity that will be needed at each location by date.

- **Inventory Optimization** - This set of applications includes sophisticated demand forecasting capabilities that can address the particularly challenging slow-moving and intermittent products that frequently result in excess inventory due to unpredictability. Also included is the Replenishment module that can evaluate inventory needs across all locations and channels. This module can even suggest transferring inventory between locations (warehouses or stores) or 'protect' merchandise at a store from online sales to save it for walk-in traffic.
- **Allocation** - Manhattan's Allocation is designed to serve the softlines/apparel market. It provides inventory planning capabilities from first receipt in the distribution center through to the end of season for a given assortment. Built on the Manhattan Active architecture, Manhattan Active Allocation is cloud native, versionless, runs on Google Cloud Platform and updated on a quarterly basis.

### **Technology Platform**

Manhattan's Active Platform solutions are cloud-native products designed to provide "always current" version-less product access. The server side full stack runs exclusively on Google Cloud Platform, and end users can access the system from almost any type of device - mobile, tablet or desktop. Manhattan Active solutions are sold directly in multi-year cloud subscription arrangements, typically for a period of five years or more, providing clients with regular software updates during the contract period to ensure access to the latest product features and benefiting Manhattan with a predictable and regular revenue stream.

Part of the key value proposition of Manhattan Active Platform is extensibility. In addition to the business configurability offered within each line of business application, Manhattan Active Platform also allows our customers to change the underlying data model, the user interface, and the core business logic within each application. Key to this process is Manhattan ProActive, our developer enablement toolkit which allows for the types of technical modifications noted above (and more). While we don't charge separately for Manhattan ProActive (it comes as part of the subscription to any Manhattan Active Platform application), we do enhance it on the same cadence as we do our line of business application, i.e. quarterly.

As omnichannel and supply chain solutions necessarily interact with other business operation systems, our solutions are designed to interoperate with software from other providers as well as with a company's existing legacy systems. This interfacing and open system capability enables customers to continue using existing computer resources and to choose among a wide variety of existing and emerging computer hardware and peripheral technologies. We also offer certain solutions in either on-premise software or cloud computing models so that customers can select the option that best meets their requirements for control, flexibility, cost of ownership and time-to-deployment.

### **Maintenance**

We offer a comprehensive program that provides our on-premises software licensees with software upgrades for additional or improved functionality and technological advances incorporating emerging supply chain and industry advances. We are able to remotely access customer systems to perform diagnostics, provide online assistance, and facilitate software upgrades. We offer 24-hour customer support 365 days a year plus software upgrades for a pre-paid annual fee based on the specific solutions the customer has and the service level required. We provide software upgrades on a when-and-if-available basis.

## **Professional Services**

We advise and assist our customers in planning and implementing our solutions through our global Professional Services Organization. To ensure successful long-term customer relationships, consultants assist customers with the initial deployment of our systems, the conversion and transfer of the customer's historical data onto our systems, and ongoing training, education and system upgrades. We believe our Professional Services teams enable customers to implement our solutions knowledgeable and in the appropriate amount of time, help customers achieve expected results from system investments, continuously identify new opportunities for supply chain advancements and meaningfully add to our industry-specific knowledge base to improve future implementations and product innovations.

Substantially all of our customers utilize some portion of our Professional Services to implement and support our software solutions. Professional Services typically are rendered under time and materials contracts, with services billed by the hour. Professional Services sometimes are rendered under fixed-fee contracts, with payments due on specific dates or milestones. We believe that increased sales of our solutions will drive higher demand for our Professional Services.

Our Professional Services team delivers deep supply chain and enterprise commerce domain expertise to our customers through industry-specific "best-practices" protocols and processes developed through the collective knowledge we have gained from 30 years of implementing our supply chain solutions worldwide. We also extensively train our consulting personnel on enterprise commerce operations and on our solutions.

Our business consultants, systems analysts and technical personnel assist customers in all phases of implementing our systems, including planning and design, customer-specific module configuration, on-site implementation or conversion from existing systems and integration with customer systems such as Enterprise Resource Planning, web- and mobile-based commerce platforms, and Material Handling Equipment systems. At times, third-party consultants, such as those from major systems integrators, assist our customers with certain implementations.

## **Training and Change Management Services**

We offer training and change management services for new and existing users, enabling our customers to align systems, people and processes. Services provided by Manhattan training experts cover a wide range of support from the intended design to the front line of the customer's business, including critical end-user adoption with hands-on, live training in a virtualized Manhattan software environment. These programs are provided on a fixed fee per-person, per-class basis. In addition, computer-based training programs can be purchased for a fixed fee for use at client sites. Customers can also pursue certification at the Associate or Professional level through our certification programs for Omnichannel, Supply Chain or Inventory.

We offer Manhattan Training and Change Management Services under six categories: Role-Based Training Paths, Comprehensive Training Programs, Change Management Services, Individual Product Training Courses, End-User Enablement and Knowledge Resources.

## **Hardware Sales**

As a convenience for our customers, we resell a variety of hardware developed and manufactured by others, including computer hardware, radio frequency terminal networks, radio frequency identification (RFID) chip readers, bar code printers and scanners, and other peripherals. We resell all third-party hardware products and related maintenance pursuant to agreements with manufacturers or through distributor-authorized reseller agreements pursuant to which we are entitled to purchase hardware products and services at discount prices and to receive technical support in connection with product installations and any subsequent product malfunctions. We do not maintain hardware inventory as we generally purchase hardware from vendors only after receiving related customer orders.

## **Strategy**

Our objective is to extend our position as the leading global commerce solutions provider for organizations intent on creating and sustaining market advantages through technology-enabled commerce solutions. Our solutions help global distributors, wholesalers, retailers, logistics providers and manufacturers successfully manage accelerating and fluctuating market demands, as well as master the increasing complexity and volatility of their local and global supply chains. Our solutions are advanced, highly functional and highly scalable. They are designed to enable organizations to: create customer experiences consistent with their brand values; improve relationships with suppliers, customers and logistics providers; leverage investments across supply chain functions; effectively generate revenue and manage costs; and meet dynamically changing customer requirements. We believe our solutions are uniquely positioned to holistically optimize the way companies bring together omnichannel, supply chain and inventory management:

*Develop and Enhance Software Solutions.* We continue to focus our research and development resources on enhancing our Supply Chain, Omnichannel Commerce and Inventory Solutions. We offer what we believe to be the broadest and most richly featured software portfolio in the marketplace. To continually expand functionality and value, we provide enhancements to existing solutions and introduce new solutions to address evolving industry standards and market needs. We identify these opportunities through our Product Management, Professional Services, Customer Support and Account Management organizations, through interactions such as ongoing customer consulting engagements and implementations, sessions with our solution user groups, association with leading industry analyst and market research firms and participation on industry standards and research committees. Our solutions address needs in various vertical markets, including retail, consumer goods, food and grocery, logistics service providers, industrial and wholesale, high technology and electronics, life sciences and government. We intend to continue to enhance our solutions to meet the dynamic requirements of these and new vertical markets as business opportunities dictate.

*Expand International Presence.* Our solutions offer significant benefits to customers in markets around the world, and for organizations with global operations. We have offices in Australia, Chile, China, France, Germany, India, Italy, Japan, the Netherlands, Singapore, Spain, and the United Kingdom, as well as representatives in Mexico and reseller partnerships in Latin America, Eastern Europe, the Middle East, South Africa, and Asia. Our Europe, Middle East, and Africa (EMEA) operations support sales, implementation services, and customer support functions for customers in Europe, as well as a number of customers across the Middle East, concentrated in countries we consider politically and economically stable. Our Asia Pacific (APAC) operations service emerging opportunities in China, Southeast Asia, and India, as well as more established markets in Japan, Australia and New Zealand. Our emerging markets international strategy includes leveraging the strength of our relationships with current U.S. and Europe-based customers that also have significant international operations.

*Strategic Alliances and Indirect Sales Channels.* We currently sell our products primarily through our direct sales personnel, and through partnership agreements with a select number of organizations in emerging markets where we do not currently have a direct sales presence. We have worked on joint projects and joint sales initiatives with industry-leading consultants and software systems implementers, including most of the large consulting firms specializing in our targeted industries, to supplement our direct sales force and professional services organization. We expand our indirect sales channels through reseller agreements, marketing agreements, and agreements with third-party logistics providers. These alliances extend our market coverage and provide us with new business leads and access to trained implementation personnel.

*Acquire or Invest in Complementary Businesses.* We evaluate strategic acquisition opportunities of technologies, solutions and businesses that are consistent with our platform-based strategy and enable us to enhance and expand our offerings. Preferred acquisition targets are those that would complement our existing solutions and technologies, expand our geographic presence and distribution channels, extend our presence into additional vertical markets with challenges and requirements similar to those we currently serve, and further solidify our leadership position within the primary components of supply chain planning and execution.

## **Sales and Marketing**

We employ multi-disciplinary sales teams of professionals with industry experience in sales and technical sales support. We generated the majority of our cloud subscription revenue and software license revenue through direct sales. We plan to continue to invest in our sales, services, and marketing organizations within the Americas, EMEA and APAC, and to pursue strategic marketing partnerships. Our marketing strategy is to promote our brand, differentiate our value proposition, and generate demand for our offerings. We use multi-channel global marketing programs to reach new prospects and expand relationships with current customers. Our marketing efforts and lead generation activities consist primarily of press and industry analyst relations, customer endorsements, content marketing, digital marketing including social media such as LinkedIn, Twitter and YouTube, advertising, trade shows, industry events, joint marketing with strategic partners, and targeted lead generation through account-based marketing. We also host our annual Momentum and Exchange user conferences, webinars, and regional user groups where the Manhattan community comes together to connect on important topics and each other, get inspired to drive their digital transformation, and get educated on Manhattan solutions and offerings.

Our sales cycle typically begins with the generation of a sales lead — through in-house marketing efforts, advertising, targeted promotions, web inquiries, trade show presence, speaking engagements, hosted seminars, or other means of referral — or the receipt of a request for proposal from a prospective customer. Leads are qualified and opportunities are closed through a process that includes telephone-based assessments of requirements, responses to requests for proposals, presentations and product demonstrations, site visits and reference calls with organizations already using our supply chain solutions, and contract negotiations. Sales cycles vary substantially from opportunity to opportunity, but typically require nine to twelve months.

In addition to new customer sales, we continue to leverage our existing customer base to drive revenue from expansions of their existing solutions as well as sales of new or add-on solutions. To efficiently penetrate emerging global markets, we leverage indirect sales channels, including sales through reseller agreements, marketing agreements, and agreements with third-party logistics



providers. To extend our market coverage, generate new business leads, and provide access to trained implementation personnel, we leverage strategic alliances with systems integrators skilled at implementing our solutions. Business referrals and leads are positively influenced by systems integrators, which include most of the large consulting firms and other systems consulting firms specializing in our targeted industries.

Our Manhattan Value Partner (Manhattan MVP™) and Manhattan GeoPartner™ programs foster joint sales and marketing with other organizations. Manhattan Value Partners are proven software and hardware providers, trusted third-party integrators and consultants who bring added value to customer engagements through vertical industry knowledge or technical specialization. Manhattan MVPs support and complement our supply chain solutions so we can provide customers with a comprehensive approach that is suited to their business requirements. This collaborative program is designed to benefit both Manhattan and our partners through tailored joint marketing, sales and, in some cases, co-development efforts. Among others, Manhattan MVPs include Google Cloud, Deloitte, Accenture, Cognizant, Zebra, and Honeywell. Manhattan GeoPartners represent a select group of companies that sell and implement our solutions in specific geographies around the world, each providing valuable localized expertise to meet customer needs in areas such as Western Europe, Eastern Europe, the Middle East, Latin America, Africa, and the Asia Pacific region.

## **Customers**

To date, our customers have been suppliers, manufacturers, distributors, retailers, and logistics providers in a variety of industries. Our top five customers (new or pre-existing) in the aggregate accounted for 11%, 11%, and 12% of total revenue for the year ended December 31, 2023, the year ended December 31, 2022, and the year ended December 31, 2021, respectively. No single customer accounted for more than 10% of our total revenue in 2023, 2022 and 2021.

## **Product Development**

We focus our development efforts on new product innovation and on adding new functionality to existing solutions; integrating our various solution offerings; and enhancing the operability of our solutions across our platforms. We believe that our future success depends, in part, on our ability to continue to enhance existing solutions, respond to dynamically changing customer requirements and develop new or enhanced solutions that incorporate new technological developments and emerging supply chain and industry standards. To that end, development frequently focuses on base system enhancements and incorporating new user requirements and features into our solutions. As a result, we deliver packaged, highly configurable solutions with increasingly rich functionality rather than custom-developed software.

We leverage internal and external scientific advisors to inform our solution strategies and research and development approaches with the most advanced thinking on supply chain opportunities, challenges and technologies. Our internal research team is comprised of Ph.D.-credentialed math and science experts who work on creating and solving algorithms and other constructs that advance the optimization capabilities and other aspects of our solutions. We also regularly communicate with and are advised by experts from leading educational institutions known for their supply chain disciplines and practitioners from organizations deploying supply chain technology in innovative and market-advancing ways. Together, our research team and external advisors inform both the practical business approaches and the mathematical and scientific inventiveness of our solutions.

We conduct most research and development internally in the U.S. and India to retain domain knowledge and promote programming continuity standards. However, we may periodically outsource some projects that can be performed separately or that require special skills. We also use third-party translation companies to localize our application software into various languages including Chinese, French, Japanese and Spanish.

## **Competition**

Our solutions are solely focused on enterprise commerce capabilities. Our solutions help global distributors, wholesalers, retailers, logistics providers and manufacturers successfully manage accelerating and fluctuating market demands, as well as master the increasing complexity and volatility of their local and global supply chains.

The principal competitive factors affecting the markets for our solutions include: industry expertise; company and solution reputation; company viability; compliance with industry standards; solution architecture; solution functionality and features; integration experience, particularly with enterprise resource planning (ERP) providers and material handling equipment providers; ease and speed of implementation; proven return on investment; historical and current solution quality and performance; total cost of ownership; solution price; and ongoing solution support structure. We believe we compete favorably with respect to each of these factors.

Our competitors are diverse and offer a variety of solutions directed at various aspects of enterprise commerce. Existing competitors include:

- Corporate information technology departments of current or potential customers capable of internally developing solutions;
- ERP vendors, including: Oracle, SAP and Infor, among others;
- Supply chain execution and planning vendors, including Blue Yonder/Panasonic (formerly JDA), Korber (formerly HighJump), SAS Institute, the Sterling Commerce division of IBM, Relex, and others;
- POS vendors, including Aptos, Oracle, and others; and
- Smaller independent companies that have developed or are attempting to develop supply chain execution solutions or planning solutions that apply either globally or in specific countries.

We anticipate ongoing competition from ERP and supply chain management (SCM) applications vendors and from business application software vendors that may broaden their solution offerings by internally developing or acquiring or partnering with independent developers of supply chain planning and execution software. Some of these ERP and other potential competitors have longer operating histories; significantly more financial, technical, marketing and other resources; greater name recognition; broader solutions; and larger installed bases of customers than us. To the extent that ERP and SCM vendors or other large competitors develop or acquire systems with functionality comparable or superior to ours, their larger customer bases, long-standing customer relationships and ability to offer broader solutions outside the scope of supply chain could create significant competitive advantage for them. It also is possible that new competitors or alliances among current or new competitors could emerge to win significant market share. Increased competition could result in price reductions, fewer customer orders, reduced earnings and margins and loss of market share. In turn, this could have a material adverse effect on our business, results of operations, cash flow and financial condition.

We believe we have established meaningful competitive differentiation through our supply chain and omnichannel commerce expertise; our platform-based solution approach; our track record of continuous supply chain commerce innovation and investment; our strong and endorsing customer relationships; our significant success in deploying and supporting supply chain, inventory and omnichannel solutions for market-leading companies; our success in helping our clients address the enterprise impacts of digital commerce; and our ability to out-execute others in identifying sales opportunities and demonstrating expertise throughout the sales cycle. However, to further our market success, we must continue to respond promptly and effectively to economic consumption models such as cloud subscription, technological change and competitors' innovations. Consequently, we cannot assure that we will not be required to make substantial additional investments in research, development, marketing, sales and customer service efforts in order to meet any competitive threat, or that we will be able to compete successfully in the future.

#### **International Operations: Segments**

We have three reportable segments based on geographic location: North and Latin America ("the Americas"); Europe, Middle East and Africa ("EMEA"); and Asia Pacific ("APAC"). For further information on our segments, see Note 8 of the Notes to our Consolidated Financial Statements. International revenue includes all revenue derived from sales to customers outside the United States. At December 31, 2023, we employed approximately 2,700 employees in our international operations.

#### **Proprietary Rights**

We rely on a combination of copyright, patent, trade secret, trademark and trade dress laws, confidentiality procedures and contractual provisions to protect our proprietary rights in our products, processes and technology. We have registered trademarks for Manhattan Associates and the Manhattan Associates logo, as well as a number of our products and features. Generally, we enter into confidentiality and assignment-of-rights agreements with our employees, consultants, customers and potential customers and limit access to, and distribution of, our proprietary information. We provide our SaaS services and license our proprietary products to our customers under services contracts and license agreements that we believe contain appropriate use and other restrictions in order to try to best protect our ownership of our services and products and our proprietary rights and to protect our revenue potential. However, despite our efforts to safeguard and maintain our proprietary rights, we cannot ensure that we will successfully deter misappropriation, unintended disclosure or independent third-party development of our technology or our proprietary rights or information. Policing unauthorized use of our products is difficult, and, while we are unable to determine the extent to which piracy of our software solutions exists, as is the case with any software company, piracy could become a problem. Further, to the extent that we enter into transactions in countries where intellectual property laws are not well developed or are poorly enforced, our efforts to protect our proprietary rights may be ineffective. Whether we seek to enforce our proprietary rights in the U.S. or abroad, our efforts, including litigation to enforce our rights, can result in substantial costs and diversion of resources, and such efforts, or our failure to succeed in such efforts, could have a material adverse effect on our business, financial condition, results of operations or cash flows, regardless of the final outcome.

As the number of supply chain management solutions available in the marketplace increases and solution functionality continues to overlap, supply chain software may increasingly become subject to claims of infringement or other misappropriation of intellectual property. Third parties may assert infringement or misappropriation claims against us relating to our products, processes or technology. Such claims, whether or not they have merit, generally are time-consuming and may result in costly litigation, divert management's attention or cause product shipment delays or require us to enter into royalty or licensing arrangements. Defense of infringement or other misappropriation claims, entering into royalty or licensing agreements, the unavailability of such agreements, or adverse determinations in proprietary rights litigation could have a material adverse effect on our business, results of operations, cash flow and financial condition.

## **Employees and Human Capital Management**

At Manhattan, employees are our most-valued asset and are the key to our success. We have offices in Australia, Chile, China, France, Germany, India, Italy, Japan, the Netherlands, Singapore, Spain, the United Kingdom, and the United States, as well as representatives in Mexico and reseller partnerships in Latin America, Eastern Europe, the Middle East, South Africa, and Asia. As of December 31, 2023, we employed approximately 4,580 employees worldwide.

In response to the Covid-19 pandemic, we took steps to best ensure the health and safety of our employees globally. Our daily execution is a hybrid (office and virtual) model, and we continue to find innovative ways to engage with employees, customers and prospects, ensuring that they are supported.

*Diversity & Inclusion:* Our workforce is highly educated and diverse, which we believe is important for our continued success as a leading innovator in supply chain and omnichannel commerce software and services. Our employees comprise software developers, engineers, and other technical workers and professionals in business operations and administration. Manhattan's PRISM™ embodies our long-standing global diversity and inclusion strategy and is driven by team members with a passion for creating an innovative and inclusive environment. It brings our diverse cultures together to form a collective brilliance in an environment where individuals from all backgrounds and experiences can feel comfortable as themselves. Through PRISM, we support employee resource groups (ERGs), including our Women's Initiative Network (WIN™), our Multicultural Network (MCN™) and Pride Alliance, which serves our LGBTQ+ community and its allies and focuses on the important of education, authenticity and belonging at work. We also have a dedicated learning path for all employees regarding diversity, equity and inclusion (DEI), and encourage our employees to take DEI training.

*Talent Acquisition, Retaining, and Engagement:* We employ several strategies for attracting, retaining, and engaging our talented workforce. To build a steady and diverse pipeline of talent, we have a robust in-house recruiting program, which includes campus recruiting focused on universities with leading supply chain, engineering, and computer science programs. Further, we employ recruiting processes that mitigate unconscious biases and promote diverse candidate pools. Additionally, we cultivate partnerships with organizations focused on hiring women, minorities, individuals with disabilities, and veterans, including Circa, Technologists of Color, and Society of Women Engineers. Our campus programs include recruitment at historically black colleges and universities (HBCUs) and other schools with a high percentage of women and minorities enrolled in engineering and computer science programs. Further, as a federal contractor, we comply with federal contractor affirmative action requirements to employ and advance women, minorities, individuals with disabilities, and protected veterans.

To attract and retain employees, we provide competitive compensation and benefits programs, employee recognition, career development opportunities, and access to continual growth through online learning platforms, external training, and in-house live training.

To further employee enrichment and engagement, we periodically survey our employees regarding their engagement levels. We use these survey results to determine how we can continue to create work environments that enable and energize our employees and to develop a positive culture. None of our U.S. employees are subject to a collective bargaining agreement; our employees in both France (approximately 180 employees) and the Netherlands (approximately 100 employees) are represented by employee works councils. Globally, we have experienced no work stoppages, and we believe our relations with our employees are strong.

*Social Responsibility:* At Manhattan, we provide opportunities for our employees to take a full day each year to give back to their communities. We call this our Manhattan Purpose™ day. We also give our employees multiple opportunities to serve through community partnerships that we cultivate through our Manhattan Connect™ program.

*Career Development:* Through MPOWER™, our performance management program, each employee is empowered to drive their career and gain meaningful experiences. Through automated feedback tools and one-on-one meetings with leaders, employees receive guidance and support to enhance their performance and professional development. We prioritize continuous learning for our employees, offering diverse learning opportunities for skill enhancement and growth.

*Well-being:* We support the mental, emotional, physical, and financial well-being of our employees around the world with various company-provided programs and self-service tools, including free virtual mental health counseling, free gym access in certain

locations, and free educational webinars, speakers, and other resources for personal financial and benefit plan management. Our director of global well-being oversees our well-being programs and continues to look for ways to enhance our offerings.

## **Environmental, Social and Governance (ESG)**

At Manhattan, we are committed to meeting our responsibilities to our stakeholders in the areas of Environmental, Social and Governance (ESG) and believe our ESG objectives align favorably with their interests. Our Environmental, Social and Governance (ESG) Steering Committee, chaired by our CEO, overseen by our Board of Directors, and representing various levels of company management, sets our ESG objectives, ensures our focus and track our progress. More information on our ESG programs can be found on our ESG website, <https://www.manh.com/esg>.

## **Available Information**

We file annual, quarterly and current reports and other information with the Securities and Exchange Commission (the “SEC” or the “Commission”). The SEC maintains a website at [www.sec.gov](http://www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

On our website, [www.manh.com](http://www.manh.com), we provide free of charge our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments thereto, as soon as reasonably practicable after they have been electronically filed or furnished to the SEC. Information contained on our website is not part of this Form 10-K or our other filings with the SEC.

Additionally, our code of business conduct and ethics and the charters of the Audit, Compensation, and Nomination and Governance Committees of our Board of Directors are available on our website.

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

You should consider the following and other risk factors in evaluating our business or an investment in our common stock. The occurrence of adverse events described in the following risk factors or other adverse events not described in the following risk factors could have a material adverse effect on our business, results of operations, cash flow and financial condition, and could cause the trading price of our common stock to decline.

### **Risks Related to Our Business**

**Our future revenue is dependent on continuing sales from cloud subscriptions, which in turn drive sales of professional services.** We are dependent on our new customers as well as our large installed customer base to purchase additional cloud subscriptions and professional services from us. In future periods customers may discontinue the cloud subscriptions and in turn may not purchase additional professional services from us. If our customers decide to discontinue the cloud subscription, or if they reduce the scope of their professional services agreements, our revenue could decrease significantly, and that could have a material adverse effect on our business, results of operations, cash flow and financial condition.

**We depend on third-party data centers to provide our cloud-based solutions. If these providers encounter defects, delays or interruptions in service, our business and operating results could be harmed. Furthermore, if we are unable to manage the costs of these services, our results may be negatively affected.** We utilize data center hosting facilities, which are managed by third parties, to provide cloud solutions and hosting services to our customers. If the third-party data center facilities fail or encounter any damage, it could result in interruptions in services to our customers. This could result in unanticipated downtime for our customers, and in turn, our reputation and business could be adversely affected. In addition, if our customers use our cloud arrangements in unanticipated ways, this could cause an interruption in service for other customers attempting to access their data.

Our data center providers may experience events such as natural disasters, fires, power loss, telecommunications failures, or similar events. The systems, infrastructure, and services of our data center providers may also be subject to human or software errors, viruses, cyber threats, fraud, spikes in customer usage, break-ins, sabotage, acts of vandalism, acts of terrorism, and other misconduct. In addition, they may experience other unanticipated problems, including but not limited to financial difficulties and bankruptcy. Further, we may experience in the future periodic interruptions, delays, and outages in service and availability with our data center providers due to a variety of factors, including Internet connectivity failures, infrastructure changes, human or software errors, website hosting disruptions, and capacity constraints.

Remediation of any service interruptions may take significant time. If any defects, delays or interruption in our cloud solutions occur, customers could elect to cancel their service, delay or withhold payment to us, not purchase from us in the future or make claims against us, which could adversely affect our business reputation, results of operations, cash flow, and financial condition.

Furthermore, our data center providers have no obligation to renew their agreements with us on commercially reasonable terms, or at all. If we are unable to renew agreements with them on commercially reasonable terms, if our agreements with our providers are prematurely terminated for any reason, or if our providers are acquired or cease business, we may be required to transfer our infrastructure to new public cloud facilities, and we may incur significant costs and possible service interruptions in connection with doing so. Renewals at higher prices or costs incurred in switching providers may negatively affect our profitability and results. In addition, consolidation in the data center industry may result in overall higher costs for such services, which could also negatively affect our profitability and results.

**Delays in implementing our products could adversely impact our business, results of operations, cash flow, and financial condition.** Due to the size and complexity of most of our software implementations, our implementation cycle can be lengthy and may result in delays. Our products may require modification or customization and must integrate with many existing computer systems and software programs of our customers. This can be time-consuming and expensive for customers and can result in implementation and deployment delays of our products. Additional delays could result if we fail to attract, train, and retain services personnel, or if our alliance companies fail to commit sufficient resources towards implementing our software. These delays and resulting customer dissatisfaction could limit our future sales opportunities, harm our reputation, and adversely impact results of operations, cash flow, and financial condition.

**Our liability to clients may be substantial if our systems fail, which could adversely impact our business, results of operations, cash flow, and financial condition.** Our products are often critical to the operations of our customers' businesses and provide benefits that may be difficult to quantify. If our products fail to function as required—which, as described in more detail in other risk factors, could be due to software bugs, cloud hosting service failures, security breaches, faulty implementations or other reasons—we may be subject to claims for substantial damages. Courts may not enforce provisions in our contracts that would limit our liability or otherwise protect us from liability for damages. Defending a lawsuit, regardless of its merit, could be costly and divert management's time and attention. Although we maintain general liability insurance and error and omissions coverage, these coverages may not continue to be available on reasonable terms or in sufficient amounts to cover claims against us. In addition, our insurer may disclaim coverage as to any future claim. If claims exceeding the available insurance coverage are successfully asserted against us, or our insurer imposes premium increases or large deductibles or co-insurance requirements on us, then our business, results of operations, cash flow, and financial condition could be adversely affected.

**Our ability to sell our cloud solutions is highly dependent on the quality of our services offerings, and our failure to offer high quality services could adversely impact our business, results of operations, cash flow, and financial condition.** Most of our customers rely to some extent on our professional services to aid in the implementation of our software solutions. Once our software has been installed and deployed, our customers may depend on us to provide them with ongoing support and resolution of issues relating to our software. Therefore, a high level of service is critical for the continued marketing and sale of our solutions. If we or our partners do not efficiently and effectively install and deploy our software products, or succeed in helping our customers quickly resolve post-deployment issues, our ability to sell software products to these customers would be adversely affected and our reputation in the marketplace with potential customers could suffer.

**Our pricing models may need to be modified due to price competition.** The competitive markets in which we operate may oblige us to reduce our prices in order to contend with the pricing models of our competitors. If our competitors discount certain products or services, we may have to lower prices on certain products or services in order to attract or retain customers. Any such price modifications would likely reduce margins and could adversely affect our business, results of operations, cash flow, and financial condition.

**We may encounter long sales cycles, particularly with our larger customers, which could have an adverse effect on the amount, timing, and predictability of our revenue, adversely affecting our business, results of operations, cash flow, and financial condition.** Our products have lengthy sales cycles, which typically extend from nine to twelve months and may take up to several years. Potential and existing customers, particularly larger enterprise customers, often commit significant resources to an evaluation of available solutions and services and require us to expend substantial time and resources in connection with our sales efforts. The length of our sales cycles also varies depending on the type of customer to which we are selling, the product being sold, and customer requirements. We may incur substantial sales and marketing expenses and expend significant management effort during this time, regardless of whether we make a sale. Many of the key risks relating to sales processes are beyond our control, including: our customers' budgetary and scheduling constraints; the timing of our customers' budget cycles and approval processes; our customers' willingness to replace their currently deployed software solutions; and general economic conditions.

As a result of these lengthy and uncertain sales cycles of our products and services, it is difficult for us to predict when customers may purchase products or services from us, thereby affecting when we can recognize the associated revenue, and our operating results may vary significantly and may be adversely affected. The length of our sales cycle makes us susceptible to having pending transactions delayed or terminated by our customers if they decide to delay or withdraw funding for IT projects. Our customers may decide to delay or withdraw funding for IT projects for various reasons, including, but not limited to, global economic cycles and capital market fluctuations.

**Our technology must be advanced if we are to remain competitive.** The market for our products is characterized by rapid technological change, frequent new product introductions and enhancements, changes in customer demands, and evolving industry standards. Our existing products could be rendered obsolete if we fail to continue to advance our technology. We have also found that the technological life cycles of our products are difficult to estimate, partially because of changing demands of other participants in the supply chain. We believe that our future success will depend in large part upon our ability to continue to enhance our current product line while we concurrently develop and introduce new products that keep pace with competitive and technological developments. These developments require us to continue to make substantial product development investments. Although we are presently developing a number of product enhancements to our product sets, we cannot assure you that these enhancements will be completed on a timely basis or gain customer acceptance.

**Our ability to maintain and develop our brand is critical for our continued success.** The brand identity we have developed has significantly contributed to the continued success of our business. Our ability to maintain and develop our brand is critical in expanding our base of customers, partners and employees. Our brand will depend largely on our ability to remain a technology leader and continue to provide high-quality innovative products, services, and features. Significant investments may be required in order to maintain and develop our brand. However, the investments may later be proven to be unsuccessful. If we fail to maintain and develop our brand, or if we incur excessive expenses in our efforts to do so, our business, operating results and financial condition may be materially and adversely affected.

**Disruption in our vertical markets could materially affect our revenues and results of operations.** Our largest market, retail, is experiencing significant business disruption and transformation, primarily driven by digital commerce. We believe that disruption is causing many traditional retailers to assess the challenges of the transformation and evaluate their store networks and costs, as they face increasing competitive pressures from e-commerce retailers. Since our solutions often require our customers to make significant capital investments, traditional retailers could delay purchase decisions on our products. While this disruption may present significant opportunity for our company, we believe extended sales cycles for large cloud subscriptions could have a material adverse effect on our revenues and results of operations.

**Inability to attract, integrate, and retain management and other personnel could adversely impact our business, results of operations, cash flow, and financial condition.** Our success greatly depends on the continued service of our executives, as well as our other key senior management, technical personnel, and sales personnel. Our future success will depend in large part upon our ability to attract, retain, and motivate highly skilled executives and employees. We face significant competition for individuals with the skills required to perform the services we offer, and thus we may encounter increased compensation costs that are not offset by increased revenue. In the broader technology industry in which we compete for talented hires, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software, as well as competition for sales executives and operations personnel. We cannot guarantee that we will be able to attract and retain sufficient numbers of these highly skilled employees or motivate them. Because of the complexity of the supply chain market, we may experience a significant time lag between the date on which technical and sales personnel are hired and the time at which these persons become fully productive.

**We may not be able to continue to successfully compete with other companies.** We compete in markets that are intensely competitive and are expected to become more competitive as current competitors expand their product offerings. Our current competitors come from many segments of the software industry and offer a variety of solutions directed at various aspects of the extended supply chain, as well as the enterprise as a whole. We face competition for product sales from:

- Corporate information technology departments of current or potential customers capable of internally developing solutions;
- ERP vendors, including: Oracle, SAP, and Infor, among others;
- Supply chain execution and planning vendors, including Blue Yonder/Panasonic (formerly JDA), Korber (formerly HighJump), SAS Institute, the Sterling Commerce division of IBM, Relex, and others;
- POS vendors, including Aptos, Oracle, and others; and
- Smaller independent companies that have developed or are attempting to develop supply chain execution solutions or planning solutions that apply either globally or in specific countries.

Some of these potential competitors have longer operating histories, significantly more financial, technical, marketing, and other resources, greater name recognition, broader solutions, and larger installed bases of customers than we do. We believe the domain expertise required to continuously innovate supply chain technology in our target markets, effectively and efficiently implement solutions, identify and attract sales opportunities, and compete successfully in the sales cycle provides us with a competitive advantage and is a significant barrier to market entry. However, in order to be successful in the future, we must continue to respond promptly and effectively to technological change and competitors' innovations, and consequently we cannot assure you that we will not be required to make substantial additional investments in connection with our research, development, marketing, sales, and customer service

efforts in order to meet any competitive threat, or that we will be able to compete successfully in the future. Some of our competitors have significant resources at their disposal, and the degree to which we will compete with their new innovative products in the marketplace is undetermined. Increased competition could result in price reductions, fewer customer orders, reduced earnings and margins, and loss of market share. In turn, this could have a material adverse effect on our business, results of operations, cash flow, and financial condition.

**Our operating results are substantially dependent on one line of business.** We continue to derive our revenues from sales of our supply chain cloud solutions and related professional services. Accordingly, any factor adversely affecting the markets for supply chain cloud solutions could have an adverse effect on our business, results of operations, cash flow, and financial condition.

**Because we recognize revenue from our cloud subscriptions over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our results of operations.** We recognize revenue from cloud customers over the terms of their subscription agreements. As a result, most of the cloud revenue we report in each quarter is attributable to agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may have a minimal impact on our revenue for that quarter but will negatively affect our revenue in future quarters. Accordingly, if we experience significant downturns in sales and market acceptance of our offerings, it may not be fully reflected in our results of operations until future periods.

**Our research and development activities may not generate significant returns.** We anticipate continuing to make significant investments in software research and development and related product opportunities because we believe that we must continue to allocate a significant amount of resources to our research and development activities in order to compete successfully. We cannot estimate with any certainty when we will, if ever, receive significant revenues from these investments.

**Our growth is dependent upon the successful development of our direct and indirect sales channel mix.** We believe that our future growth also will depend on further developing and maintaining a successful direct sales force and strategic relationships with systems integrators and other technology companies. We invest significant resources to maintain and develop our sales channels. Our investment could adversely affect our operating results if these efforts do not generate cloud and services revenue necessary to offset the investment.

**Mergers or other strategic transactions involving our competitors could weaken our competitive position or reduce our revenue.** Our competitors have been consolidating, which may make them more formidable. Competing with stronger companies may cause us to experience pricing pressure and loss of market share, either of which could have a material adverse effect on our business, results of operations, cash flow, and financial condition.

**Our business, results of operations, cash flow, and financial condition may be adversely affected if we cannot integrate acquired companies or manage joint ventures.** We may from time to time acquire companies with complementary products and services. These acquisitions will expose us to increased risks and costs, including those arising from the following: assimilating new operations and personnel; diverting financial and management resources from existing operations; and integrating acquired technologies. We may not be able to generate sufficient revenue from any of these acquisitions to offset the associated acquisition costs. We may also evaluate joint venture relationships with complementary businesses. Any joint venture we enter into would involve many of the same risks posed by acquisitions, particularly the following: risks associated with the diversion of resources; the inability to generate sufficient revenue; the management of relationships with third parties; and potential additional expenses.

**Our business may require additional capital.** We may require additional capital to finance our growth or to fund acquisitions or investments in complementary businesses, technologies or product lines. Our capital requirements may be impacted by many factors, including: demand for our products; the timing of and extent to which we invest in new technology; the timing of and extent to which we acquire other companies; the level and timing of revenue; the expenses of sales and marketing and new product development; the success and related expense of increasing our brand awareness; the cost of facilities to accommodate a growing workforce; the extent to which competitors are successful in developing new products and increasing their market share; and the costs involved in maintaining and enforcing intellectual property rights.

## **Risks Related to Our Intellectual Property and Cybersecurity**

**Our software may contain undetected errors or “bugs” causing harm to our reputation, which could adversely impact our business, results of operations, cash flow, and financial condition.** Software products as complex as those we offer might contain undetected errors or failures when we first introduce them or when we release new versions. Despite testing, we cannot ensure errors will not be found in new products or product enhancements after commercial release. Any errors could cause substantial harm to our reputation, result in additional unplanned expenses to remedy any defects, delay the introduction of new products, result in the loss of existing or potential customers, or cause a loss in revenue. Further, such errors could subject us to customer claims for significant

damages, and we cannot guarantee courts would enforce the provisions in our customer agreements limiting our damage liability. In turn, this could materially affect our business, results of operations, cash flow, and financial condition.

**If our data protection or other security measures are compromised and, as a result, our data, our customers' data or our IT systems are accessed improperly, made unavailable, or improperly modified, our products and services may be perceived as vulnerable, possibly damaging our brand and reputation, disrupting the IT services we provide to our customers, and causing our customers to stop using our products and services, all of which could reduce our revenue and earnings, increase our expenses and expose us to legal claims and regulatory actions.** Our products and services can store, retrieve, manipulate and manage our customers' information and data as well as our own. We have a reputation for secure and reliable software products and services and invest time and resources into protecting the integrity and security of our products, services and internal and external data that we manage.

Nevertheless, we encounter attempts by third parties to penetrate or bypass our data protection and other security measures and gain unauthorized access to our networks, systems and data or compromise our customers' confidential information or data. Unauthorized third parties also could improperly access or modify data as a result of employee or supplier error or malfeasance and third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information.

These risks are persistent and likely will increase as we continue to grow our cloud offerings and services and store and process increasingly large amounts of our customers' confidential information and data. We also may acquire companies, products, services and technologies and inherit such risks when we integrate these acquisitions within Manhattan.

If a cyber-attack or other security incident were to occur, we could suffer damage to our brand and reputation, which could reduce our revenue, earnings, and operating cash flow resulting from increased expenses, including potential legal claims and regulatory actions to address and fix the incidents.

Further, as regulatory focus on privacy issues continues to increase and become more complex, these potential risks to our business will intensify. Changes in laws or regulations associated with the enhanced protection of certain types of sensitive data could significantly increase our cost of providing our products and services.

**If we are unable to develop software applications that interoperate with computing platforms developed by others, our business, results of operations, cash flow, and financial condition may be adversely affected.** We develop software applications that interoperate with operating systems, database platforms, and hardware devices developed by others, which we refer to collectively as computing platforms. If the developers of these computing platforms do not cooperate with us or we are unable to devote the necessary resources so that our applications interoperate with those computing platforms, our software development efforts may be delayed and our business and results of operations may be adversely affected. When new or updated versions of these computing platforms are introduced, it is often necessary for us to develop updated versions of our software applications so that they interoperate properly with these computing platforms. We may not accomplish these development efforts quickly or cost-effectively, and it is difficult to predict what the relative growth rates of adoption of these computing platforms will be. These development efforts require substantial investment, the devotion of substantial employee resources, and the cooperation of the developers of the computing platforms. For some computing platforms, we must obtain some proprietary application program interfaces from the owner in order to develop software applications that interoperate with the computing platforms. Computing platform providers have no obligation to assist in these development efforts. If they do not provide us with assistance or the necessary proprietary application program interfaces on a timely basis, we may experience delays or be unable to expand our software applications into other areas.

The computing platforms we use may not continue to be available to us on commercially reasonable terms. Any loss of the right to use any of these systems could result in delays in the provision of our products and services, and our results of operations may be adversely affected. Defects in computing platforms could result in errors or failure of our products, which could harm our business.

**We incorporate third-party software in our solutions, the failure or unavailability of which could adversely affect our ability to sell, support, and service our products.** We incorporate and include third-party software into and with certain of our products and solutions and expect to continue to do so. The operation of our products could be impaired if there are defects in that third-party software. It may be difficult for us to correct any defects in third-party software because the development and maintenance of the software is not within our control. Such defects could adversely affect our business.

In addition, there can be no assurance that these third parties will continue to make their software available to us on acceptable terms, or at all; not make their products available to our competitors on more favorable terms; invest the appropriate levels of resources in their products and services to maintain and enhance the capabilities of their software; or remain in business. Any impairment in our relationship with these third parties or our ability to license or otherwise use their software could have a material adverse effect on our business, results of operations, cash flow, and financial condition.



**Liability for intellectual property claims can be costly and result in the loss of significant rights, which could adversely impact our business, results of operations, cash flow, and financial condition.** It is possible that third parties will claim that we have infringed their current or future products, inventions, or other intellectual property. We expect that supply chain software developers like us will increasingly be subject to infringement claims as the number of products grows. Any claims, with or without merit, could be time-consuming, result in costly litigation, cause product shipment delays, or require us to pay monetary damages or to enter into royalty or licensing agreements, any of which could negatively impact our operating results. There are no assurances that these royalty or licensing agreements, if required, would be available on terms acceptable to us, if at all. We also may be required to indemnify our customers for damages they suffer as a result of such infringement. There are no assurances that legal action claiming patent infringement will not be commenced against us, or that we would prevail in litigation given the complex technical issues and inherent uncertainties in patent litigation. If a patent claim against us were successful and we could not obtain a license on acceptable terms or license a substitute technology or redesign the product or feature to avoid infringement, we may be prevented from distributing our software or required to incur significant expense and delay in developing non-infringing software. Any of these events could seriously harm our business, results of operations, cash flow, and financial condition.

**Our failure to adequately protect our proprietary rights could adversely impact our business, results of operations, cash flow, and financial condition.** Our success and ability to compete is dependent in part upon our proprietary technology. There are no assurances that we will be able to protect our proprietary rights against unauthorized disclosure or third-party copying or use. We rely on a combination of copyright, patent, trademark, and trade secret laws, as well as confidentiality agreements, licensing arrangements, and contractual commitments to establish and protect our proprietary rights. Despite our efforts to protect our proprietary rights, existing copyright, patent, trademark, and trade secret laws afford only limited protection. In addition, the laws of certain foreign countries do not protect our rights to the same extent as do the laws of the United States. Attempts may be made to copy or reverse engineer aspects of our products or to obtain and use information that we regard as proprietary. Any infringement of our proprietary rights could negatively impact our future operating results. Furthermore, policing the unauthorized use of our products is difficult, and litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources. In turn, our business, results of operations, cash flow, and financial condition could be materially adversely affected.

**The use of open source software in our products may expose us to additional risks and harm our intellectual property, which could adversely impact our business, results of operations, cash flow, and financial condition.** Some of our products use or incorporate software that is subject to one or more open source licenses. Open source software is typically freely accessible, usable and modifiable. Certain open source software licenses require a user who intends to distribute the open source software as a component of the user's software to disclose publicly part or all of the source code to the user's software. In addition, certain open source software licenses require the user of such software to make any derivative works of the open source code available to others on unfavorable terms or at no cost. This can subject previously proprietary software to open source license terms.

While we monitor the use of all open source software in our products, processes, and technology and try to ensure that no open source software is used in such a way as to require us to disclose the source code to the related product or solution, such use could inadvertently occur. Additionally, if a third-party software provider has incorporated open source software into software we license from them for use in our products and solutions, we could, under certain circumstances, be required to disclose the source code to our products and solutions. This could harm our intellectual property position and have a material adverse effect on our business, results of operations, cash flow, and financial condition.

## **Risks Related to Laws and Regulations**

**We may have exposure to additional tax liabilities.** As a multinational corporation, we are subject to income taxes in the U.S. and various foreign jurisdictions. Significant judgment is required in determining our global provision for income taxes and other tax liabilities. In the ordinary course of a global business, there are many intercompany transactions and calculations where the ultimate tax determination is uncertain. Our income tax returns are routinely subject to audits by tax authorities. Although we regularly assess the likelihood of adverse outcomes resulting from these examinations to determine our tax estimates, a final determination of tax audits or tax disputes could have an adverse effect on our financial condition, results of operations and cash flows. Also, the earnings of our foreign subsidiaries are considered to be indefinitely reinvested. If our plans change in the future or if we elect to repatriate the unremitted earnings of our foreign subsidiaries in the form of dividends or otherwise, we could be subject to additional local withholding taxes which may result in a higher effective tax rate.

In addition, the United States and other governments adopt tax reform measures from time to time that impact future effective tax rates favorably or unfavorably. These tax reforms may be in the form of changes in tax rates, changes in the valuation of deferred tax assets or liabilities, or changes in tax laws or their interpretation. Such changes can have a material adverse impact on our financial results. In 2022, the United States enacted the Inflation Reduction Act, which includes a 1% excise tax on corporate stock repurchases. While we do not anticipate that changes in the tax laws or rates in that Act will have a material, direct impact on the Company,

imposition of new excise taxes and minimum corporate tax rates such as these can have a material adverse impact on the Company in the future.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes in the U.S. and various foreign jurisdictions. We are regularly under audit by tax authorities with respect to these non-income taxes and may have exposure to additional non-income tax liabilities, which could have an adverse effect on our results of operations, financial condition and cash flows.

**Other laws and regulations.** We face risks related to other laws and regulations in areas discussed elsewhere in this “Risk Factors” section, including data protection, export controls and immigration.

### **Risks Related to International Operations**

**Our international operations have many associated risks.** We continue to strategically manage our presence in international markets, and these efforts require significant management attention and financial resources. We may not be able to successfully penetrate international markets, or, if we do, there can be no assurance that we will grow our business in these markets at the same rate as in North America. International sales are subject to many risks and difficulties, including those arising from complying with a variety of foreign laws, import and export restrictions and tariffs, reduced protection for intellectual property rights in some countries, potential adverse tax treatment, less stringent adherence to ethical and legal standards by prospective customers in some countries, language and cultural barriers and political and economic instability. Because of these inherent complexities and challenges, lack of success in international markets could adversely affect our business, results of operations, cash flow, and financial condition.

**Our operating results may include foreign currency gains and losses.** We conduct a portion of our business in currencies other than the United States dollar. Our revenues, expenses, operating profit and net income are affected when the dollar weakens or strengthens in relation to other currencies. In addition, we have a large development center in Bangalore, India, that does not have a natural in-market revenue hedge to mitigate currency risk to our operating expense in India. Fluctuations in the value of other currencies could materially impact our revenues, expenses, operating profit and net income.

**Our employee retention and hiring may be hindered by immigration restrictions, which could adversely impact our business, results of operations, cash flow, and financial condition.** Foreign nationals who are not U.S. citizens or permanent residents constitute a significant part of our professional U.S. workforce. Our ability to hire and retain these workers, and their ability to remain and work in the U.S. are impacted by laws and regulations as well as by processing procedures of various government agencies. Changes in laws, regulations, or procedures may adversely affect our ability to hire or retain such workers and may affect our costs of doing business and/or our ability to deliver services.

### **Risks Related to Our Common Stock**

**Our stock price has been highly volatile.** The trading price of our common stock could be subject to wide fluctuations in response to various factors, including: global macro-economic contraction impacting demand for supply chain solutions; quarterly variations in operating results; announcements of technological innovations or new products by us or our competitors; developments with respect to patents or proprietary rights; changes in financial estimates by securities analysts; and mergers, acquisitions, and combinations involving our competitors or us.

**Our operating results are difficult to predict and could cause our stock price to fall.** Our quarterly revenue and operating results are difficult to predict and can fluctuate significantly from quarter to quarter. If our quarterly revenue or operating results fall below the expectations of investors or public market analysts, the price of our common stock could fall substantially. Our quarterly revenue is difficult to forecast for several reasons, including the following: global macro-economic disruptions; credit and equity market disruptions, which can significantly impact capital availability and spend timing of customers or potential customers; the varying sales cycle for our products and services from customer to customer, including multiple levels of authorization required by some customers; the varying demand for our products; customers’ budgeting and purchasing cycles; delays in our implementations at customer sites; timing of hiring new services employees and the rate at which these employees become productive; timing of introduction of new products; development and performance of our distribution channels; and timing of any acquisitions and related costs.

Most of our expenses, including employee compensation and rent, are relatively fixed. In addition, our expense levels are based, in part, on our expectations regarding future revenue increases. As a result, any shortfall in revenue in relation to our expectations could cause significant changes in our operating results from quarter to quarter and could result in quarterly losses. As a result of these factors, we believe that period-to-period comparisons of our revenue levels and operating results are not necessarily meaningful.

Historical growth rates and historical quarterly revenue and operating results may not be a good indicator of future operating results and reliance on historical results should not be used to predict our future performance.

**Our articles of incorporation and bylaws and Georgia law may inhibit a takeover of our company.** Our corporate organizational documents and Georgia law contain provisions that might enable our management to resist a takeover of our company. These provisions might discourage, delay or prevent a change in control of our company or a change in our management. These provisions could also discourage proxy contests and make it more difficult for shareholders to elect their own director nominees and compel other corporate actions. The existence of these provisions could also limit the price that investors might be willing to pay for shares of our common stock.

## Other Risk Factors

**Economic, political and market conditions can adversely affect our business, results of operations, cash flow and financial condition, including our revenue growth and profitability, which in turn could adversely affect our stock price.** Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting. These include:

- general economic and business conditions;
- interest rate and inflation rate trends and fluctuations;
- overall demand for enterprise software and services;
- governmental policy, budgetary constraints or shifts in government spending priorities;
- general geo-political developments, such as the wars in Ukraine and the Middle East; and
- currency exchange rate fluctuations.

Macroeconomic developments in the United States and Europe and in parts of Asia and South America could negatively affect our business, operating results, financial condition, and outlook, which, in turn, could adversely affect our stock price. Any general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending could cause current or potential customers to reduce or eliminate their information technology budgets and spending, which could cause customers to delay, decrease or cancel purchases of our products and services; or cause customers not to pay us; or to delay paying us for previously purchased products and services.

In addition, political unrest and the related potential impact on global stability, acts of war or terrorism and the potential for other hostilities in various parts of the world, as well as potential public health crises and natural disasters continue to contribute to a climate of economic and political uncertainty that could adversely affect our results of operations and financial condition, including our revenue growth and profitability.

**Changes in, or interpretation of, accounting principles could result in unfavorable accounting changes.** Our Consolidated Financial Statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP) and accompanying accounting pronouncements, implementation guidelines, and interpretations. These rules are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. Changes in these rules or their interpretation could significantly change our reported results and may even retroactively affect previously reported transactions. Changes resulting from these new accounting standards or the adoption of other new or revised accounting principles may result in materially different financial results and may require that we make changes to our systems, processes, and controls. In addition, as we work to align with the guidelines of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures ("TCFD") and the Sustainability Accounting Standards Board ("SASB") environmental metrics, we may continue to expand our disclosure in these areas. Our failure to report accurately or achieve progress on our metrics timely could adversely affect our reputation, financial performance and business growth.

**Adverse litigation results could affect our business.** From time to time, we may be involved in litigation relating to claims arising in the ordinary course of business, and occasionally legal proceeding not in the ordinary course. Litigation can be lengthy, expensive and disruptive to our operations, and can divert our management's attention away from running our core business. The results of any litigation also cannot be predicted with certainty. An adverse decision could result in monetary damages or injunctive relief that could affect our business, operating results or financial condition. Additional information regarding legal matters in which we are involved, if any, can be found in Note 5 to our Consolidated Financial Statements.

**The effects of a pandemic or major public health concern such as the COVID-19 pandemic could materially adversely affect our business, results of operations and financial condition.** In March 2020, the World Health Organization declared the

outbreak of the novel coronavirus, and the disease it causes, COVID-19, a pandemic. The pandemic spread throughout the U.S. and the world and resulted in authorities implementing numerous measures from time to time to contain the virus, including travel bans and restrictions, quarantines, shelter-in-place orders, and business limitations and shutdowns.

While we are unable to completely predict the full impact that a future pandemic and related remedial measures will have on our results from operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic and containment measures, our compliance with these measures could impact our day-to-day operations and could disrupt our business and operations, as well as that of our customers, suppliers and other counterparties, for an indefinite period of time.

The negative effects of a global pandemic such as COVID-19 on the overall economy could cause our revenues and profitability to decline for numerous reasons, including:

- Our customers could implement cost-saving measures, which may include reductions in information technology expense or requests for extended payment terms;
- Some customers could file for bankruptcy;
- Forced store closures could accelerate pre-existing disruption in the retail sector; and/or
- The spending habits of our customers' customers could change, reducing our customers' own revenues and profitability, which in turn could affect our revenues and profitability.

In addition, restrictions on in-person interaction, whether occasioned by government orders or changed habits or customs regarding social distancing and group activity after the expiration of strict government measures, may have a material impact on our business. For instance, implementation of our software may be impeded if either our personnel or our customer's information technology personnel are working remotely.

A decrease in revenues could also negatively affect our liquidity, as we primarily rely on cash generated from operating activities for our liquidity needs. Compounding this issue, a pandemic may make outside capital less available or more expensive.

**Fires or other catastrophic events at our principal facilities could disrupt our business.** Fires, natural disasters or other catastrophic events, particularly those affecting our Atlanta headquarters or India research and development center, may cause damage or disruption to our operations, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to deliver our services to our customers.

#### **Item 1B. *Unresolved Staff Comments***

None.

#### **Item 1C. *Cybersecurity***

We believe Manhattan has appropriate processes for assessing, identifying, and managing material risks from cybersecurity threats. Those processes are embodied in our enterprise-wide Cyber Risk Management Program (the "Cyber Program"), which includes our cybersecurity governance structure and our cybersecurity strategy and processes.

#### **Governance Structure**

**Board Oversight.** Our Board of Directors has delegated oversight of our Cyber Program to the Board Audit Committee. Despite that delegation, the full Board also remains informed, through quarterly presentations to the full Board by our Chief Financial Officer or their designee (or more frequently as necessary), followed by the opportunity for Q&A and discussion, on the status of the Cyber Program. The presentations cover, among other things, our cyber incident experience, ongoing cyber threats, material risks, deployment of cybersecurity controls and risk mitigants, engagement of third parties (e.g., consultants and auditors) and third-party tools, our cyber insurance coverages, and our employee-training programs. If further Board engagement on cybersecurity matters is required, management, through the CEO, CFO or CLO, communicate directly with the Audit Committee chair, who engages the Audit Committee as they deem appropriate.

**Management's Assessment and Management of Cybersecurity Threats.** Members of Manhattan's executive management team, along with others from Company senior management, and others with varying areas of expertise, are engaged as part of our Cyber Program:

- Chief Financial Officer and Chief Information Officer – Direct management of our Cyber Program falls within our Information Technology department, which reports up through our CIO, who reports to our CFO. Both our CIO and CFO have familiarity and oversight experience, appropriate for their positions, regarding general cybersecurity matters and threats affecting business-to-business software and cloud services vendors such as Manhattan. The CFO is a member of our Disclosure Committee, which is responsible for determining whether a Cybersecurity Incident is “material” for purposes of publicly reporting cybersecurity incidents, and is a member of our “Core Response Team” under the Company’s Crisis Response Program. Our CFO also chairs our management Cybersecurity Committee.
- Chief Legal Officer – Our CLO has experience providing legal advice regarding cybersecurity-related programs as well as engaging with outside advisors and insurance brokers and underwriters on cybersecurity coverage, claims, and loss mitigation. Our CLO also is member of the Disclosure Committee and the Core Response Team.
- Senior Director, Global Security – Our Senior Director, Global Security, has managed our Cyber Program for seven years. He manages its day-to-day operations, oversees our security analysts and engineers, and leads our Cybersecurity Committee meetings. He is trained in cybersecurity strategy, planning, and execution and holds industry recognized security certifications, including Certified Information Systems Security Professional (CISSP) from the International Information System Security Certification Consortium (ISC2) and Certified Information Security Manager (CISM) from the Information Systems Audit and Control Association (ISACA).
- Cybersecurity Committee – Members include, in addition to the CFO and SD, Global Security, business representatives of Manhattan’s material business lines and administrative departments, cyber-risk operational heads from our material business lines, and our VP, Contracts and Administration (or their designee). The Cybersecurity Committee’s purpose is to review cybersecurity risks, discuss emerging threats, prioritize cybersecurity efforts, and make recommendations to leadership.
- Crisis Response Team – Pursuant to our Crisis Response Program, our Crisis Response Team, which comprises the CLO, CFO, Chief People Officer and Chief Marketing Officer, and an expanded team from our material business lines and administrative departments, as well as outside advisors/experts (cyber forensics, external legal counsel, law enforcement, public relations), is charged with managing the Company through a cybersecurity incident (or other event or series of events) that rise to the level of a Company “crisis.” The Program includes protocols by which the CLO, on behalf of the Team, will report to or engage the CEO and the Chairman of the Board if and when an incident becomes a crisis or potential crisis.
- Other Roles – The Cyber Program includes engagement of other Company management employees and outside service providers to oversee or perform specific roles in connection with cybersecurity risk assessment and management, and incident management. That includes risk and security heads from our material business lines who implement and administer policies specific to those business lines and independent auditors to certify compliance with the Company’s internal control over financial reporting, the American Institute of Certified Public Accountants’ Systems and Organization Controls (SOC 2) security framework, and the Federal Government’s Federal Risk and Authorization and Management Program (FedRAMP) criteria for federal use of cloud services. We also conduct reviews for compliance with data protection regulation such as Europe’s General Data Protection Regulation (GDPR) and regulation of various U.S. states such as the California Consumer Privacy Act (CCPA).

## **Risk Management and Strategy**

### *Overview of Processes for Assessing, Identifying, and Managing Material Cyber Risks.*

The principal objectives of our Cyber Program are to minimize the risks associated with cybersecurity threats to our business operations, financial performance and financial condition, and protect the confidential information, intellectual property, and other assets of Manhattan, and those of our customers, vendors, partners, employees, and consumers that can be at risk due to cybersecurity threats to Manhattan.

Manhattan has incorporated industry recognized cybersecurity frameworks and standards into its Cyber Program, including frameworks from the National Institute of Standards and Technology (NIST) and security control auditing protocols from the Center for Internet Security (CIS) and the International Organizations for Standardization (ISO). Recognizing that the nature of cybersecurity threats and the particular threat vectors we face continually change, we continue to invest in updating and enhancing our Cyber Program. Annually, as part of Manhattan’s budgeting process, our Senior Director, Global Security, submits to our CIO their recommendations for Cyber Program enhancements, including the associated capital requests, for inclusion in the CIO’s proposed IT budget. Those recommendations are then evaluated at the executive level, taking into account the projected return on investment and the anticipated enhancement of our cybersecurity risk profile.

Under our Cyber Program, our Senior Director, Global Security, and the staff, along with our management-led Cybersecurity Committee, with input where appropriate from our third-party advisors, work to identify our cybersecurity threats, assess the risks, and deploy appropriate technologies and processes to mitigate the risks. When cybersecurity incidents occur, these resources work to manage through the incident utilizing advanced security tools and playbooks, and in accordance with processes set out in various Company policies and practice documents, which include internal communications protocols to keep the executive team and, where appropriate, the Audit Committee and Board, informed. Pertinent policy and practice documents include, among others, Manhattan’s Incident Response Policy, our Incident Escalation Matrix, our Materiality Determination Process for Cybersecurity Incidents (governing the Company’s materiality determination for reporting purposes) and our Crisis Response Plan.

As an important cybersecurity risk mitigant, Manhattan provides mandatory training to its new hires and quarterly training of its employees, including phishing simulation tests and follow-up tests as needed, along with monthly cybersecurity newsletters and other cyber risk-related communications.

*Integration into Overall Risk Management System or Processes.* Our risk management systems and processes comprise numerous components, including published policies and procedures, risk detection systems, tools, and protocols (automated and human), internal and external independent auditing, management committee review, defined lines of communications, employee training, engagement of outside advisors and experts, assessment and utilization of both commercial and self-insurance opportunities, customer contract standardization where possible, legal review of vendor engagements and new products for regulatory compliance, regular operations reviews with the CEO, and Board (and Board Committee) oversight. Manhattan utilizes the foregoing systems and processes to best ensure effective management of our risks and associated cybersecurity threats. The CFO or their designee reports to the full Board at least quarterly on the status of our Cyber Program.

*Engagement of Third Parties.* As part of its Cyber Program, Manhattan engages outside independent auditors, consultants, and professional advisors. We also engage industry-leading cybersecurity service and systems providers to assist with protection from and detection of cybersecurity threats and incidents and our responses to them.

*Risks from Third Party Service Providers and Others.* Manhattan’s cybersecurity team, under the oversight of the Senior Director, Global Security, performs risk assessments on third party service providers and other third parties (such as partner companies), as well as third party software and hardware utilized in its operations, that may have the potential to create cybersecurity threats to our data and operations.

*Risks from Cybersecurity Threats—Likely Material Impact.* See Item 1A, “Risk Factors—Risks Related to Our Intellectual Property and Cybersecurity.” We do not believe any risks from previous cybersecurity threats have materially affected or are reasonably likely to materially affect Manhattan.

## **Item 2. Properties**

Our principal administrative, sales, marketing, support, and research and development facility is located in approximately 221,000 square feet of modern office space in Atlanta, Georgia. This space is leased to us through September 30, 2025. On January 31, 2024, we entered into an amendment to the lease for our headquarters facility that would extend our tenancy for substantially all of the leased premises until September 30, 2036 for approximately 209,000 square feet of office space. Effectiveness of the amendment is subject to the satisfaction or waiver of certain conditions. See Part II, Item 9B “Other Information” for further information on the amendment.

We have an additional office under a multi-year agreement in New Jersey. We also occupy facilities outside of the United States under multi-year agreements in the United Kingdom, the Netherlands, France, China, Japan, Spain, Italy, Singapore, India, Australia, and Germany. We also occupy an office under a short-term agreement in Chile. We believe our office space is adequate to meet our immediate needs; however, we may expand into additional facilities in the future.

## **Item 3. Legal Proceedings**

From time to time, we may be a party to legal proceedings arising in the ordinary course of business or outside of the ordinary course. We are not currently a party to any legal proceeding the result of which we believe could have a material adverse impact upon our business, financial position, results of operations or cash flows.

Many of our customer engagements involve services or products that are critical to the operations of our clients’ businesses. Any downtime or failure of our services or products could result in a claim for substantial damages against us, regardless of our responsibility for that failure. Although we attempt to contractually limit our liability for damages arising from services or product downtime or failures or negligent acts or omissions, there can be no assurance that the limitations of liability in our contracts will be enforceable.

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

Not applicable.

**PART II**

**Item 5. Market for Registrant’s Common Equity, Related Shareholder Matters, and Issuer Purchases of Equity Securities**

**Market for Common Stock**

Our common stock is traded on the Nasdaq Global Select Market under the symbol “MANH”. The number of registered shareholders of record of our common stock as of January 31, 2024 was 12. The number of record holders does not include persons who held our common stock in nominee or “street name” accounts through brokers.

We do not intend to declare or pay cash dividends in the foreseeable future. Our management anticipates that all earnings and other cash resources, if any, will be retained for investment in our business, including share repurchases.

**Equity Compensation Plan Information**

In the following table, we provide information regarding our current equity compensation plans as of December 31, 2023:

Plan Category	Number of securities to be issued upon exercise of outstanding rights	Weighted-average exercise price of outstanding rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	1,376,063	\$0.00	2,870,924
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>1,376,063</b>	<b>-</b>	<b>2,870,924</b>

You may find additional information regarding our equity compensation plans in Note 2 of the Notes to our Consolidated Financial Statements.

**Purchase of Equity Securities**

In the following table, we provide information regarding our common stock repurchases under our publicly-announced share repurchase program for the quarter ended December 31, 2023.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
October 1 - October 31, 2023	-	\$-	-	\$75,000,000
November 1 - November 30, 2023	-	-	-	75,000,000
December 1 - December 31, 2023	-	-	-	75,000,000
Total	-	-	-	-

During the year ended December 31, 2023, we repurchased a total of 1,024,328 shares at an average price per share of \$162.07 under our publicly-announced share repurchase program. Our \$75.0 million repurchase authority replenished by our Board of Directors in October 2023 remains in effect.

**Item 6. [Reserved]**



## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*All statements, trend analyses, and other information contained in the following discussion relative to markets for our products and trends in revenue, gross margins, and anticipated expense levels, as well as other statements including words such as “may,” “expect,” “forecast,” “anticipate,” “intend,” “plan,” “believe,” “could,” “seek,” “project,” “estimate,” and other similar expressions constitute forward-looking statements. These forward-looking statements are subject to business and economic risks and uncertainties, including those discussed under the caption “Risk Factors” in Item 1A of this Form 10-K, and our actual results of operations may differ materially from those contained in the forward-looking statements.*

### **Business Overview**

We develop, sell, deploy, service and maintain software solutions designed to manage Unified Omnichannel Commerce and Digital Supply Chain, inventory and omnichannel operations for retailers, wholesalers, manufacturers, logistics providers and other organizations. Our customers include many of the world’s most premier and profitable brands.

Our business model is singularly focused on the development and implementation of complex commerce enablement software solutions that are designed to optimize supply chains, and retail store operations including POS effectiveness and efficiency for our customers.

We have five principal sources of revenue:

- cloud subscriptions, including software as a service (SaaS) and hosting of software;
- licenses of our software;
- customer support services and software enhancements (collectively, “maintenance”) related to software licenses;
- professional services, including solutions planning and implementation, related consulting, customer training, and reimbursements from customers for out-of-pocket expenses (collectively, “services”); and
- hardware sales.

In 2023, we generated \$928.7 million in total revenue, with a revenue mix of: cloud subscriptions 27%; software license 2%; maintenance 15%; services revenue 53%; and hardware 3%.

We have three geographic reportable segments: the Americas, EMEA, and APAC. Geographic revenue is based on the location of the sale. Our international revenue was approximately \$301.4 million, \$238.4 million, and \$196.4 million for the years ended December 31, 2023, 2022 and 2021, respectively, which represents approximately 32%, 31%, and 30% of our total revenue for the years ended December 31, 2023, 2022 and 2021, respectively. International revenue includes all revenue derived from sales to customers outside the United States. At December 31, 2023, we employed approximately 4,580 employees worldwide. We have offices in Australia, Chile, China, France, Germany, India, Italy, Japan, the Netherlands, Singapore, Spain, and the United Kingdom, as well as representatives in Mexico and reseller partnerships in Latin America, Eastern Europe, the Middle East, South Africa, and Asia.

### **Future Expectations**

While we remain cautious about the global economy, our results for the full year ended 2023 exceeded our expectations due to solid demand for our cloud solutions. Our solutions are mission critical, supporting complex global supply chains. We believe that favorable secular tailwinds, such as the digital transformation of businesses in manufacturing, wholesale and retail, coupled with our commitment to investing in organic innovation to deliver leading cloud supply chain, inventory and omnichannel commerce solutions is in synergistic alignment with current market demand. We believe this alignment is contributing to our strong financial results, higher demand and strong win rates for our solutions for the period. We remain committed to investing in our business to drive customer success and expand our total addressable market, which we believe will position us well to achieve long-term sustainable growth and earnings.

Going forward, we are investing in our cloud business, including enterprise investments in innovation, and strategic operating expenses to support growth objectives.

For 2024, our five strategic goals continue to be:

- Focus on customer success and drive sustainable long-term growth;
- Invest in innovation to expand our products and total addressable market;
- Expand our Manhattan Active suite of cloud solutions;

- Develop and grow our cloud business and cloud subscription revenue; and
- Expand our global sales and marketing teams.

### **Cloud Subscription**

Under our Manhattan Active® Solutions cloud subscription offering, customers pay a periodic fee for the right to use our software within a cloud environment that we provide and manage over a specified period of time. Adoption of our Manhattan Active® cloud solutions continues to increase nicely, with cloud revenue up 44% over 2022. Cloud revenue now represents about 93% of our total software revenue.

Customers on our legacy perpetual license program can convert their maintenance contracts to cloud subscription contracts.

### **Global Economic Trends and Industry Factors**

Global macro-economic trends, technology spending, and supply chain management market growth are important barometers for our business. In 2023, we generated approximately 68% of our total revenue in the United States, 18% in EMEA, and the remaining balance in APAC, Canada, and Latin America. In addition, Gartner Inc. (“Gartner”), an information technology research and advisory company, estimates that over 75% of every supply chain software solutions dollar invested is spent in North America and Western Europe; consequently, the health of the U.S. and the Western European economies have a meaningful impact on our financial results.

We sell technology-based solutions with total pricing, including software and services, in many cases exceeding \$1.0 million. Our software is often a part of our customers’ and prospects’ much larger capital commitment associated with facilities expansion and business improvement. We believe that, given the mission critical nature of our software, combined with a challenging global macro environment, our current sales cycles for large cloud subscriptions in our target markets could be extended. While demand for our solutions is solid, the current business climate within the United States and geographic regions in which we operate may affect customers’ and prospects’ decisions regarding timing of strategic capital expenditures.

In January 2024, the International Monetary Fund (IMF) provided a World Economic Outlook (WEO) update. The WEO update noted, “global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy.”

The WEO update projected that advanced economies, which represent our primary revenue markets, would grow at about 1.5 and 1.8 percent in 2024 and 2025, while the emerging and developing economies would grow at about 4.1 percent in 2024 and 4.2 percent in 2025.

While we are encouraged by our results, we remain cautious regarding the pace of global economic growth. We believe global geopolitical and economic volatility associated with the pandemic likely will continue to shape customers’ and prospects’ enterprise software buying decisions.

### **Key Performance Metrics**

We regularly review metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate financial projections and make strategic decisions. We believe cloud subscriptions revenue growth and remaining performance obligation (RPO) growth are the leading indicators of our business performance, primarily derived from cloud subscription fees that customers pay for our Unified Omnichannel Commerce and Digital Supply Chain solutions.

#### **Cloud Subscriptions Revenue Growth**

Our cloud revenue growth provides insight into our ability to maintain and grow our cloud customer base. Total cloud revenue increased from \$176.5 million in 2022 to \$254.6 million in 2023, representing a 44% year-over-year increase. Total cloud revenue increased from \$122.2 million in 2021 to \$176.5 million in 2022, representing a 44% year-over-year increase. Cloud revenue growth is being driven by strong demand for our cloud offerings.

#### **Remaining Performance Obligations**

Transaction price allocated to RPO represents contracted revenue that has not yet been recognized, which includes deferred revenue and non-cancelable amounts that we expect to invoice and recognize as revenue in future periods. Over 98% of our RPO represent cloud native subscriptions with a non-cancelable term greater than one year. Maintenance contracts typically are for one year and not included in RPO. RPO provides insight into our contracted backlog of future business. As of December 31, 2023, our RPO was approximately \$1.4 billion, an increase of 36% over December 31, 2022 on strong demand.

## **Revenue**

**Cloud Subscriptions and Software License revenue:** In the full year ended 2023, cloud subscriptions revenue was 93% of total cloud and software license revenue. In 2023, cloud subscriptions revenue totaled \$254.6 million, or 27% of total revenue. The Americas, EMEA, and APAC segments recognized \$205.6 million, \$42.2 million and \$6.8 million in cloud subscriptions revenue, respectively, in 2023. Cloud subscriptions revenue is recognized over the term of the agreement, typically five years or more. Cloud subscription revenue growth is influenced by the strength of general economic and business conditions and the competitive position of our software products. These revenues generally have long sales cycles. Approximately 34% of the total value of new non-cancelable cloud subscriptions (excluding renewals) signed during 2023 was with new customers and 66% was with existing customers. We define new customers as entities from which we either have never earned revenue or have not recognized revenue in the last five years.

In 2023, license revenue totaled \$18.2 million, or 2% of total revenue. The Americas, EMEA, and APAC segments totaled \$12.0 million, \$2.9 million, and \$3.2 million in license revenue, respectively, in 2023.

Our Unified Omnichannel Commerce and Digital Supply Chain solutions are focused on core omnichannel operation (e-commerce, retail store operations and POS), supply chain commerce operations (Warehouse Management, Transportation Management and Labor Management), and Inventory Optimization, which are intensely competitive markets characterized by rapid technological change. We are a market leader in the supply chain management and omnichannel software solutions market as defined by industry analysts such as ARC Advisory Group and Gartner. Our goal is to extend our position as a leading global supply chain solutions provider by growing our cloud subscriptions and software license revenues faster than our competitors through investment in innovation.

**Maintenance Revenue:** Our maintenance revenue totaled \$143.9 million, or 15% of total revenue. The Americas, EMEA and APAC segments recognized \$115.0 million, \$19.7 million, and \$9.2 million, respectively, in maintenance revenue in 2023. For maintenance, we offer a comprehensive 24 hours per day, 365 days per year program that provides our customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives.

Maintenance relates to our traditional perpetual license sales. We expect maintenance revenues to decline as we continue to develop our cloud offerings, and be offset by additional cloud revenue, including from customers converting their maintenance contracts to cloud subscriptions. The growth of maintenance revenues is influenced by: (1) new software license revenue growth; (2) annual renewal of support contracts; (3) increase in customers through acquisitions; (4) fluctuations in currency rates. Substantially all of our customers renew their annual support contracts or convert their maintenance contracts to cloud subscriptions. Maintenance revenue is generally paid in advance and recognized over the term of the agreement, typically twelve months. Maintenance renewal revenue is recognized over the renewal period once we have a contract upon payment from the customer.

**Services Revenue:** In 2023, our services revenue totaled \$487.9 million, or 53% of total revenue. The Americas, EMEA, and APAC segments recognized \$363.0 million, \$101.3 million, and \$23.6 million, respectively.

Our professional services organization provides our customers with expertise and assistance in planning and implementing our solutions. To ensure a successful product implementation, consultants assist customers with the initial implementation of a system or service, the conversion and transfer of the customer's historical data to the new system or service, and ongoing training, education, and system/service upgrades. We believe our professional services enable customers to implement our software rapidly, ensure the customer's success with our solutions, strengthen our customer relationships, and add to our industry-specific knowledge base for use in future implementations and product innovations.

Although our professional services are optional, the majority of our customers use at least some portion of these services for their planning, implementation, or related needs. Professional services are typically rendered under time and materials-based contracts with services typically billed on an hourly basis. Professional services are sometimes rendered under fixed-fee based contracts with payments due on specific dates or milestones.

Services revenue growth is contingent upon cloud sales and customer upgrade cycles, which are influenced by the strength of general economic and business conditions and the competitive position of our software products. In addition, our professional services business has competitive exposure to offshore providers and other consulting companies.

**Hardware Revenue:** Our hardware revenue, which we recognize net of related costs, totaled \$24.1 million in 2023 representing 3% of total revenue. As a convenience for our cloud and software customers, we resell a variety of hardware products developed and manufactured by third parties. These products include computer hardware, radio frequency terminal networks, RFID chip readers, bar code printers and scanners, and other peripherals. We resell all third-party hardware products and related maintenance pursuant to agreements with manufacturers or through distributor-authorized reseller agreements pursuant to which we are entitled to purchase

hardware products and services at discount prices. We generally purchase hardware from our vendors only after receiving an order from a customer. As a result, we do not maintain hardware inventory.

### **Product Development**

We continue to invest significantly in research and development (R&D) to provide leading Unified Omnichannel Commerce and Digital Supply Chain solutions to enable global retailers, manufacturers, wholesalers, distributors and logistics providers successfully manage accelerating and fluctuating demands as well as the increasing complexity and volatility of their local and global supply chains, retail store operations and POS. Our R&D expenses for the years ended December 31, 2023, 2022 and 2021 were \$126.8 million, \$111.9 million, and \$97.6 million, respectively.

We expect to continue to focus our R&D resources on the development and enhancement of our core supply chain, inventory optimization, omnichannel and POS software solutions. We offer what we believe to be the broadest solutions portfolio in the supply chain solutions marketplace, to address all aspects of inventory optimization, transportation management, distribution management, planning, and omnichannel operations including order management, store inventory & fulfillment, call center and POS.

We also plan to continue to enhance our existing solutions and to introduce new solutions to address evolving industry standards and market needs. We identify opportunities to further enhance our solutions and to develop and provide new solutions through our customer support organization, as well as through ongoing customer consulting engagements and implementations, interactions with our user groups, association with leading industry analysts and market research firms, and participation in industry standards and research committees. Our solutions address the needs of customers in various vertical markets, including retail, consumer goods, food and grocery logistics service providers, industrial and wholesale, high technology and electronics, life sciences, and government.

### **Cash Flow and Financial Condition**

For 2023, we generated cash flow from operating activities of \$246.2 million and have generated a cumulative total of \$611.0 million for the three years ended December 31, 2023. Our cash at December 31, 2023 totaled \$270.7 million, with no debt on our balance sheet. We currently have no credit facilities. During the past three years, our primary uses of cash have been for funding investments in R&D in our Unified Omnichannel Commerce and Digital Supply Chain solutions to drive revenue and earnings growth. In addition, we repurchased approximately \$166.0 million of Manhattan Associates' outstanding common stock under the share repurchase program approved by our Board of Directors. Our \$75.0 million repurchase authority replenished by our Board of Directors in October 2023 remains in effect.

In 2024, our priorities for use of cash will continue to be investments in our Unified Omnichannel Commerce and Digital Supply Chain solutions. We also will prioritize capital allocation in our global teams to fund growth, and accretive share repurchases. We do not anticipate any borrowing requirements in 2024 for general corporate purposes.

### **Full Year 2023 Financial Summary**

- Diluted earnings per share: \$2.82 for 2023 compared to \$2.03 for 2022;
- Consolidated revenue: \$928.7 million for 2023 compared to \$767.1 million for 2022;
- Cloud subscription revenue: \$254.6 million for 2023 compared to \$176.5 million for 2022;
- License revenue: \$18.2 million for 2023 compared to \$24.8 million for 2022;
- Operating income: \$209.9 million for 2023 compared to \$152.7 million for 2022;
- Operating margins: 22.6% for 2023 compared to operating margins of 19.9% for 2022;
- Cash flow from operations: \$246.2 million for 2023 compared to \$179.6 million for 2022;
- Cash paid for income taxes: \$67.4 million for 2023 compared to \$58.0 million for 2022;
- Cash and investments: \$270.7 million at December 31, 2023 compared to \$225.5 million at December 31, 2022; and
- Share repurchases: In 2023, we repurchased 1,024,328 shares of Manhattan Associates' outstanding common stock for approximately \$166.0 million under the share repurchase program approved by our Board of Directors. Our \$75.0 million repurchase authority replenished by our Board of Directors in October 2023 remains in effect.

## Results of Operations

In the following table, we present a selection of certain Statement of Income data for 2023, 2022 and 2021.

	Year Ended December 31,				
	2023	2022	2021	% Change vs. Prior Year	
				2023	2022
	(in thousands)				
<b>Revenue:</b>					
Cloud subscriptions	\$ 254,612	\$ 176,458	\$ 122,195	44%	44%
Software license	18,206	24,848	37,070	-27%	-33%
Maintenance	143,936	142,198	145,841	1%	-2%
Services	487,869	394,096	334,799	24%	18%
Hardware	24,102	29,484	23,738	-18%	24%
Total revenue	928,725	767,084	663,643	21%	16%
<b>Costs and expenses:</b>					
Cost of cloud subscriptions, maintenance and services	429,263	356,111	295,518	21%	21%
Cost of software license	1,351	2,126	2,309	-36%	-8%
Research and development	126,814	111,877	97,628	13%	15%
Sales and marketing	74,490	64,537	57,855	15%	12%
General and administrative	81,174	73,070	68,086	11%	7%
Depreciation and amortization	5,752	6,663	7,914	-14%	-16%
Total costs and expenses	718,844	614,384	529,310	17%	16%
Income from operations	\$ 209,881	\$ 152,700	\$ 134,333	37%	14%
Operating margin	22.6 %	19.9 %	20.2 %		

We have three geographic reportable segments: the Americas, EMEA, and APAC. Geographic revenue information is based on the location of sale. The revenues represented below are from external customers only. The geography-based expenses include costs of personnel, direct sales, marketing expenses, and general and administrative costs to support the business. There are certain corporate expenses included in the Americas segment that we do not charge to the other segments including research and development, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Included in the Americas costs are all research and development costs, including the costs associated with our operations in India. During 2023, 2022, or 2021, we derived the majority of our revenues from sales to customers within our Americas segment. In the following table, we present a summary of revenue and operating profit by segment:

	Year Ended December 31,				
	2023	2022	2021	% Change vs. Prior Year	
	(in thousands)			2023	2022
<b>Revenue:</b>					
<b>Cloud subscriptions</b>					
Americas	\$ 205,611	\$ 148,943	\$ 103,863	38%	43%
EMEA	42,243	22,988	15,380	84%	49%
APAC	6,758	4,527	2,952	49%	53%
Total cloud subscriptions	254,612	176,458	122,195	44%	44%
<b>Software license</b>					
Americas	12,040	16,364	29,300	-26%	-44%
EMEA	2,925	6,380	5,729	-54%	11%
APAC	3,241	2,104	2,041	54%	3%
Total software license	18,206	24,848	37,070	-27%	-33%
<b>Maintenance</b>					
Americas	114,963	113,258	113,169	2%	0%
EMEA	19,721	19,784	23,091	0%	-14%
APAC	9,252	9,156	9,581	1%	-4%
Total maintenance	143,936	142,198	145,841	1%	-2%
<b>Services</b>					
Americas	362,979	295,998	256,392	23%	15%
EMEA	101,254	79,628	66,131	27%	20%
APAC	23,636	18,470	12,276	28%	50%
Total services	487,869	394,096	334,799	24%	18%
<b>Hardware</b>					
Americas	23,602	29,321	23,491	-20%	25%
EMEA	495	158	243	213%	-35%
APAC	5	5	4	0%	25%
Total hardware	24,102	29,484	23,738	-18%	24%
<b>Total Revenue</b>					
Americas	719,195	603,884	526,215	19%	15%
EMEA	166,638	128,938	110,574	29%	17%
APAC	42,892	34,262	26,854	25%	28%
Total revenue	\$ 928,725	\$ 767,084	\$ 663,643	21%	16%
<b>Operating income:</b>					
Americas	\$ 135,158	\$ 99,289	\$ 91,179	36%	9%
EMEA	56,723	40,030	34,747	42%	15%
APAC	18,000	13,381	8,407	35%	59%
Total operating income	\$ 209,881	\$ 152,700	\$ 134,333	37%	14%

The consolidated results of our operations for the years ended December 31, 2023, 2022 and 2021 are discussed below.

## Revenue

Our revenue consists of fees generated from cloud subscriptions, software licensing, maintenance, professional services, and hardware sales.

	Year Ended December 31,								
	2023	2022	2021	% Change vs. Prior Year		% of Total Revenue			
				2023	2022	2023	2022	2021	
	(in thousands)								
Cloud subscriptions	\$ 254,612	\$ 176,458	\$ 122,195	44 %	44 %	27 %	23 %	18 %	
Software license	18,206	24,848	37,070	-27 %	-33 %	2 %	3 %	6 %	
Maintenance	143,936	142,198	145,841	1 %	-2 %	15 %	19 %	22 %	
Services	487,869	394,096	334,799	24 %	18 %	53 %	51 %	50 %	
Hardware	24,102	29,484	23,738	-18 %	24 %	3 %	4 %	4 %	
Total revenue	\$ 928,725	\$ 767,084	\$ 663,643	21 %	16 %	100 %	100 %	100 %	

### Cloud Subscriptions Revenue

#### Year 2023 compared with year 2022

Cloud subscriptions revenue increased \$78.2 million to \$254.6 million in 2023 compared to 2022 on customers demand for our SaaS offerings. Cloud subscriptions revenue increased \$56.7 million, \$19.2 million and \$2.3 million for the Americas, EMEA, and APAC segments, respectively. Cloud subscriptions revenue recognized from first time cloud customers (defined as customers with no prior cloud subscriptions) during the year in which their initial cloud subscription began was approximately 3% and 7% of total cloud revenue in 2023 and 2022, respectively. Our customers contract for multi-year subscriptions which typically increase in scope and price over the term, and thus revenue recognized during the year when the contract is signed tends to be small relative to the total contract value. Revenue recognized in the initial year excludes revenue from additional solutions sold to the customer in future years and could be skewed by the timing of the start date of the subscription during the year.

#### Year 2022 compared with year 2021

Cloud subscriptions revenue increased \$54.3 million to \$176.5 million in 2022 compared to 2021. Cloud subscriptions revenue for the Americas, EMEA and APAC segments increased \$45.1 million, \$7.6 million and \$1.6 million, respectively. Revenue recognized from first time cloud customers (defined as customers with no prior cloud subscriptions) during the year in which their initial cloud subscription began was 7% and 12% of total cloud revenue in 2022 and 2021, respectively.

### Software License Revenue

#### Year 2023 compared with year 2022

Software license revenue decreased \$6.6 million to \$18.2 million in 2023 compared to 2022 as customers continue to purchase our SaaS offerings rather than a traditional perpetual license. License revenue for the Americas and EMEA segments decreased \$4.3 million and \$3.5 million, respectively, while license revenue for the APAC segment increased \$1.1 million in 2023 over 2022. The majority of our software license revenue relates to our warehouse management product group (approximately 85%) for the year ended December 31, 2023.

#### Year 2022 compared with year 2021

Software license revenue decreased \$12.3 million to \$24.8 million in 2022 compared to 2021. License revenue for the Americas segment decreased \$13.0 million, while license revenue from the EMEA & APAC segments increased \$0.6 million and \$0.1 million, in 2022 over 2021. The majority of our software license revenue relates to our warehouse management product group (over 85%) for the year ended December 31, 2022.

## Maintenance Revenue

### Year 2023 compared with year 2022

Maintenance revenue increased by \$1.7 million in 2023 compared to 2022. The Americas increased \$1.7 million, compared to 2022, while the EMEA and APAC segments remained relatively flat.

### Year 2022 compared with year 2021

Maintenance revenue decreased \$3.6 million in 2022 compared to 2021. Maintenance revenue for the Americas segments increased \$0.1 million, while EMEA and APAC segments decreased \$3.3 million and \$0.4 million compared to 2021, respectively.

## Services Revenue

### Year 2023 compared with year 2022

Services revenue increased \$93.8 million in 2023 compared to 2022. Service revenue for the Americas, EMEA and APAC segments increased \$67.0 million, \$21.7 million, and \$5.1 million, respectively, compared to 2022. Services revenue was driven by adoption and implementation of our cloud solutions. The percentage of professional services revenue that relates to cloud subscriptions in 2023 and 2022 was approximately 70% and 55%, respectively. The remainder of our professional services revenue relates to implementations, ongoing support, and upgrades of licensed software. Professional services revenue recognized from first time cloud customers (defined as customers with no prior cloud subscriptions) during the year in which their initial cloud subscription began was approximately 8% and 12% of total services revenue in 2023 and 2022, respectively. As with our cloud subscriptions, customers often continue to purchase our professional services beyond their initial implementation to roll out additional locations, implement additional features and functionality, and implement additional products, as well as for general support. Professional services revenue recognized from first time cloud customers excludes those services we provided after the year in which the initial cloud subscription began. Further, the professional services revenue attributable to first time cloud customers could be affected by the timing of the start date of the subscription during the year.

### Year 2022 compared with year 2021

Services revenue increased \$59.3 million in 2022 compared to 2021. The Americas, EMEA, and APAC segments increased \$39.6 million, \$13.5 million and \$6.2 million, respectively, compared to 2021. Services revenue was driven by adoption and implementation of our cloud solutions. The percentage of professional services revenue that relates to cloud subscriptions in 2022 and 2021 was approximately 55% and 40%, respectively. Professional services revenue recognized from first time cloud customers (defined as customers with no prior cloud subscriptions) during the year in which their initial cloud subscription began was approximately 12% and 14% of total services revenue in 2022 and 2021, respectively.

## Hardware Revenue

Hardware revenue, net decreased \$5.4 million in 2023 compared to 2022. Hardware revenue, net increased \$5.8 million in 2022 compared to 2021. The majority of hardware sales are derived from our Americas segment. Sales of hardware are largely dependent upon customer-specific desires, which fluctuate.

## Cost of Revenue

	Year Ended December 31,				
	2023	2022	2021	% Change vs. Prior Year	
				2023	2022
		(in thousands)			
Cost of cloud subscriptions, maintenance and services	\$ 429,263	\$ 356,111	\$ 295,518	21%	21%
Cost of software license	\$ 1,351	\$ 2,126	\$ 2,309	-36%	-8%
Total cost of revenue	\$ 430,614	\$ 358,237	\$ 297,827	20%	20%



### **Cost of Cloud Subscriptions, Maintenance and Services**

#### *Year 2023 compared with year 2022*

Cost of cloud subscriptions, maintenance and services consists primarily of salaries and other personnel-related expenses of employees dedicated to cloud subscriptions; maintenance services related to perpetual software licenses; and professional and technical services as well as hosting fees. The \$73.2 million increase in 2023 compared to 2022 was principally due to a \$52.0 million increase in compensation and other personnel-related expenses, a \$6.3 million increase in travel expense, a \$8.3 million increase in performance-based compensation expense, a \$4.4 million increase in computer infrastructure cost and a \$1.1 million increase in facilities expense.

#### *Year 2022 compared with year 2021*

The \$60.6 million increase in 2022 compared to 2021 was principally due to a \$43.7 million increase in compensation and other personnel-related expenses, a \$6.2 million increase in travel expense, a \$5.1 million increase in performance-based compensation expense, a \$3.7 million increase in computer infrastructure cost and a \$0.8 million increase in professional expense.

### **Cost of Software License**

Cost of software license consists of the costs associated with software reproduction; media, packaging and delivery; documentation, and other related costs; and royalties on third-party software sold with or as part of our products. In 2023, cost of license decreased by \$0.7 million, compared to 2022. In 2022, cost of software license decreased by \$0.2 million compared to 2021.

### **Operating Expenses**

	Year Ended December 31,			% Change vs. Prior Year	
	2023	2022	2021	2023	2022
		(in thousands)			
Research and development	\$ 126,814	\$ 111,877	\$ 97,628	13%	15%
Sales and marketing	74,490	64,537	57,855	15%	12%
General and administrative	81,174	73,070	68,086	11%	7%
Depreciation and amortization	5,752	6,663	7,914	-14%	-16%
Operating expenses	<u>\$ 288,230</u>	<u>\$ 256,147</u>	<u>\$ 231,483</u>	<u>13%</u>	<u>11%</u>

### **Research and Development**

Our principal research and development (R&D) activities during 2023, 2022 and 2021 focused on the expansion and integration of new products and releases, including cloud solutions, while expanding the product footprint of our Unified Omnichannel Commerce and Digital Supply Chain solutions, including Inventory Optimization and point-of-sale.

For 2023, 2022 and 2021, we did not capitalize any R&D costs as the period between determining technological feasibility was established or that it is probable the software product would be used to perform the function intended were insignificant.

#### *Year 2023 compared with year 2022*

R&D expenses primarily consist of salaries and other personnel-related costs for personnel involved in our research and development activities. Research and development expenses in 2023 increased by \$14.9 million compared to 2022. This increase is principally due to a \$10.9 million increase in compensation and other personnel-related expenses, a \$3.1 million increase in performance-based compensation expense, and a \$0.6 million increase in computer infrastructure costs.

#### *Year 2022 compared with year 2021*

Research and development expenses in 2022 increased by \$14.3 million compared to 2021. This increase is principally due to a \$12.1 million increase in compensation and other personnel-related expenses and a \$1.1 million increase in performance-based compensation expense.

#### **Sales and Marketing**

##### *Year 2023 compared with year 2022*

Sales and marketing expenses include salaries, commissions, travel and other personnel-related costs and the costs of our marketing and alliance programs and related activities. Sales and marketing expenses increased by \$10.0 million in 2023 compared to 2022, primarily due to a \$4.3 million increase in compensation and other personnel-related expense, a \$3.7 million increase in marketing and campaign expenses, a \$1.0 million increase in performance-based compensation expense, and a \$0.8 million in travel expense.

##### *Year 2022 compared with year 2021*

Sales and marketing expenses increased \$6.7 million in 2022 compared to 2021, primarily due to a \$2.7 million increase in performance-based compensation expense, a \$2.1 million increase in compensation and other personnel-related expenses, a \$1.1 million increase in travel expense, and a \$0.8 million increase in marketing and campaign programs.

#### **General and Administrative**

##### *Year 2023 compared with year 2022*

General and administrative expenses consist primarily of salaries and other personnel-related costs of executive, financial, human resources, information technology, and administrative personnel, as well as facilities, legal, insurance, accounting, and other administrative expenses. General and administrative expenses increased \$8.1 million in 2023 primarily due to a \$5.3 million increase in compensation and other personnel-related expenses, a \$1.3 million increase in performance-based compensation expense, a \$0.6 million increase in professional expenses, and a \$0.6 million increase in computer infrastructure costs.

##### *Year 2022 compared with year 2021*

General and administrative expenses increased \$5.0 million in 2022 primarily due to a \$4.1 million increase in compensation and other personnel-related expenses and a \$0.6 million increase in travel expenses.

#### **Depreciation and Amortization**

Depreciation and amortization of intangibles and software expense amounted to \$5.8 million, \$6.7 million, and \$7.9 million in 2023, 2022 and 2021, respectively. Amortization of intangibles was immaterial in 2023, 2022 and 2021. We have recorded goodwill and other acquisition-related intangible assets as part of the purchase accounting associated with various acquisitions.

#### **Operating Income**

Operating income in 2023 increased \$57.2 million to \$209.9 million, compared to \$152.7 million for 2022. Operating margins were 22.6% for 2023 versus 19.9% for 2022. Operating income and margin increased primarily due to increased cloud subscriptions and services revenues. In 2023, operating income increased by \$35.9 million, \$16.7 million, and \$4.6 million in the Americas, EMEA and APAC segment, respectively.

Operating income in 2022 increased \$18.4 million to \$152.7 million, compared to \$134.3 million for 2021. Operating margins were 19.9% for 2022 versus 20.2% for 2021. Operating income increased primarily due to increased cloud subscriptions and services revenues. In 2022, operating income increased by \$8.1 million, \$5.3 million, and \$5.0 million in the Americas, EMEA and APAC segments. Operating margin decreased slightly due to our commitment to strategically invest in the business as a cloud first company focused on delivering long term sustainable growth and earnings leverage.

## Other Income and Income Taxes

	Year Ended December 31,				
	2023	2022	2021	% Change vs. Prior Year	
				2023	2022
Other (loss) income, net	\$ 3,790	\$ 5,421	\$ (261)	-30%	-2177%
Income tax provision	37,103	29,162	23,600	27%	24%

### *Other (Loss) Income, net*

Other (loss) income, net primarily includes interest income, foreign currency gains and losses, and other non-operating expenses. Interest income was \$5.3 million, \$0.6 million and \$0.1 million for 2023, 2022 and 2021, respectively. The weighted-average interest rate earned on cash and investments was approximately 2% in 2023 and immaterial for 2022 and 2021. We recorded net foreign currency losses of \$1.5 million in 2023, gains of \$4.7 million in 2022, and losses of \$0.2 million in 2021. The foreign currency gains and losses mainly resulted from gains or losses on intercompany transactions denominated in foreign currencies with subsidiaries due to the fluctuation of the U.S. dollar relative to other foreign currencies, primarily the British Pound Sterling, Euro, and Indian Rupee.

### *Income Tax Provision*

Our effective income tax rates were 17.4%, 18.4%, and 17.6% in 2023, 2022 and 2021, respectively. Our effective income tax rate takes into account the source of taxable income, domestically by state and internationally by country, and available income tax credits.

The effective tax rate in 2023 decreased from 2022 mainly due to a decrease of expense from a favorable tax law change allowing creditability of foreign tax offset by a decrease of net excess tax benefits on restricted stock vesting and adjustments for tax contingencies.

The effective income tax rate in 2022 increased from 2021 mainly due to an increase of expense from an unfavorable tax law change limiting creditability of foreign tax offset by a decrease in expense for tax contingencies.

The income tax provision for 2023, 2022 and 2021 included excess tax benefits of \$6.8 million, \$7.6 million, and \$6.6 million on vesting of restricted stock.

### *Liquidity and Capital Resources*

During 2023, 2022 and 2021, we funded our business through cash generated from operations. Our cash and cash equivalents as of December 31, 2023 included \$203.3 million held in the U.S. and \$67.4 million held by our foreign subsidiaries. We believe that our cash balances in the U.S. are sufficient to fund our U.S. operations. In the future, if we elect to repatriate the unremitted earnings of our foreign subsidiaries, we would no longer be subject to additional U.S. income taxes on such earnings due to the enactment of the Tax Cuts and Jobs Act in December 2017, but we could be subject to additional local withholding taxes.

Cash flow from operating activities totaled \$246.2 million, \$179.6 million, and \$185.2 million in 2023, 2022 and 2021, respectively. Typical factors affecting our cash provided by operating activities include our level of revenue and earnings for the period, the timing and amount of employee bonus and income tax payments, and the timing of cash collections from our customers which is our primary source of operating cash flow. Cash flow from operating activities for 2023 increased \$66.6 million compared to 2022 on higher earnings. Cash flow from operating activities for 2022 decreased \$5.6 million compared to 2021, which is mainly due to an increase in income tax payments from the 2017 U.S. Tax Cuts and Jobs Act elimination of the expensing of research and development costs as incurred for tax purposes beginning in 2022. Days sales outstanding was 70, 77, and 67 for quarter ending December 31, 2023, 2022 and 2021, respectively, reflecting solid cash collections.

Investing activities used cash of approximately \$4.7 million, \$6.6 million, and \$4.0 million in 2023, 2022 and 2021, respectively. Our investing activities for 2023, 2022 and 2021 consisted of capital spending to support company growth and short-term investing. For 2023, 2022 and 2021, capital expenditure was \$4.7 million, \$6.6 million, and \$4.0 million, respectively.

Financing activities used cash of approximately \$196.0 million, \$204.5 million, and \$120.4 million in 2023, 2022 and 2021, respectively. The principal use of cash for financing activities in 2023, 2022 and 2021 was to purchase our common stock, including shares withheld for taxes due upon vesting of restricted stock. Repurchases of our common stock for 2023, 2022 and 2021 totaled \$196.0 million, \$204.5 million, and \$120.4 million, respectively, including shares withheld for taxes of \$30.0 million, \$29.1 million, and \$20.4 million, respectively. Our \$75.0 million repurchase authority replenished by our Board of Directors in October 2023 remains in effect.

Periodically, opportunities may arise to grow our business through the acquisition of complementary products and technologies. Any material acquisition could result in a decrease to our working capital depending on the amount, timing, and nature of the consideration to be paid. We believe that our existing cash will be sufficient to meet our working capital and capital expenditure needs at least for the next twelve months, although there can be no assurance that this will be the case. In 2024, we anticipate that our priorities for use of cash will be similar to prior years, with our first priority being continued investment in product development and in our business to extend our market leadership. We will evaluate acquisition opportunities that are complementary to our product footprint and technology direction. We will also continue to weigh our share repurchase options against cash for acquisitions and investing in the business. At this time, we do not anticipate any borrowing requirements in 2024 for general corporate purposes.

### Aggregate Contractual Obligations

Our principal commitments as of December 31, 2023 consist of multiple non-cancellable contracts for cloud infrastructure services and obligations under operating leases. As of December 31, 2023, our cloud infrastructure obligations are approximately \$98.5 million over the next 4 years. We also enter into non-cancellable subscriptions in the ordinary course of business for internal software to support our operations. Our obligations, as of December 31, 2023, are approximately \$20.0 million over the next 4 years. We expect to fulfill all of these commitments from our working capital.

#### Lease Commitments

We lease our facilities and some of our equipment under noncancelable operating lease arrangements that expire at various dates through 2029. Rent expense for these leases aggregated \$8.1 million, \$7.7 million, and \$7.9 million during 2023, 2022 and 2021, respectively.

In the following table, we present a summary of our contractual commitments as of December 31, 2023 (in thousands):

	Total	2024	2025	2026	2027	2028	Thereafter
Operating Lease Obligations	\$25,842	\$7,096	\$6,729	\$3,690	\$3,769	\$3,823	\$735

#### Indemnities

Our customer contracts generally contain infringement indemnity provisions. Under those provisions, we generally agree, subject to certain exceptions, to indemnify, defend, and hold harmless the customer in connection with third party claims against the customer alleging that the customer's use of our software services and products infringe third party intellectual property rights. Conditions to our obligations generally include that we are provided the right to control the defense of the claims and, in general, to control settlement negotiations. Those provisions generally provide also that, if the customer is prevented from using our services or products because of a third party infringement claim, our sole obligation (in addition to the indemnification, defense, and hold harmless obligation referred to above) is to, at our expense, (i) procure for the customer the right to continue to use the services or products, (ii) replace or modify the services or products so that the customer's use does not infringe, or, if neither of those options is reasonably feasible, terminate that particular services or products and provide, as applicable, a refund of services fees paid for services not received or a refund of the unamortized portion of the license fees paid for the products (based on a five year amortization period). Our customer contracts sometimes also require us to indemnify, defend, and hold harmless the customer in connection with death, personal injury or property damage claims made by third parties with respect to actions of our personnel or contractors. The indemnity obligations contained in our customer contracts generally have no specified expiration date and no specified monetary limitation on liability, but they do not cover indirect or consequential damages, such as our customers' lost revenues or profits. We have not previously incurred costs to settle claims or pay awards under these indemnification obligations. We account for these indemnity obligations in accordance with the Financial Accounting Standards Board's guidance on accounting for contingencies and record a liability for these obligations when a loss is probable and reasonably estimable. We have not recorded any liabilities for these indemnification obligations as of December 31, 2023.

#### Warranties

In general, in our customer contracts for purchase of our cloud SaaS services or license of our on-premises software products, we warrant that our services or software will perform in accordance with our published services or product specifications. Additionally, we may include other warranties such as "no-malware" warranties and warranties that we will perform our SaaS services consistent with generally accepted industry standards or similar standards. In our SaaS services agreements, we also include service level agreements (SLAs) under which we agree to provide service credits to our customers if our services availability drops below certain defined levels. If necessary, we would reserve for the estimated cost of product and service warranties based on specific warranty claims and claims history. However, we have not incurred significant recurring expense under our services or product warranties. As a

result, we believe the estimated fair value of our warranty obligations is nominal and we have no liabilities recorded for them as of December 31, 2023.

### **Application of Critical Accounting Policies and Estimates**

The SEC defines “critical accounting policies” as those that require application of management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

Our Consolidated Financial Statements are prepared in accordance with U.S. GAAP. The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and related footnotes. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based on information available to us at the time that these estimates, judgments, and assumptions are made. To the extent there are material differences between those estimates, judgments, or assumptions and actual results, our financial statements will be affected. The accounting policy that reflect our more significant estimates, judgments, and assumptions is Revenue Recognition.

#### **Revenue Recognition**

We recognize revenue when we transfer control of the promised products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We derive our revenue mainly from cloud subscriptions, software licenses, customer support services and software enhancements (“maintenance”), and implementation services. We exclude sales and usage-based taxes from revenue.

#### *Nature of Products and Services*

Cloud subscriptions includes software as a service and arrangements which provide customers with the right to use our software within a cloud environment that we provide and manage where the customer does not have the right to take possession of the software without significant penalty. SaaS and hosting revenues are recognized over the contract period. For contracts that include a perpetual license and hosting services, we generally consider the arrangement as an overall service, recognized over the initial hosting term. The software license fee typically due at the outset of the arrangement is not payable again if the customer renews the hosting services, so that the customer’s option to renew the hosting services is a material right, the revenue from which, if the option is exercised, we will recognize over the applicable renewal period.

Our perpetual software licenses provide the customer with a right to use the software as it exists at the time of purchase. We recognize revenue for distinct software licenses once the license period has begun and we have made the software available to the customer. Our perpetual software licenses are typically sold with maintenance under which we provide a comprehensive 24 hours per day, 365 days per year program that provides customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. Revenue related to maintenance is generally paid in advance and recognized over the term of the agreement, typically twelve months.

Our services revenue consists of fees generated from implementation, training and application managed services, including reimbursements of out-of-pocket expenses in connection with our implementation services. Implementation services include system planning, design, configuration, testing, and other software implementation support, and are typically optional and distinct from our software. Following implementation, customers may purchase application managed services to support and maintain our software. Fees for our services are separately priced and are generally billed on an hourly basis, and revenue is recognized over time as the services are performed. In certain situations, we render professional services under agreements based upon a fixed fee for portions of or all of the engagement. Revenue related to fixed-fee-based services contracts is recognized over time based on the proportion performed.

#### *Significant Judgments*

Our customer contracts include the sale of multiple SaaS services or licensed products. Judgment is required to determine whether each service or product sold is a distinct performance obligation that should be accounted for separately. We allocate the transaction price to the distinct performance obligations based on relative standalone selling price (“SSP”). We estimate SSP based on the prices we charge our customers or by using other information such as market conditions and other observable inputs. However, the selling price of our cloud subscriptions and software licenses are highly variable. Thus, we estimate SSP for cloud subscriptions and software licenses using the residual approach, determined based on total transaction price less the SSP of other goods and services promised in the contract.

Timing of invoicing to customers may differ from timing of revenue recognition. Payment terms for our software licenses vary. We have an established history of collecting under the terms of our software license contracts without providing refunds or concessions to our customers. Cloud subscriptions and maintenance are typically billed annually in advance. We typically bill our professional services monthly as performed. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with predictable ways to purchase our software and services, not to provide or receive financing. Additionally, we are applying the practical expedient to exclude from consideration any contracts with payment terms of one year or less as we rarely offer terms extending beyond one year.

Deferred revenue mainly represents amounts collected prior to having completed performance of maintenance, cloud subscriptions and professional services.

## **Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

### **Foreign Business**

Our international business is subject to risks typical of an international business, including, but not limited to differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. Our international operations currently include business activity out of offices in the Australia, Chile, China, France, Germany, India, Italy, Japan, the Netherlands, Singapore, Spain, and the United Kingdom. When the U.S. dollar strengthens against a foreign currency, the value of our sales and expenses in that currency converted to U.S. dollars decreases. When the U.S. dollar weakens, the value of our sales and expenses in that currency converted to U.S. dollars increases. We recognized foreign exchange losses of \$1.5 million in 2023, compared to gains of \$4.7 million in 2022, and losses of \$0.2 million in and 2021. Foreign exchange rate transaction gains and losses are classified in "Other (loss) income, net" in our Consolidated Statements of Income. A fluctuation of 10% in the period end exchange rates at December 31, 2023 relative to the U.S. dollar would have resulted in a change of approximately \$6.7 million in the reported foreign currency loss.

### **Interest Rates**

We currently invest our cash and cash equivalents in a variety of financial instruments, including taxable floating rate obligations in money market funds and certificate of deposits with original maturities of less than three months when purchased. These investments are mainly denominated in U.S. dollars. Cash balances in foreign currencies overseas, except for India, are derived from business operations. Our operations in India are funded by the U.S. operations. At December 31, 2023, our cash and cash equivalents balances totaled \$270.7 million, of which all is highly liquid.

Investments in both fixed rate and floating rate interest-earning instruments carry interest rate risks. Fixed rate securities may have their fair market value adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall. Due in part to these factors, our future investment income may fall short of expectations due to changes in interest rates, or we may suffer losses in principal if forced to sell securities that have seen a decline in market value due to changes in interest rates. The weighted-average interest rate of return on cash equivalents and short-term investments was approximately 2% and immaterial for the years ended December 31, 2023 and 2022, respectively. The fair value of cash equivalents held at December 31, 2023 and 2022 was \$86.2 million and \$106.6 million, respectively. Based on the average cash equivalents and short-term investments outstanding during 2023 and 2022, increases or decreases in the rates of return of 25 basis points would result in increases or decreases to interest income of approximately \$0.6 million from the reported interest income for both 2023 and 2022.

**Item 8. Financial Statements and Supplementary Data**

*Financial Statements*

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b><u>Page</u></b>
<a href="#">Management's Annual Report on Internal Control over Financial Reporting</a>	40
<a href="#">Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting (PCAOB ID 42)</a>	41
<a href="#">Report of Independent Registered Public Accounting Firm on the Consolidated Financial Statements</a>	42
<a href="#">Consolidated Statements of Income</a>	44
<a href="#">Consolidated Statements of Comprehensive Income</a>	45
<a href="#">Consolidated Balance Sheets</a>	46
<a href="#">Consolidated Statements of Cash Flows</a>	47
<a href="#">Consolidated Statements of Shareholders' Equity</a>	48
<a href="#">Notes to Consolidated Financial Statements</a>	49

## MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Manhattan Associates, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures are being made only in accordance with authorizations of management and the directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As of the end of the Company's 2023 fiscal year, management conducted an assessment of the Company's internal control over financial reporting based on the framework established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2023 was effective.

Ernst & Young LLP, the independent registered public accounting firm that audited the Company's financial statements for the year ended December 31, 2023, has audited the Company's internal control over financial reporting as of December 31, 2023 and has issued a report regarding the Company's internal control over financial reporting appearing on page 41, which expresses an unqualified opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023.

/s/ Eddie Capel

---

Eddie Capel

President and Chief Executive Officer

February 5, 2024

/s/ Dennis B. Story

---

Dennis B. Story

Executive Vice President, Chief Financial Officer, and  
Treasurer

February 5, 2024



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Manhattan Associates, Inc.

### **Opinion on Internal Control Over Financial Reporting**

We have audited Manhattan Associates, Inc. and subsidiaries' internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Manhattan Associates, Inc. and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and our report dated February 5, 2024 expressed an unqualified opinion thereon.

### **Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### **Definition and Limitations of Internal Control Over Financial Reporting**

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Atlanta, Georgia  
February 5, 2024

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Manhattan Associates, Inc.

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Manhattan Associates, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 5, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the account or disclosure to which it relates.

#### Revenue Recognition - Identification of Performance Obligations

##### *Description of the Matter*

As described in Note 1 to the consolidated financial statements, the Company recognizes revenue upon transfer of control of promised products and services to customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services. The Company enters into contracts with its customers that may include promises to transfer SaaS offerings, software licenses, software maintenance, or professional services. Significant judgment may be required by the Company in determining the amount of revenue recognition for these customer contracts which include multiple performance obligations. The audit effort in evaluating management's judgments in determining revenue recognition for these customer agreements was extensive and required a high degree of auditor judgment.

##### *How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to identify the performance obligations in a customer contract. Our audit procedures included, among others, reading a sample of executed contracts to assess management's evaluation of significant terms, including the identification of distinct performance obligations, and tested the amounts recognized as revenue or recorded in deferred revenue.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Atlanta, Georgia  
February 5, 2024

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Income**  
(in thousands, except per share amounts)

	Year Ended December 31,		
	2023	2022	2021
Revenue:			
Cloud subscriptions	\$ 254,612	\$ 176,458	\$ 122,195
Software license	18,206	24,848	37,070
Maintenance	143,936	142,198	145,841
Services	487,869	394,096	334,799
Hardware	24,102	29,484	23,738
Total revenue	928,725	767,084	663,643
Costs and expenses:			
Cost of cloud subscriptions, maintenance and services	429,263	356,111	295,518
Cost of software license	1,351	2,126	2,309
Research and development	126,814	111,877	97,628
Sales and marketing	74,490	64,537	57,855
General and administrative	81,174	73,070	68,086
Depreciation and amortization	5,752	6,663	7,914
Total costs and expenses	718,844	614,384	529,310
Operating income	209,881	152,700	134,333
Interest income	5,304	596	68
Other (loss) income, net	(1,514)	4,825	(329)
Income before income taxes	213,671	158,121	134,072
Income tax provision	37,103	29,162	23,600
Net income	\$ 176,568	\$ 128,959	\$ 110,472
Basic earnings per share	\$ 2.86	\$ 2.05	\$ 1.74
Diluted earnings per share	\$ 2.82	\$ 2.03	\$ 1.72
Weighted average number of shares:			
Basic	61,817	62,768	63,445
Diluted	62,608	63,408	64,323

*The accompanying notes are an integral part of these Consolidated Statements of Income.*

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**(in thousands)**

	Year Ended December 31,		
	2023	2022	2021
Net income	\$ 176,568	\$ 128,959	\$ 110,472
Foreign currency translation adjustment, net of tax	494	(7,704)	(1,566)
Comprehensive income	<u>\$ 177,062</u>	<u>\$ 121,255</u>	<u>\$ 108,906</u>

*The accompanying notes are an integral part of these Consolidated Statements of Comprehensive Income.*

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheets**  
(in thousands, except share and per share data)

	December 31,	
	2023	2022
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 270,741	\$ 225,463
Accounts receivable, net	181,173	166,767
Income taxes receivable	1,371	647
Prepaid expenses	20,710	18,884
Other current assets	5,195	3,614
Total current assets	479,190	415,375
Property and equipment, net	11,795	12,803
Operating lease right-of-use assets	21,645	17,794
Goodwill, net	62,235	62,230
Deferred income taxes	66,043	37,206
Other assets	32,445	24,770
Total assets	\$ 673,353	\$ 570,178
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 24,508	\$ 25,701
Accrued compensation and benefits	73,210	54,469
Accrued and other liabilities	27,374	24,569
Deferred revenue	237,793	208,807
Income taxes payable	3,030	2,049
Total current liabilities	365,915	315,595
Operating lease liabilities, long-term	17,694	14,065
Other non-current liabilities	11,466	13,718
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding at December 31, 2023 and December 31, 2022	-	-
Common stock, \$.01 par value; 200,000,000 shares authorized; 61,566,037 and 62,191,570 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	615	621
Retained earnings	304,701	253,711
Accumulated other comprehensive loss	(27,038)	(27,532)
Total shareholders' equity	278,278	226,800
Total liabilities and shareholders' equity	\$ 673,353	\$ 570,178

*The accompanying notes are an integral part of these Consolidated Balance Sheets.*

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,		
	2023	2022	2021
<b>Operating activities:</b>			
Net income	\$ 176,568	\$ 128,959	\$ 110,472
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,752	6,663	7,914
Equity-based compensation	71,571	59,361	43,259
Loss (gain) on disposal of equipment	57	(89)	7
Deferred income taxes	(28,844)	(29,711)	(1,912)
Unrealized foreign currency loss (gain)	1,280	(1,515)	(493)
Changes in operating assets and liabilities:			
Accounts receivable, net	(13,084)	(44,056)	(16,650)
Other assets	(10,925)	(10,247)	(6,533)
Accounts payable, accrued and other liabilities	18,123	11,794	12,256
Income taxes	(1,416)	765	(3,667)
Deferred revenue	27,136	57,706	40,530
Net cash provided by operating activities	<u>246,218</u>	<u>179,630</u>	<u>185,183</u>
<b>Investing activities:</b>			
Purchases of property and equipment	(4,730)	(6,587)	(4,016)
Net cash used in investing activities	<u>(4,730)</u>	<u>(6,587)</u>	<u>(4,016)</u>
<b>Financing activities:</b>			
Purchase of common stock	(196,047)	(204,460)	(120,418)
Net cash used in financing activities	<u>(196,047)</u>	<u>(204,460)</u>	<u>(120,418)</u>
Foreign currency impact on cash	<u>(163)</u>	<u>(6,826)</u>	<u>(1,748)</u>
Net change in cash and cash equivalents	45,278	(38,243)	59,001
Cash and cash equivalents at beginning of period	225,463	263,706	204,705
Cash and cash equivalents at end of period	<u>\$ 270,741</u>	<u>\$ 225,463</u>	<u>\$ 263,706</u>
	\$ -	\$ -	\$ -
Supplemental disclosures of cash flow information:			
Cash paid for taxes	<u>\$ 67,376</u>	<u>\$ 58,022</u>	<u>\$ 29,162</u>

*The accompanying notes are an integral part of these Consolidated Statements of Cash Flows.*

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Consolidated Statements of Shareholders' Equity**  
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
Balance, December 31, 2020	63,527,186	\$ 635	\$ -	\$ 236,524	\$ (18,262)	\$ 218,897
Repurchase of common stock	(887,782)	(9)	(43,254)	(77,155)	-	(120,418)
Restricted stock units issuance	515,090	5	(5)	-	-	-
Equity-based compensation	-	-	43,259	-	-	43,259
Foreign currency translation adjustment	-	-	-	-	(1,566)	(1,566)
Net income	-	-	-	110,472	-	110,472
Balance, December 31, 2021	63,154,494	631	-	269,841	(19,828)	250,644
Repurchase of common stock	(1,569,531)	(16)	(59,355)	(145,089)	-	(204,460)
Restricted stock units issuance	606,607	6	(6)	-	-	-
Equity-based compensation	-	-	59,361	-	-	59,361
Foreign currency translation adjustment	-	-	-	-	(7,704)	(7,704)
Net income	-	-	-	128,959	-	128,959
Balance, December 31, 2022	<b>62,191,570</b>	<b>621</b>	<b>-</b>	<b>253,711</b>	<b>(27,532)</b>	<b>226,800</b>
Repurchase of common stock	(1,246,231)	(12)	(70,457)	(125,578)	-	(196,047)
Restricted stock units issuance	620,698	6	(6)	-	-	-
Excise tax accrued	-	-	(1,108)	-	-	(1,108)
Equity-based compensation	-	-	71,571	-	-	71,571
Foreign currency translation adjustment	-	-	-	-	494	494
Net income	-	-	-	176,568	-	176,568
Balance, December 31, 2023	<b>61,566,037</b>	<b>615</b>	<b>-</b>	<b>304,701</b>	<b>(27,038)</b>	<b>278,278</b>

*The accompanying notes are an integral part of these Consolidated Statements of Shareholders' Equity.*



**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2023, 2022 and 2021**

**1. Organization, Consolidation and Summary of Significant Accounting Policies**

**Organization and Business**

Manhattan Associates, Inc. (“Manhattan”, the “Company”, “we”, “our”, or “us”) is a developer and provider of supply chain commerce solutions that help organizations optimize the effectiveness, efficiency, and strategic advantages of their supply chains. Our solutions consist of software, services, and hardware, which coordinate people, workflows, assets, events, and tasks holistically across the functions linked in a supply chain from planning through execution. These solutions also help coordinate the actions, data exchange, and communication of participants in supply chain ecosystems, such as manufacturers, suppliers, distributors, trading partners, transportation providers, channels (such as catalogers, store retailers, and Web outlets), and consumers.

Our operations are in North and South America (the “Americas”), Europe (EMEA), and the Asia/Pacific (APAC) region. The Americas operation are conducted through the Parent Company, Manhattan Associates, Inc., and its wholly-owned subsidiary, Manhattan Associates Chile Spa. Our European and Asia Pacific operations are conducted through wholly owned subsidiaries within their respective geographies. We occasionally sell our products and services in other countries, such as countries in Latin America, Eastern Europe, Middle East, and Asia, through our direct sales channel as well as various reseller channels.

*Risks Associated with Single Business Line, Technological Advances, and Foreign Operations*

We currently derive a substantial portion of our revenues from sales of cloud solutions and related services. The markets for supply chain commerce solutions are highly competitive, subject to rapid technological change, changing customer needs, frequent new product introductions, and evolving industry standards that may render existing products and services obsolete. As a result, our position in these markets could be eroded rapidly by unforeseen changes in customer requirements for application features, functions, and technologies.

Our international business is subject to risks typical of an international business, including, but not limited to, differing economic conditions, changes in political climate, differing tax structures, other regulations and restrictions, and foreign exchange rate volatility. We recognized foreign exchange losses of \$1.5 million in 2023, compared to gains of \$4.7 million in 2022, and losses of \$0.2 million in 2021. Foreign exchange rate transaction gains and losses are classified in “Other (loss) income, net” on the Consolidated Statements of Income.

In addition, we have a large development center in Bangalore, India, that does not have a natural in-market revenue hedge to mitigate currency risk to our operating expenses in India. Fluctuations in the value of other currencies, particularly the Indian Rupee, could significantly affect our revenues, expenses, operating profit and net income.

**Principles of Consolidation and Foreign Currency Translation**

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The financial statements of foreign subsidiaries have been translated into United States dollars in accordance with the foreign currency matters topic in the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (the “Codification”). Revenues and expenses from international operations were denominated in the respective local currencies and translated using the average monthly exchange rates for the year. All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date and the effect of changes in exchange rates from year to year are disclosed as a separate component of shareholders' equity and comprehensive income.

**Summary of Significant Accounting Policies**

*Cash and Cash Equivalents*

We consider all highly liquid investments purchased with original maturities of three months or less to be cash or cash equivalents.

### *Concentrations of Credit Risk*

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. We maintain cash and cash equivalents with various financial institutions. Amounts held are above the federally insured limit.

Our sales are primarily to companies located in the United States, Europe and Asia. We perform periodic credit evaluations of our customers' financial condition and do not require collateral. Accounts receivable are due principally from large U.S., European and Asia Pacific companies under stated contract terms. Accounts receivable, net as of December 31, 2023 for the Americas, EMEA, and APAC segments were \$137.2 million, \$34.6 million, and \$9.4 million, respectively. Accounts receivable, net as of December 31, 2022 for the Americas, EMEA, and APAC segments were \$133.6 million, \$28.1 million, and \$5.0 million, respectively. Our top five customers in aggregate accounted for 11%, 11%, and 12% of total revenue recognized for each of the years ended December 31, 2023 ("2023"), the year ended December 31, 2022 ("2022"), and the year ended December 31, 2021 ("2021"), respectively. No single customer accounted for more than 10% of revenue in 2023, 2022 and 2021, or more than 10% of accounts receivable as of December 31, 2023 and 2022.

### *Fair Value Measurement*

We measure our investments based on a fair value hierarchy disclosure framework that prioritizes and ranks the level of market price observability used in measuring assets and liabilities at fair value. Market price observability is affected by a number of factors, including the type of asset or liability and their characteristics. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1—Quoted prices in active markets for identical instruments.
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- Level 3—Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

Investments with maturities of 90 days or less from the date of purchase are classified as cash equivalents; investments with maturities of greater than 90 days from the date of purchase but less than one year are generally classified as short-term investments; and investments with maturities of one year or greater from the date of purchase are generally classified as long-term investments. Unrealized holding gains and losses are reflected as a net amount in a separate component of shareholders' equity until realized. For the purposes of computing realized gains and losses, cost is determined on a specific identification basis.

At December 31, 2023, the Company's cash and cash equivalents were \$184.5 million and \$86.2 million, respectively. Cash equivalents consist of highly liquid money market funds of \$79.7 million and certificates of deposit of \$6.5 million. For money market funds, we use quoted prices from active markets that are classified as Level 1, the highest level of observable input in the disclosure hierarchy framework. The Company had no investments at December 31, 2023.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable included in the accompanying Consolidated Balance Sheets approximate their fair values principally due to the short-term maturities of these instruments.

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the allowance for credit losses, which is based upon an evaluation of historical amounts written-off, the customers' ability to pay, and general economic conditions; self-insurance accruals; impairment testing of goodwill; and our effective income tax rate (including the impact of unrecognized tax benefits) and deferred tax assets, which are based upon our expectations of future taxable income, allowable deductions, and projected tax credits. Actual results will differ from these estimates.

### Revenue Recognition

We recognize revenue when we transfer control of the promised products or services to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those products or services. We derive our revenue from cloud subscriptions, software licenses, customer support services and software enhancements (“maintenance”) for software licenses, implementation and training services, and sales of hardware. We exclude sales and usage-based taxes from revenue.

### Nature of Products and Services

Cloud subscriptions includes software as a service (“SaaS”) and arrangements which provide customers with the right to use our software within a cloud environment that we provide and manage where the customer does not have the right to take possession of the software without significant penalty. SaaS and hosting revenues are recognized over the contract period. For contracts that include a perpetual license and hosting services, we generally consider the arrangement as an overall service, recognized over the initial hosting term. The software license fee typically due at the outset of the arrangement is not payable again if the customer renews the hosting services, so that the customer’s option to renew the hosting services is a material right, the revenue from which, if the option is exercised, we will recognize over the applicable renewal period.

Our perpetual software licenses provide the customer with a right to use the software as it exists at the time of purchase. We recognize revenue for distinct software licenses once the license period has begun and we have made the software available to the customer. Our perpetual software licenses are typically sold with maintenance under which we provide a comprehensive 24 hours per day, 365 days per year program that provides customers with software upgrades, when and if available, which include additional or improved functionality and technological advances incorporating emerging supply chain and industry initiatives. Revenue related to maintenance is generally paid in advance and recognized over the term of the agreement, typically twelve months.

Our services revenue consists of fees generated from implementation, training and application managed services, including reimbursements of out-of-pocket expenses in connection with our implementation services. Implementation services include system planning, design, configuration, testing, and other software implementation support, and are typically optional and distinct from our software. Following implementation, customers may purchase application managed services to support and maintain our software. Fees for our services are separately priced and are generally billed on an hourly basis, and revenue is recognized over time as the services are performed. In certain situations, we render professional services under agreements based upon a fixed fee for portions of or all of the engagement. Revenue related to fixed-fee-based services contracts is recognized over time based on the proportion performed.

As part of a complete solution, our customers periodically purchase hardware products developed and manufactured by third parties from us for use with the software licenses purchased from us. These products include computer hardware, radio frequency terminal networks, radio frequency identification (RFID) chip readers, bar code printers and scanners, and other peripherals. As we do not physically control the hardware that we sell, we are acting as an agent in the transaction and recognize our hardware revenue net of related cost. We recognize hardware revenue when control is transferred to the customer upon shipment.

### Significant Judgments

Our contracts with customers typically contain promises to transfer multiple products and services to a customer. Judgment is required to determine whether each product and service is considered to be a distinct performance obligation that should be accounted for separately under the contract. We allocate the transaction price to the distinct performance obligations based on relative standalone selling price (“SSP”). We estimate SSP based on the prices charged to customers, or by using information such as market conditions and other observable inputs. However, the selling price of our cloud subscriptions and software licenses are highly variable. Thus, we estimate SSP for our cloud subscriptions and software licenses using the residual approach, determined based on total transaction price less the SSP of other goods and services promised in the contract.

### Contract Balances

Cloud subscriptions and maintenance for perpetual software licenses are typically billed annually in advance. Timing of invoicing to customers may differ from timing of revenue recognition. Payment terms for our software licenses vary. We have an established history of collecting under the terms of our software license contracts without providing refunds or concessions to our customers. Services are typically billed monthly as performed. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined that our contracts generally do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with predictable ways to purchase our software and services, not to provide or receive financing. Additionally, we are applying the practical expedient to exclude from consideration any contracts with payment terms of one year or less as we rarely offer terms extending beyond one year.

Deferred revenue mainly represents amounts collected prior to having completed performance of cloud subscriptions, maintenance and professional services. \$200.3 million of revenue that was included in the deferred revenue balance as of December 31, 2022 was recognized in 2023.

No revenue was recognized in 2023 from performance obligations that were satisfied in prior periods.

#### Remaining Performance Obligations

As of December 31, 2023, approximately \$1.4 billion of revenue is expected to be recognized from remaining performance obligations. Over 98% of our reported performance obligations represent cloud native subscriptions with a non-cancelable term greater than one year (including cloud-deferred revenue as well as amounts we will invoice and recognize as revenue from our performance of cloud services in future periods). Maintenance contracts for perpetual software licenses are typically one year in duration and are not included in the remaining performance obligations. We expect to recognize revenue on approximately 40% of these remaining performance obligations over the next 24 months with the majority of the remaining balance recognized over the following 36 months. We have elected not to provide disclosures regarding remaining performance obligations for contracts with a term of 1 year or less.

#### Returns and Allowances

We have not experienced significant returns or warranty claims to date and, as a result, have not recorded a provision for the cost of returns and product warranty claims.

We record an allowance for credit losses utilizing a model of internal historical losses data. In estimating the allowance for credit losses, we considered our historical write-offs, the historical creditworthiness of the customer, and other factors. We also analyzed expected credit losses given future risks in projected economic conditions and future risks of customer collection. Should any of these factors change, the estimates made by us will also change accordingly, which could affect the level of our future allowances. Additions to the allowance for credit losses are recorded in general and administrative expense and were immaterial in all periods presented. Our credit loss reserve was \$0.9 million and \$0.6 million as of December 31, 2023 and 2022, respectively.

We also reduce accounts receivable with a corresponding reduction in services revenue for the most likely amount of potential service revenue adjustments based on a detailed assessment of accounts receivable. The total amount recorded to services revenue was \$4.9 million, \$5.4 million, and \$2.5 million for the years ended December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023 and 2022, we have reduced our accounts receivable balance by \$4.4 million and \$5.4 million, respectively, for these potential adjustments.

#### Deferred Commissions

We consider sales commissions to be incremental costs of obtaining a contract with a customer. We defer and recognize an asset for sales commissions related to performance obligations with an expected period of benefit of more than one year. We amortize these amounts over the expected benefit period which we estimate by considering several factors, including the rate of technological change and duration of our customer contracts. Sales commissions for renewal contracts are amortized over the related contractual renewal period. We apply the practical expedient to expense sales commissions when the amortization period would have been one year or less. Deferred commissions were \$39.6 million as of December 31, 2023, of which \$29.6 million is included in other assets and \$10.0 million is included in prepaid expenses. Deferred commissions were \$29.9 million as of December 31, 2022, of which \$21.9 million is included in other assets and \$8.0 million is included in prepaid expenses. Sales commission expense is included in Sales and Marketing expense in the accompanying consolidated statement of operations. Amortization of sales commissions in 2023, 2022 and 2021 was \$9.8 million, \$7.5 million, and \$5.2 million respectively. No impairment losses were recognized during 2023, 2022 and 2021.

#### *Property and Equipment*

Property and equipment is recorded at cost and consists of furniture, computers, other office equipment, and leasehold improvements. We depreciate the cost of furniture, computers, and other office equipment on a straight-line basis over their estimated useful lives (five years for office equipment, seven years for furniture and fixtures). Leasehold improvements are depreciated over the lesser of their useful lives or the term of the lease. Depreciation and amortization expense for 2023, 2022 and 2021 was approximately \$5.8 million, \$6.7 million, and \$7.9 million, respectively, and was included in "Depreciation and amortization" in the Consolidated Statements of Income. Amortization expense on intangible assets in 2023, 2022 and 2021 was immaterial.

Property and equipment, at cost, consist of the following (in thousands):

	December 31,	
	2023	2022
Office equipment	\$ 40,072	\$ 39,273
Furniture and fixtures	5,005	4,871
Leasehold improvement	23,849	23,518
Property and equipment, gross	68,926	67,662
Less accumulated depreciation	(57,131)	(54,859)
Property and equipment, net	\$ 11,795	\$ 12,803

#### *Software Development Costs*

Software may be for internal use or for resale. Costs related to certain software, which is for resale, are capitalized in accordance with Accounting Standards Codification (“ASC”) 985-20, Costs of Software to be Sold, Leased, or Marketed. Under this guidance, computer software development costs are charged to research and development (R&D) expense until technological feasibility is established, after which remaining software production costs are capitalized. We have defined technological feasibility as the point in time at which we have a detailed program design or a working model of the related product, depending on the type of development efforts, and high-risk development issues have been resolved through end-to-end system testing.

We do not typically capitalize costs related to software for resale as technological feasibility generally coincides with general availability of the software. We capitalize the costs of software developed or obtained for internal use in accordance with ASC 350-40, Internal Use Software. We expense all costs incurred during the preliminary project stage of our development and capitalizes the costs incurred during the application development stage once it is probable that development will be completed and the software will be used to perform the function intended. These costs are typically insignificant. All other costs, primarily related to maintenance and minor software fixes as well as research and development, are expensed as incurred.

#### *Impairment of Long-Lived Assets*

We review the values assigned to long-lived assets, including property and certain intangible assets, to determine whether events and circumstances have occurred which indicate that the remaining estimated useful lives may warrant revision or that the remaining balances may not be recoverable. In such reviews, undiscounted cash flows associated with these assets are compared with their carrying value to determine if a write-down to fair value is required. During 2023, 2022 and 2021, we did not recognize any impairment charges associated with our long-lived or intangible assets.

The evaluation of asset impairment requires management to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment, and actual results may differ from assumed and estimated amounts.

#### *Goodwill and Impairment of Goodwill*

##### Goodwill

Goodwill represents the excess of the consideration transferred over the fair value of net identified tangible and intangible assets and liabilities acquired. We evaluate goodwill for impairment on at least an annual basis. During 2023 and 2022, we did not recognize any impairment charges associated with our goodwill. We do not have any accumulated impairment losses as of 2023. Goodwill was \$62.2 million at the end of both years ended December 31, 2023 and 2022.

##### Impairment of Goodwill

We evaluate the carrying value of goodwill annually as of December 31 and between annual evaluations if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. Such circumstances could include, but are not limited to, (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator.

We applied the simplified goodwill impairment test for 2023, that permits companies to perform a qualitative assessment based on economic, industry and company-specific factors as the initial step in the annual goodwill impairment test for all or selected reporting units. Based on the results of the qualitative assessment, companies are only required to perform Step 1 of the annual impairment test for a reporting unit if the company concludes that it is not more likely than not that the unit’s fair value is less than its carrying amount. To the extent we conclude that it is more likely than not that a reporting unit’s estimated fair value is less than its carrying amount, the two-step approach is applied. The first step would require a comparison of each reporting unit’s fair value to the

respective carrying amount. If the carrying amount exceeds the fair value, a second step is performed to measure the amount of impairment loss, if any. We did not identify any macroeconomic or industry conditions as of December 31, 2023, that would indicate that the fair value of the reporting units were more likely than not to be less than their respective carrying values. If circumstances change or events occur to indicate that it is more likely than not that the fair value of any reporting units have fallen below their carrying amount, we would record an impairment charge based on that difference. We performed our periodic review of goodwill for impairment as of December 31, 2023 and 2022, and did not identify any impairment as a result of the review.

#### *Guarantees and Indemnities*

We account for guarantees in accordance with the guarantee accounting topic in the FASB Codification. Our customer contracts generally contain infringement indemnity provisions. Under those provisions, we generally agree, subject to certain exceptions, to indemnify, defend, and hold harmless the customer in connection with third party claims against the customer alleging that the customer's use of our software products in compliance with their license infringe the third party's patent, copyright, or other intellectual property rights. Conditions to our obligations generally include that we are provided the right to control the defense of the claims and, in general, to control settlement negotiations. Those provisions generally provide also that, if the customer is prevented from using our software because of a third party infringement claim, our sole obligation (in addition to the indemnification, defense, and hold harmless obligation referred to above) is to, at our expense, (i) procure for the customer the right to continue to use the software, (ii) replace or modify the product so that its use by the customer does not infringe, or, if either of the foregoing are not reasonably feasible, (iii) terminate the customer contract and provide a refund of the unamortized portion of the customer's license fee (based on a five year amortization period). Our customer contracts sometimes also require us to indemnify, defend, and hold harmless the customer in connection with death, personal injury, or property damage claims made by third parties with respect to actions of our personnel or contractors. The indemnity obligations contained in our customer contracts generally have no specified expiration date and no specified monetary limitation on liability. We have not previously incurred costs to settle claims or pay awards under these indemnification obligations. We account for these indemnity obligations in accordance with FASB guidance on accounting for contingencies, and record a liability for these obligations when a loss is probable and reasonably estimable. We have not recorded any liabilities for these contracts as of December 31, 2023, or 2022.

In general, in our customer contracts for purchase of our cloud SaaS services or license of our on-premises software products, we warrant that our services or software will perform in accordance with our published services or product specifications. Additionally, we may include other warranties such as "no-malware" warranties and warranties that we will perform our SaaS services consistent with generally accepted industry standards or similar standards. We also warrant to our customers that services will be performed consistent with generally accepted industry standards or specific service levels through completion of the agreed upon services. If necessary, we will provide for the estimated cost of product and service warranties based on specific warranty claims history. However, we have not incurred significant recurring expenses under product or service warranties. As a result, we believe the estimated fair value of these agreements is nominal. Accordingly, we have no liabilities recorded for these agreements as of December 31, 2023 and 2022.

#### *Segment Information*

We have three reportable segments as defined by the FASB Codification topic for segment reporting: Americas, EMEA, and APAC. See Note 8 for discussion of our reportable segments.

#### *Basic and Diluted Net Income Per Share*

Basic net income per share is computed using net income divided by the weighted average number of shares of common stock outstanding ("Weighted Shares") for the period presented.

Diluted net income per share is computed using net income divided by Weighted Shares and the treasury stock method effect of common equivalent shares (CES) outstanding for each period presented. In the following table, we present a reconciliation of earnings

per share and the shares used in the computation of earnings per share for the years ended December 31, 2023, 2022 and 2021 (in thousands, except per share data):

	Year Ended December 31,		
	2023	2022	2021
	(in thousands, except per share data)		
Net income	\$ 176,568	\$ 128,959	\$ 110,472
<b>Earnings per share:</b>			
Basic	\$ 2.86	\$ 2.05	\$ 1.74
Effect of CESs	(0.04)	(0.02)	(0.02)
Diluted	\$ 2.82	\$ 2.03	\$ 1.72
<b>Weighted average number of shares:</b>			
Basic	61,817	62,768	63,445
Effect of CESs	791	640	878
Diluted	62,608	63,408	64,323

The number of anti-dilutive CESs in 2023, 2022 and 2021 was immaterial. See Note 2 for further information on those securities.

#### *Accumulated Other Comprehensive Income*

Comprehensive income includes net income and foreign currency translation adjustments that are excluded from net income and reflected in shareholders' equity. The entire accumulated other comprehensive income balance as of December 31, 2023 and 2022 represents foreign currency translation adjustments.

#### *Accounting for Income Taxes*

We provide for the effect of income taxes on our financial position and results of operations in accordance with the Income Taxes Topic of the Codification. Under this accounting pronouncement, income tax expense is recognized for the amount of income taxes payable or refundable for the current year and for the change in net deferred tax assets or liabilities resulting from events that are recorded for financial reporting purposes in a different reporting period than recorded in the tax return. Management must make significant assumptions, judgments, and estimates to determine our current provision for income taxes and also our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax asset.

Our judgments, assumptions, and estimates relative to the current provision for income tax take into account current tax laws, our interpretation of current tax laws, allowable deductions, projected tax credits, and possible outcomes of current and future audits conducted by foreign and domestic tax authorities. We do not recognize a tax benefit unless we conclude that it is more likely than not that the benefit will be sustained on audit by the taxing authority based solely on the technical merits of the associated tax position. If the recognition threshold is met, we recognize a tax benefit measured at the largest amount of the tax benefit that, in our judgment, is greater than 50 percent likely to be realized. Changes in tax law or our interpretation of tax laws and the resolution of current and future tax audits could significantly impact the amounts provided for income taxes in our statement of financial position and our statements of income. Our assumptions, judgments, and estimates relative to the value of our net deferred tax asset take into account predictions of the amount and category of future taxable income. Actual operating results and the underlying amount and category of income in future years could render our current assumptions, judgments, and estimates of recoverable net deferred taxes inaccurate, thus materially impacting our financial position and results of operations.

#### *Equity-Based Compensation*

We account for equity-based compensation in accordance with ASC 718, Compensation – Stock Compensation. See Note 2 for further information.

#### *Advertising Costs*

We expense advertising costs as incurred. Advertising expense was \$2.4 million in 2023, \$2.3 million in 2022, and \$2.3 million in 2021.

### Retirement of Repurchased Shares

We immediately retire shares repurchased pursuant to any share repurchase program. We allocate the share purchase price in excess of par value between additional paid-in capital and retained earnings.

### Recent Accounting Pronouncements

In November 2023, the FASB issued Accounting Standards Update (ASU) 2023-07 Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. We expect to adopt the updated accounting guidance in our Annual Report on Form 10-K for the year ended December 31, 2024. We are currently evaluating the impact the adoption of the new accounting guidance will have on our segment disclosures in Note 8.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The updated accounting guidance, among other things, requires additional disclosure primarily related to the income tax rate reconciliation and income taxes paid. We expect to adopt the updated accounting guidance in our Annual Report on Form 10-K for the year ended December 31, 2025. We are currently evaluating the impact the adoption of the new accounting guidance will have on our income tax disclosures in Note 3.

## 2. Equity-Based Compensation

### Equity Based Compensation Plans

In May 2020, the Manhattan Associates, Inc. 2020 Equity Incentive Plan (the “2020 Plan”) was approved by our shareholders. The 2020 Plan provides for the grant of stock options, restricted stock, restricted stock units, and stock appreciation rights. Vesting conditions can be service-based or performance-based, or a combination of both. The number of shares subject to outstanding awards under the 2007 Stock Incentive Plan (the “2007 Plan”) that are forfeited or canceled or expire after the Effective Date, in accordance with the terms of the 2007 Plan, are counted as one share toward the 2020 Plan.

A maximum of 4,500,000 shares are available for grant under the amended 2020 Plan. Each stock option, stock appreciation right, restricted stock, or restricted stock unit granted is counted against the maximum share limitation as one share. Options and stock appreciation rights cannot have a term exceeding seven years. As of December 31, 2023, there were 2,870,924 shares available for issuance under the 2020 Plan. The 2020 Plan is administered by the Compensation Committee of the Board of Directors. The committee has the authority to interpret the provisions thereof.

The restricted stock unit awards contain vesting provisions that are 50% service based and 50% performance based for employee awards and 100% service based for non-employee members of the Board of Directors (“Outside Directors”). The employee awards have a four year vesting period, with the performance portion tied to annual revenue and operating income targets. The awards to Outside Directors have a one year vesting period. We recognize compensation cost for service-based restricted awards with graded vesting on a straight-line basis over the entire vesting period, with the amount of compensation cost recognized at any date at least equal to the portion of the grant-date value of the award that is vested at that date. For our performance-based restricted stock awards with graded vesting, we recognize compensation cost on an accelerated basis applying straight-line expensing for each separately vesting portion of each award. We utilize the price of our publicly traded shares to determine the fair value of restricted stock units on the grant date.

### Restricted Stock Unit Awards

We present below a summary of changes in unvested units of restricted stock during 2023:

	Number of Units	Grant Date Fair Value
Outstanding at January 1, 2023	1,427,831	\$106.50
Granted	582,710	127.51
Vested	(620,698)	86.72
Forfeited	(13,780)	125.61
Outstanding at December 31, 2023	<u>1,376,063</u>	

The Company recorded equity-based compensation expense related to restricted stock and RSUs (collectively “restricted stock awards”) of \$71.6 million, \$59.4 million, and \$43.3 million in 2023, 2022 and 2021, respectively. The total fair value of restricted stock awards vested in 2023, 2022 and 2021, based on market value at the vesting dates was \$85.2 million, \$81.4 million, \$59.8 million, respectively. The weighted average grant-date fair value of RSUs granted during fiscal year 2023, 2022 and 2021 was



\$127.51, \$123.75, and \$128.62, respectively. As of December 31, 2023, unrecognized compensation cost related to unvested RSU totaled \$102.3 million and is expected to be recognized over a weighted average period of approximately 2.3 years. We recognize forfeitures of equity-based payments as they occur.

Included in RSU grants for the year ended December 31, 2023 are 319,109 units that have performance-based vesting criteria granted at target level for 2023 and performance adjustments above target level for 2022. The performance criteria are tied to our financial performance. As of December 31, 2023, the associated equity-based compensation expense has been recognized for the portion of the award attributable to the 2023 performance criteria.

### 3. Income Taxes

We are subject to future federal, state, and foreign income taxes and have recorded net deferred tax assets on the Consolidated Balance Sheets at December 31, 2023 and 2022. Deferred tax assets and liabilities are determined based on the difference between the financial accounting and tax bases of assets and liabilities. We present below significant components of our deferred tax assets and liabilities as of December 31, 2023 and 2022 are as follows (in thousands):

	December 31,	
	2023	2022
<b>Deferred tax assets:</b>		
Accounts receivable	\$ 1,179	\$ 1,321
Accrued liabilities	12,255	9,208
Equity-based compensation	12,148	9,832
Capitalized R&D costs	50,654	27,516
Accrued sales taxes	189	190
Operating lease liabilities	3,219	2,974
State tax credits	3,102	2,700
Tax credit - foreign	5,397	3,108
Valuation allowance	(2,881)	(2,735)
Other	295	279
	<u>85,557</u>	<u>54,393</u>
<b>Deferred tax liabilities:</b>		
Intangible Assets	7,417	7,428
Depreciation	429	580
Deferred commissions	8,638	6,408
Operating lease right-of-use assets	3,030	2,771
	<u>19,514</u>	<u>17,187</u>
Net deferred tax assets	<u>\$ 66,043</u>	<u>\$ 37,206</u>

We present below income from domestic and foreign operations before income tax expense for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Domestic	\$ 193,727	\$ 139,217	\$ 120,565
Foreign	19,944	18,904	13,507
Total	<u>\$ 213,671</u>	<u>\$ 158,121</u>	<u>\$ 134,072</u>

The components of our income tax provision for the years ended December 31, 2023, 2022 and 2021 are as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
<b>Current:</b>			
Federal	\$ 46,497	\$ 42,198	\$ 14,042
State	10,911	11,183	5,188
Foreign	8,539	5,492	6,309
	<u>\$ 65,947</u>	<u>\$ 58,873</u>	<u>\$ 25,539</u>
<b>Deferred:</b>			
Federal	(23,116)	(22,383)	(427)
State	(3,132)	(5,200)	(531)
Foreign	(2,596)	(2,128)	(981)
	<u>(28,844)</u>	<u>(29,711)</u>	<u>(1,939)</u>
Total	<u>\$ 37,103</u>	<u>\$ 29,162</u>	<u>\$ 23,600</u>

We currently have a tax holiday in India under the Special Economic Zone Act through March 2029. As a result of this holiday, we had pre-tax income of approximately \$14.3 million, for the year ended December 31, 2023, that was not subject to tax. Separately, we are subject to India's Minimum Alternate Tax (MAT) and accordingly incurred income tax expense of approximately \$2.3 million in 2023. The impact on diluted earnings per share if the income had been fully taxable would have been a decrease of \$0.04 per share in 2023.

We have tax credit carry-forwards of approximately \$3.9 million available to offset future state tax. These tax credit carry-forwards expire in 2026 to 2034. These credits represent a deferred tax asset of \$3.1 million after consideration of the federal benefit of state tax deductions. A valuation allowance of \$1.5 million has been established for these credits because the ability to use them is not more likely than not. We also have a tax credit carry-forward of approximately \$5.4 million available to offset future foreign tax. This tax credit carryforward begins expiring in 2036.

At December 31, 2023 we had approximately \$90.4 million of undistributed earnings and profits. The undistributed earnings and profits are considered previously taxed income and would not be subject to U.S. income taxes upon repatriation of those earnings, in the form of dividends. The undistributed earnings and profits are considered to be permanently reinvested, accordingly no provision for local withholdings taxes have been provided, however, upon repatriation of those earnings, in the form of dividends, we could be subject to additional local withholding taxes.

We present below a summary of the items that cause recorded income taxes to differ from taxes computed using the statutory federal income tax rate for the years ended December 31, 2023, 2022 and 2021:

	Year Ended December 31,		
	2023	2022	2021
Statutory federal income tax rate	21.0%	21.0%	21.0%
Effect of:			
State income tax, net of federal benefit	3.0	3.6	3.6
State credit carryforwards	(0.2)	1.2	(0.8)
U.S. federal R&D tax credit	(1.8)	(1.8)	(1.8)
Non-deductible equity compensation	1.1	1.1	0.9
Excess benefit of equity compensation	(3.2)	(4.8)	(4.9)
Employee compensation limitation	3.4	3.7	3.4
Global Intangible Low Taxed Income (GILTI)	0.1	0.1	0.2
Foreign-derived intangible income (FDII) deduction	(3.6)	(3.3)	(3.1)
Foreign operations	(2.9)	0.5	(0.7)
Tax contingencies	(0.3)	(1.3)	(0.3)
Other permanent differences	0.7	(0.3)	(0.6)
Change in valuation allowance	0.1	(1.3)	0.7
Income taxes	<u>17.4%</u>	<u>18.4%</u>	<u>17.6%</u>

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows for the years ended December 31, 2023, 2022 and 2021 (in thousands):

	December 31,		
	2023	2022	2021
Unrecognized tax benefits at January 1,	\$ (10,532)	\$ (13,186)	\$ (12,804)
Gross amount of increases in unrecognized tax benefits as a result of tax positions taken during a prior period	(425)	(199)	(408)
Gross amount of decreases in unrecognized tax benefits as a result of tax positions taken during a prior period	908	2,583	147
Gross amount of increases in unrecognized tax benefits as a result of tax positions taken during the current period	(2,182)	(1,787)	(3,117)
Reductions to unrecognized tax benefits relating to settlements with taxing authorities	-	-	148
Reductions to unrecognized tax benefits as a result of a lapse of the applicable statute of limitations	2,543	2,057	2,848
Unrecognized tax benefits at December 31,	<u>\$ (9,688)</u>	<u>\$ (10,532)</u>	<u>\$ (13,186)</u>

Our unrecognized tax benefits totaled \$9.7 million and \$10.5 million as of December 31, 2023 and 2022, respectively. Included in these amounts are unrecognized tax benefits totaling \$9.1 million and \$9.9 million as of December 31, 2023 and 2022, respectively, which, if recognized, would affect the effective tax rate.

We recognize potential accrued interest and penalties related to unrecognized tax benefits within our global operations in income tax expense. For the years ended December 31, 2023, 2022 and 2021, the Company recognized the following income tax expense: \$0.1 million, \$0.7 million, and \$0.4 million, respectively, for the potential payment of interest and penalties. Accrued interest and penalties were \$1.3 million and \$1.2 million for the years ended December 31, 2023 and 2022. We conduct business globally and, as a result, file income tax returns in the United States federal jurisdiction and in many state and foreign jurisdictions. We are generally no longer subject to U.S. federal, state, and local, or non-US income tax examinations for the years before 2010. Due to the expiration of statutes of limitations in multiple jurisdictions globally during 2023, the Company anticipates it is reasonably possible that unrecognized tax benefits may decrease by \$3.2 million.

#### 4. Shareholders' Equity

During 2023, 2022 and 2021, we purchased 1,024,328, 1,352,954, and 709,200 shares of the Company's common stock for \$166.0 million, \$175.4 million, and \$100.0 million, respectively, through open market transactions as part of a publicly-announced share repurchase program. Our \$75.0 million repurchase authority replenished by our Board of Directors in October 2023 remains in effect.

As of 2023, we are subject to a 1% excise tax on stock repurchases as enacted by the United States Inflation Reduction Act which we include in the cost of stock repurchases as a reduction of shareholders' equity.

#### 5. Contingencies

From time to time, we may be involved in litigation relating to claims arising in the ordinary course of business, and occasionally legal proceeding not in the ordinary course. Many of our installations involve products that are critical to the operations of our clients' businesses. Any failure in our company's products could result in a claim for substantial damages against us, regardless of our responsibility for such failure. Although we attempt to contractually limit our liability for damages arising from product failures or negligent acts or omissions, there can be no assurance that the limitations of liability set forth in its contracts will be enforceable in all instances. We are not currently a party to any legal proceeding in the ordinary course of business or other legal proceedings the result of which we believe is likely to have a material adverse impact upon our business, financial position, results of operations, or cash flows. We expense legal costs associated with loss contingencies as such legal costs are incurred.

#### 6. Employee Benefit Plan

We sponsor the Manhattan Associates 401(k) Plan and Trust (the "401(k) Plan"), a qualified profit sharing plan with a 401(k) feature covering substantially all our employees. Under the 401(k) Plan's deferred compensation arrangement, eligible employees who elect to participate in the 401(k) Plan may contribute up to 60% of eligible compensation up to \$22,500, as defined, to the 401(k) Plan. The Internal Revenue Service sets the eligible compensation limit at \$330,000 for 2023. Since 2012, we have provided a 50% matching contribution up to 6% of eligible compensation being contributed after the participant's first year of employment. During the years ended December 31, 2023, 2022 and 2021, the Company expensed matching contributions to the 401(k) Plan of \$7.8 million, \$6.7 million, and \$5.2 million, respectively.

## 7. Leases

We lease our facilities and some of our equipment under noncancelable operating lease arrangements that expire at various dates through 2029. The total operating lease liabilities for these leases at December 31, 2023 was approximately \$24.1 million. For a few of our facility leases, we have certain options to extend the lease term for up to 10 years, at our sole discretion. We have no finance leases.

We present below the operating lease right-of-use assets and lease liabilities as of December 31, 2023 (in thousands):

	<b>December 31, 2023</b>
<b>ASSETS</b>	
Operating lease right-of-use assets	\$21,645
<b>LIABILITIES</b>	
Operating lease liabilities, current (included in accrued and other liabilities)	\$6,428
Operating lease liabilities, long-term	17,694
<b>Total operating lease liabilities</b>	<b>\$24,122</b>

Aggregate future minimum lease payments under noncancelable operating leases as of December 31, 2023 are as follows (in thousands):

<b>Year Ending December 31,</b>	
2024	\$ 7,096
2025	6,729
2026	3,690
2027	3,769
2028	3,823
Thereafter	735
<b>Total minimum payments required</b>	<b>25,842</b>
Less short-term leases	(97)
<b>Less imputed interest</b>	<b>(1,623)</b>
<b>Total operating lease liabilities</b>	<b>\$ 24,122</b>

We are applying the practical expedient to not separate lease and non-lease components, which allows us to account for lease and non-lease components as a single lease component. The total lease cost in 2023 was \$8.1 million, consisting of \$7.8 million of operating lease costs, and \$0.3 million of short-term lease costs. The total lease cost in 2022 was \$7.7 million, consisting of \$7.3 million of operating lease costs, and \$0.4 million of short-term lease costs. Total lease costs in 2021 were \$7.9 million, consisting of \$7.5 million of operating lease costs, and \$0.4 million of short-term lease costs. Our variable lease cost during 2023, 2022 and 2021 were immaterial.

Weighted average remaining lease term	4.1 years
Weighted average discount rate	4%
<b>Supplemental cash flow information - operating cash flows (in thousands):</b>	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows for operating leases	\$ 7,016

See Note 9 for information regarding an amendment to our headquarters lease that we entered into after December 31, 2024.

## 8. Segment Reporting

We manage our business by geographic segment and have three geographic reportable segments: the Americas, EMEA, and APAC. All segments derive revenue from the sale and implementation of our supply chain commerce solutions. The individual products sold by the segments are similar in nature and are all designed to help companies manage the effectiveness and efficiency of their supply chain commerce. We use the same accounting policies for each reportable segment. The chief operating decision maker (chief executive officer and chief financial officer) evaluate performance based on revenue and operating results for each reportable segment.

The Americas segment charges royalty fees to the other segments based on cloud subscriptions and software licenses sold by those reportable segments. The royalties, which totaled \$13.7 million, \$8.9 million, and \$6.1 million in 2023, 2022 and 2021, respectively, are included in costs of revenue for each segment with a corresponding reduction in the America's cost of revenue. The revenues represented below are from external customers only. The geography-based costs consist of costs for professional services personnel, direct sales and marketing expenses, infrastructure costs to support the employee and customer base, billing and financial systems, management and general and administrative support. There are certain corporate expenses included in the Americas segment that we do not charge to the other segments. Such expenses include research and development, certain marketing and general and administrative costs that support the global organization, and the amortization of acquired developed technology. Costs in the Americas' segment include all research and development costs including the costs associated with our operations in India.

In accordance with the segment reporting topic of the FASB Codification, we present below financial information by reportable segment for 2023, 2022 and 2021 (in thousands):

	Year Ended December 31,							
	2023				2022			
	Americas	EMEA	APAC	Consolidated	Americas	EMEA	APAC	Consolidated
<b>Revenue:</b>								
Cloud subscriptions	\$ 205,611	\$ 42,243	\$ 6,758	\$ 254,612	\$ 148,943	\$ 22,988	\$ 4,527	\$ 176,458
Software license	12,040	2,925	3,241	18,206	16,364	6,380	2,104	24,848
Maintenance	114,963	19,721	9,252	143,936	113,258	19,784	9,156	142,198
Services	362,979	101,254	23,636	487,869	295,998	79,628	18,470	394,096
Hardware	23,602	495	5	24,102	29,321	158	5	29,484
Total revenue	719,195	166,638	42,892	928,725	603,884	128,938	34,262	767,084
<b>Costs and Expenses:</b>								
Cost of revenue	321,701	89,523	19,390	430,614	271,222	71,108	15,907	358,237
Operating expenses	257,172	19,889	5,417	282,478	227,409	17,187	4,888	249,484
Depreciation and amortization	5,164	503	85	5,752	5,964	613	86	6,663
Total costs and expenses	584,037	109,915	24,892	718,844	504,595	88,908	20,881	614,384
Operating income	\$ 135,158	\$ 56,723	\$ 18,000	\$ 209,881	\$ 99,289	\$ 40,030	\$ 13,381	\$ 152,700

	Year Ended December 31, 2021			
	Americas	EMEA	APAC	Consolidated
<b>Revenue:</b>				
Cloud subscriptions	\$ 103,863	\$ 15,380	\$ 2,952	\$ 122,195
Software license	29,300	5,729	2,041	37,070
Maintenance	113,169	23,091	9,581	145,841
Services	256,392	66,131	12,276	334,799
Hardware	23,491	243	4	23,738
Total revenue	526,215	110,574	26,854	663,643
<b>Costs and Expenses:</b>				
Cost of revenue	225,799	58,593	13,435	297,827
Operating expenses	202,217	16,496	4,856	223,569
Depreciation and amortization	7,020	738	156	7,914
Total costs and expenses	435,036	75,827	18,447	529,310
Operating income	\$ 91,179	\$ 34,747	\$ 8,407	\$ 134,333

In the following table, we present goodwill, long-lived assets, and total assets by reportable segment as of December 31, 2023 and 2022 (in thousands):

	As of December 31, 2023				As of December 31, 2022			
	Americas	EMEA	APAC	Consolidated	Americas	EMEA	APAC	Consolidated
Goodwill, net	\$ 54,766	\$ 5,506	\$ 1,963	\$ 62,235	\$ 54,766	\$ 5,501	\$ 1,963	\$ 62,230
Long lived assets	53,061	10,129	2,696	65,886	47,591	6,640	1,136	55,367
Total assets	566,826	85,709	20,819	673,353	488,064	65,491	16,623	570,178

For the years ended December 31, 2023, 2022 and 2021, we derived revenue from sales to customers outside the United States of approximately \$301.4 million, \$238.4 million, and \$196.4 million, respectively. Our remaining revenue was derived from domestic sales.

Cloud subscriptions revenue primarily relates to our Manhattan Active omnichannel, warehouse management solutions, and transportation management solutions for the year ended December 31, 2023. The majority of our software license revenue (approximately 85%) relates to our warehouse management product group for the same period.

## **9. Subsequent Events**

On January 31, 2024, Manhattan executed the eighth amendment to its corporate headquarters lease agreement with 2300 Windy Ridge LLC ("Lessor"). Under the amendment, Manhattan extended its lease termination date from September 30, 2025, to September 30, 2036 for substantially all of its leased premises, for additional minimum rental payments of \$67.2 million over the extended lease term and changed its base square footage from approximately 221,000 to 209,000 square feet. Manhattan also received \$12.6 million in tenant allowances. While the parties delivered executed copies of the amendment into escrow, effectiveness of the amendment is subject to the satisfaction or waiver of several conditions, including the Lessor obtaining new financing for the property and delivery of a letter of credit in favor of Manhattan for the tenant allowance.

We evaluated all other subsequent events that occurred after the date of the accompanying financial statements and determined that there were no other events or transactions during this subsequent event reporting period which require recognition or disclosure in our financial statements.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

No system of controls, no matter how well designed and operated, can provide absolute assurance that the objectives of the system of controls are met, and no evaluation of controls can provide absolute assurance that the system of controls has operated effectively in all cases. Our disclosure controls and procedures, however, are designed to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

As of the end of the period covered by this report, our Chief Executive Officer and Chief Financial Officer evaluated, with the participation of management, the effectiveness of our disclosure controls and procedures. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to provide reasonable assurance that the objectives of disclosure controls and procedures are met.

**Management's Report on Internal Control over Financial Reporting**

Management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2023, and the report of Ernst & Young LLP on the effectiveness of our internal control over financial reporting are contained on pages 40 and 41 of this report.

**Change in Internal Control over Financial Reporting**

During the fourth quarter of 2023, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, including any corrective actions with regard to material weaknesses.

**Item 9B. Other Information**

None.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by this item is incorporated by reference from the relevant information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the SEC on or prior to March 29, 2024, including under the captions "Governance—Proposal 1 Election of Directors," "Executive Compensation—Executive Officers Biographies," "Section 16(a) Beneficial Ownership Reporting Compliance," "Governance—Board of Directors and Committees—Code of Ethics," "Governance—Board of Directors and Committees—Board Committees," and if applicable, "Security Ownership—Delinquent Section 16(a) Reports."

### **Item 11. Executive Compensation**

The information required by this item is incorporated by reference from the relevant information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the SEC on or prior to March 29, 2024, including under the captions "Governance—Director Compensation" and "Executive Compensation."

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters**

The information required by this item is incorporated by reference from the relevant information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the SEC on or prior to March 29, 2024, including under the caption "Security Ownership—Security Ownership of Certain Beneficial Owners and Management." The information required by this item with respect to the Company's securities authorized for issuance under equity compensation plans is included in Part II, Item 5 of this Form 10-K and is incorporated by reference herein.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated by reference from the relevant information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the SEC on or prior to March 29, 2024, including under the captions "Governance—Related Party Transactions" and "Election of Directors."

### **Item 14. Principal Accountant Fees and Services**

The information required by this item is incorporated by reference from the relevant information contained in our Proxy Statement for the Annual Meeting of Shareholders expected to be filed with the SEC on or prior to March 29, 2024, including under the caption "Audit Matters—Proposal 4—Ratification of Appointment of Independent Registered Public Accounting Firm."



## PART IV

### **Item 15. Exhibits**

*Exhibits.*

See (b) below.

(b) The exhibits listed below under “Exhibit Index” are filed with or incorporated by reference in this Report. Where such filing is made by incorporation by reference to a previously filed registration statement or report, such registration statement or report is identified in parentheses.

(c) See Item 15(a)(2).

### **Item 16. Form 10-K Summary**

None.

## EXHIBIT INDEX

The following exhibits or incorporated by reference as part of this Report.

Exhibit Number	Description
3.1	<a href="#"><u>Articles of Incorporation of the Registrant dated February 24, 1998 (Incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2014 (File No. 00023999), filed on July 29, 2014).</u></a>
3.2	<a href="#"><u>Amended Bylaws of the Registrant (As Amended Effective July 18, 2019) (Incorporated by reference to Exhibit 3.2 to the Company's Form 8-K (File No. 000-23999), filed on March 9, 2023).</u></a>
4.1	<a href="#"><u>Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (Incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020 (File No. 000-23999), filed on May 1, 2020).</u></a>
10.1(a)	<a href="#"><u>Lease Agreement by and between Wildwood Associates, a Georgia general partnership, and the Registrant, dated June 25, 2001 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report for the period ended June 30, 2001 (File No. 000-23999), filed August 14, 2001).</u></a>
10.1(b)	<a href="#"><u>First Amendment to Lease Agreement between Wildwood Associates, and the Registrant, dated June 10, 2002 (Incorporated by reference to Exhibit 10.6 to the Company's Annual Report for the period ended December 31, 2006 (File No. 000-23999), filed on March 14, 2007).</u></a>
10.1(c)	<a href="#"><u>Second Amendment to Lease Agreement between 2300 Windy Ridge Parkway Investors LLC, and the Registrant, dated February 27, 2007 (Incorporated by reference to Exhibit 10.7 to the Company's Annual Report for the period ended December 31, 2006 (File No. 000-23999), filed on March 14, 2007).</u></a>
10.1(d)	<a href="#"><u>Third Amendment to Lease Agreement between 2300 Windy Ridge Parkway Investors LLC, and the Registrant, dated June 14, 2007 (Incorporated by reference to Exhibit 10.2(d) to the Company's Annual Report for the period ended December 31, 2014 (File No. 000-23999), filed on February 5, 2015).</u></a>
10.1(e)	<a href="#"><u>Fourth Amendment to Lease Agreement between SP4 2300 Windy Ridge LP, and the Registrant, dated August 14, 2012 (Incorporated by reference to Exhibit 10.2(e) to the Company's Annual Report for the period ended December 31, 2014 (File No. 000-23999), filed on February 5, 2015).</u></a>
10.1(f)	<a href="#"><u>Fifth Amendment to Lease Agreement between 2300 Windy Ridge LLC, and the Registrant, dated May 19, 2014 (Incorporated by reference to Exhibit 10.2(f) to the Company's Annual Report for the period ended December 31, 2014 (File No. 000-23999), filed on February 5, 2015).</u></a>
10.1(g)	<a href="#"><u>Sixth Amendment to Lease Agreement between 2300 Windy Ridge LLC, and the Registrant, dated August 13, 2014 (Incorporated by reference to Exhibit 10.2(g) to the Company's Annual Report for the period ended December 31, 2014 (File No. 000-23999), filed on February 5, 2015).</u></a>
10.1(h)	<a href="#"><u>Seventh Amendment to Lease Agreement between 2300 Windy Ridge LLC and the Registrant, dated April 29, 2015 (Incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2015 (File No. 000-23999), filed on July 28, 2015).</u></a>
10.1(i)	<a href="#"><u>Eighth Amendment to Lease Agreement between 2300 Windy Ridge LLC and the Registrant, dated January 31, 2024.</u></a>
10.2(a)	<a href="#"><u>Lease Deed by and between Brookfields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated March 18, 2019 – Unit 1 (Incorporated by reference to Exhibit 10.34 to the Company's Form 10-Q for the period ended March 31, 2019 (File No. 000-23999), filed on April 25, 2019).</u></a>
10.2(b)	<a href="#"><u>Lease Deed by and between Brookfields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated March 18, 2019 – Unit 2 (Incorporated by reference to Exhibit 10.35 to the Company's Form 10-Q for the period ended March 31, 2019 (File No. 000-23999), filed on April 25, 2019).</u></a>
10.2(c)	<a href="#"><u>Lease Deed by and between Brookfields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 5,318 sq. ft. (Incorporated by reference to Exhibit 10.36 to the Company's Form 10-Q for the period ended June 30, 2019 (File No. 000-23999), filed on July 25, 2019).</u></a>

Exhibit Number	Description
10.2(d)	<a href="#">Lease Deed by and between Brokefields Real Estate and Projects Private Limited and Manhattan Associates India Development Centre Private Ltd dated May 1, 2019 – 10,001 sq. ft. (Incorporated by reference to Exhibit 10.37 to the Company’s Form 10-Q for the period ended June 30, 2019 (File No. 000-23999), filed on July 25, 2019).</a>
10.20(a)*	<a href="#">2007 Stock Incentive Plan, as amended by the First Amendment thereto (Incorporated by reference to Annex A to the Company’s Definitive Proxy Statement related to its 2009 Annual Meeting of Shareholders (File No. 000-23999) filed on April 20, 2009).</a>
10.20(b)*	<a href="#">Second amendment to 2007 Stock Incentive Plan (Incorporated by reference to Annex A to the Company’s Definitive Proxy Statement related to its 2011 Annual Meeting of Shareholders (File No. 000-23999) filed on April 15, 2011).</a>
10.20(c)*	<a href="#">Third amendment to 2007 Stock Incentive Plan (Incorporated by reference to Annex A to Exhibit 10.1 to the Company’s Quarterly Report on Form 10-Q for the period ended September 30, 2017 (File No. 000-23999) filed on October 30, 2017).</a>
10.21*	<a href="#">Form of Manhattan Associates, Inc. Restricted Stock Award Agreement for Non-Employee Directors (Incorporated by reference to Exhibit 10.49 to the Company’s Annual Report for the period ended December 31, 2009 (File No. 000-23999), filed on February 19, 2010).</a>
10.22*	<a href="#">Form of Manhattan Associates, Inc. Restricted Stock Unit Award Agreement for Employees (Incorporated by reference to Exhibit 10.22 to the Company’s Annual Report for the period ended December 31, 2022 (File No. 000-23999), filed on February 6, 2023).</a>
10.23*	<a href="#">Form of Manhattan Associates, Inc. Restricted Stock Unit Award Agreement for Non-Employee Directors (Incorporated by reference to Exhibit 10.23 to the Company’s Annual Report for the period ended December 31, 2022 (File No. 000-23999), filed on February 6, 2023).</a>
10.24*	<a href="#">Manhattan Associates, Inc. 2020 Equity Incentive Plan (incorporated by reference to Annex A to the Company’s Definitive Proxy Statement related to its 2020 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on March 30, 2020 (Commission File No. 000-23999))</a>
10.30*	<a href="#">2016 Annual Cash Bonus Plan (Incorporated by reference from Annex B to the Company’s Definitive Proxy Statement for its 2016 Annual Meeting of Shareholders filed with the SEC on April 8, 2016 (SEC File No. 000-23999)).</a>
10.40*	<a href="#">Form of Executive Employment Agreement (Incorporated by reference to Exhibit 10.1 to the Company’s Form 10-Q for the period ended September 30, 2018 (File No. 000-23999), filed on October 25, 2018).</a>
10.41*	<a href="#">Schedule to Form of Executive Employment Agreement of Initial Salaries and Target Bonus Opportunities for Named Executive Officers.</a>
10.42	<a href="#">Form of Director and Officer Indemnification Agreement with all Directors and Executive Officers (Incorporated by reference to Exhibit 10.2 to the Company’s Form 8-K (File No. 000-23999) filed on April 4, 2013).</a>
10.43*	<a href="#">Executive Employment Letter Agreement, dated July 27, 2016, by and between the Registrant and Dennis Story (Incorporated by reference to Exhibit 10.1 to the Company’s Form 8-K (File No. 000-23999), filed on August 1, 2016).</a>
10.51	<a href="#">Insider Trading Policy</a>
19.1	<a href="#">List of Subsidiaries.</a>
23.1	<a href="#">Consent of Ernst &amp; Young LLP, Independent Registered Public Accounting Firm.</a>
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32**	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
97.1	<a href="#">Incentive Compensation Recoupment Policy</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Exhibit Number	Description
101.SCH	Inline XBRL taxonomy Extension Schema with embedded Linkbases document
104	The cover page from the Company's Quarterly Report on Form 10-K for the year ended December 31, 2023, has been formatted in Inline XBRL.

\* Management contract or compensatory plan or agreement.

\*\* In accordance with Item 601(b)(32)(ii) of the SEC's Regulation S-K, this Exhibit is hereby furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### MANHATTAN ASSOCIATES, INC.

By: /s/ Eddie Capel  
Eddie Capel  
*President, Chief Executive Officer, and Director*

Date: February 5, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John J. Huntz, Jr.</u> John J. Huntz, Jr.	Chairman of the Board	February 5, 2024
<u>/s/ Eddie Capel</u> Eddie Capel	President, Chief Executive Officer, and Director (Principal Executive Officer)	February 5, 2024
<u>/s/ Dennis B. Story</u> Dennis B. Story	Executive Vice President, Chief Financial Officer, and Treasurer (Principal Financial Officer)	February 5, 2024
<u>/s/ Linda C. Pinne</u> Linda C. Pinne	Senior Vice President, Global Corporate Controller, and Chief Accounting Officer (Principal Accounting Officer)	February 5, 2024
<u>/s/ Edmond I. Eger III</u> Edmond I. Eger III	Director	February 5, 2024
<u>/s/ Linda T. Hollembaek</u> Linda T. Hollembaek	Director	February 5, 2024
<u>/s/ Kimberly A. Kuryea</u> Kimberly A. Kuryea	Director	February 5, 2024
<u>/s/ Charles E. Moran</u> Charles E. Moran	Director	February 5, 2024
<u>/s/ Thomas E. Noonan</u> Thomas E. Noonan	Director	February 5, 2024
<u>/s/ Deepak Raghavan</u> Deepak Raghavan	Director	February 5, 2024

**EIGHTH AMENDMENT TO LEASE AGREEMENT**

**THIS EIGHTH AMENDMENT TO LEASE AGREEMENT** (this “Eighth Amendment”) is entered into as of January 31st, 2024 (the “Effective Date”), by and between **2300 WINDY RIDGE LLC**, a Georgia limited liability company (hereinafter referred to as “Landlord”), and **MANHATTAN ASSOCIATES, INC.**, a Georgia corporation (hereinafter referred to as “Tenant”).

**WITNESSETH:**

**WHEREAS**, Wildwood Associates, a Georgia general partnership (hereinafter referred to as “Wildwood”), and Tenant entered into that certain Lease Agreement dated June 25, 2001 (hereinafter referred to as the “Original Lease”), as amended by that certain First Amendment to Lease Agreement between Wildwood and Tenant dated June 10, 2002 (hereinafter referred to as the “First Amendment”), as amended by that certain Second Amendment to Lease Agreement between 2300 Windy Ridge Parkway Investors, LLC, a Delaware limited liability company (hereinafter referred to as “Investors”), as successor-in-interest to Wildwood, and Tenant dated February 27, 2007 (hereinafter referred to as the “Second Amendment”), as amended by that certain Third Amendment to Lease Agreement between Investors and Tenant dated June 14, 2007 (hereinafter referred to as the “Third Amendment”), as amended by that certain Fourth Amendment to Lease Agreement between SP4 2300 Windy Ridge, L.P., a Delaware limited partnership (hereinafter referred to as “Windy Ridge”), as successor-in-interest to Investors, and Tenant dated as of August 15, 2012 (hereinafter referred to as the “Fourth Amendment”), as amended by that certain Fifth Amendment to Lease Agreement between Landlord, as successor-in-interest to Windy Ridge, and Tenant dated as of May 19, 2014 (hereinafter referred to as the “Fifth Amendment”), as amended by that certain Sixth Amendment to Lease Agreement between Landlord and Tenant dated August 13, 2014 (hereinafter referred to as the “Sixth Amendment”), and as amended by that certain Seventh Amendment to Lease Agreement between Landlord and Tenant dated April 28, 2015 (hereinafter referred to as the “Seventh Amendment”). The Original Lease, as amended by the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment and Seventh Amendment, is hereinafter sometimes referred to as the “Lease”, pursuant to which Tenant leases certain premises in the building known as “Wildwood Center” located at 2300 Windy Ridge Parkway, Atlanta, Georgia 30339 (the “Building”), consisting, as of the Effective Date, of (i) 220,744 rentable square feet (“rsf”) of Rentable Floor Area being Floor 1 North (22,719 rsf), Floor 3 North (24,056 rsf), Floor 4 North (29,758 rsf), Floor 7 (425 rsf), Floor 8 (18,765 rsf), Floor 9 (62,576 rsf), and Floor 10 (62,445 rsf) (collectively the “Office Premises”), and (ii) 1,390 usable square feet (“usf”) being the first storage space (398 usf) (“First Storage Space”), and the second storage space (992 usf) (“Second Storage Space” and together with the First Storage Space, the “Storage Space”), which premises are more particularly described in the Lease (the Office Premises and Storage Space are hereinafter collectively referred to as the “Original Premises”); and

**WHEREAS**, Landlord and Tenant desire to amend the Lease to address (i) Tenant surrendering that portion of the Original Premises consisting of Floor 1 North (22,719 rsf) and Floor 8 (18,765 rsf) (Floor 8 is also known as Suite 820N, and together with Floor 1 North,

collectively, the “Surrendered Premises”), (ii) extending the Lease Term as to Floor 3 North (24,056 rsf), Floor 4 North (29,758 rsf), Floor 7 (425 rsf), Floor 9 (62,576 rsf), and Floor 10 (62,445 rsf), for a total of 179,260 rsf (collectively, the “Remaining Premises”), (iii) expanding the Original Premises by adding Floor 5 North (29,767 rsf), (iv) extending the Lease Term as to the Storage Space, and (v) such other modifications as set forth herein.

**NOW, THEREFORE**, for and in consideration of Ten and No/100 Dollars (\$10.00), the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree to amend the Lease as follows:

**1. Defined Terms.** Capitalized terms used herein, unless otherwise defined herein, shall have the same meanings as given such terms in the Lease.

**2. Surrendered Premises.** Subject to Section 10 below, Tenant shall surrender and turn over the Surrendered Premises to Landlord on September 30, 2025 (the “Surrender Date”). The Surrendered Premises shall be delivered to Landlord in Broom-Swept Condition with all Tenant supplemental HVAC units, UPS equipment, furniture and personal property removed, but otherwise in its “AS-IS, WHERE-IS” condition with no additional retrofit costs. From and after the Surrender Date, Tenant shall have no rights relating to the Surrendered Premises other than any future expansion rights as set forth in Sections 11 and 12 below. Subject to any applicable cure period, if any, should Tenant fail to surrender the Surrendered Premises in compliance with the terms of this Section 2 on the Surrender Date, Tenant shall be in default under the Lease and considered a holdover tenant as to the Surrendered Premises pursuant to Section 31 of the Original Lease. As used in this Eighth Amendment, “Broom-Swept Condition” means that all personal property and trash has been removed from the subject Premises.

**3. Definition of Premises.** At any time the Premises is expanded or contracted pursuant to the terms of the Lease or this Eighth Amendment, the definition of “Premises” under the Lease shall automatically be amended at such time or times of expansion/contraction to include all of the space then-occupied or otherwise leased by Tenant pursuant to the terms of the Lease or this Eighth Amendment. For example, from and after the Surrender Date, provided that Tenant delivers the Surrendered Premises to Landlord in accordance with Section 2 above, the term “Premises” under the Lease shall automatically be amended to be the Remaining Premises, subject to modification from or upon any other expansion/contraction of the Premises pursuant to the terms of the Lease or this Eighth Amendment. In addition, and notwithstanding anything contained herein, in the event that this Eighth Amendment allows Landlord to deliver space in the Building to Tenant in its “AS-IS, WHERE-IS” or relatively similar condition, whether pursuant to this Eighth Amendment or to any future expansion right, that shall not modify or supercede Landlord’s obligations to maintain the Building and the Premises (including the space being delivered) in the manner set forth in the Lease and this Eighth Amendment. For example, without limitation, Landlord shall not be excused from maintaining the structural portion of the Building, in the manner required by the Lease, affecting the space being delivered.

**4. Floor 5 North Expansion Space.** On October 1, 2025, Landlord shall deliver to Tenant that portion of the Building consisting of 29,767 rsf commonly known as Floor 5 North and depicted on **Exhibit A** attached hereto (the “Floor 5 North Space”). The Floor 5 North Space

shall be delivered to Tenant in Broom-Swept Condition but otherwise in its “AS-IS, WHERE-IS” condition except as set forth herein. On and after October 1, 2025, to the extent that Landlord has delivered the Floor 5 North Space to Tenant in accordance with the provisions of this Section 4, the term “Premises” under the Lease shall automatically be amended to include the Floor 5 North Space, except that Tenant’s obligation to pay the Monthly Base Rental of Seventy-Two Thousand Eight Hundred Twenty-Nine and 93/100 Dollars (\$72,829.93) (the “Floor 5 North Space Base Rental”) shall be abated through March 31, 2026.

**5. 6<sup>th</sup> Floor Beneficial Use Space.** Notwithstanding anything to the contrary in this Eighth Amendment, commencing on October 1, 2025 (the “Beneficial Use Commencement Date”) and terminating on December 1, 2027 (the “Beneficial Use Period”), Tenant may, upon thirty (30) days prior written notice to Landlord, (y) occupy all or any portion of the 6<sup>th</sup> Floor North (the “Beneficial Space”), and (z) surrender to Landlord any other portion of the Beneficial Space then occupied by Tenant which Tenant does not wish to retain. Such occupancy shall be subject to all of the existing terms and conditions of the Lease, as amended, except that (i) Tenant shall have no Base Rental obligation relating to the Beneficial Space, and (ii) Tenant shall, concurrently with its payment of the other Base Rental, pay to Landlord Tenant’s share of Operating Expenses based upon the rsf (as reasonably determined by Landlord) of the Beneficial Space occupied by Tenant. The Beneficial Space shall be delivered to Tenant in its “AS-IS, WHERE-IS” condition except as set forth herein.

**6. Floor 5 North Space Termination Option.**

a. Notwithstanding anything to the contrary in this Eighth Amendment, provided that there shall not then be an existing default by Tenant under this Lease beyond any applicable cure period, then Tenant shall have the one (1) time right to terminate the Lease solely as it relates to the Floor 5 North Space (the “Floor 5 North Space Termination Right”) in accordance with the terms and conditions of this Section 6 by providing Landlord with irrevocable written notice of Tenant’s election to exercise the Floor 5 North Space Termination Right (the “Termination Notice”) on or before March 31, 2028 (the “Early Termination Notice Date”). On or before 11:59 p.m. local time on March 31, 2029 (the “Floor 5 North Space Early Termination Date”), in the event that Tenant has exercised the Floor 5 North Space Termination Right, Tenant shall pay to Landlord, in the same manner it pays Rent, the amount of One Million Seven Hundred Eight Thousand Nine Hundred and 53/100 Dollars (\$1,708,900.53) (the “Termination Fee”). If Tenant (i) fails to timely provide both the Termination Notice and Termination Fee as and when required pursuant to this Section 6, or (ii) exercises its 6<sup>th</sup> Floor Expansion Option as set forth in Section 11(a) below, then Tenant’s Floor 5 North Space Termination Right shall expire and be of no further force or effect, and Tenant shall have no right or option to terminate the Lease as it relates to the Floor 5 North Space pursuant to this Section 6.

b. If Tenant (i) timely provides both the Termination Notice and Termination Fee as and when required pursuant to this Section 6, (ii) does not exercise its 6<sup>th</sup> Floor Expansion Option, and (iii) is not then in default under the Lease beyond any applicable cure period, then this Lease shall terminate solely as to the Floor 5 North Space on the Floor 5 North Space Early Termination Date, and the annual Base Rental applicable to the Premises shall be reduced by the amount of \$873,959.12. On the Floor 5 North Space Early Termination Date, Tenant shall surrender and



vacate the Floor 5 North Space in its “AS-IS, WHERE-IS” condition and shall have no obligation to remove any wiring or cabling.

c. If Tenant has waived its Floor 5 North Space Termination Right or otherwise failed to comply with subsection (a) above, then on or before the Early Termination Notice Date, Tenant shall provide Landlord with written notice that Tenant is either electing to have Landlord, at Landlord’s sole cost and expense, (i) remove the non-core stairwell connecting Floor 5 North to Floor 6 North in accordance with the stairwell removal scope set forth on the attached **Exhibit F-I** (“Stairwell Removal Scope”) by no later than December 31, 2028 (the “Stairwell Work Date”, and the work required to timely and properly complete the Stairwell Removal Scope being the “Stairwell Removal Work”, and the cost to complete the Stairwell Removal Work being the “Stairwell Removal Cost”), or (ii) enclose the non-core stairwell connecting Floor 5 North to Floor 6 North in accordance with the stairwell enclosure scope set forth on the attached **Exhibit F-II** (“Stairwell Enclosure Scope”) no later than the Stairwell Work Date (the work required to timely and properly complete the Stairwell Enclosure Scope being the “Stairwell Enclosure Work”, and the cost to complete the Stairwell Enclosure Work being the “Stairwell Enclosure Cost”). Shall Tenant provide notice that Landlord is to perform the work necessary to satisfy the Stairwell Enclosure Scope, then Tenant shall have an expansion option for a portion of the 6th Floor of the Building as set forth in Section 11(c) below.

**7. Extension of Lease Term; Base Year.**

a. **Lease Term.** Subject to Section 6 above, the Lease Term for the Premises and Storage Space is hereby extended from its current expiration date of September 30, 2025, to be through September 30, 2036 (the “Extended Lease Term”). At all times during the Extended Lease Term, Tenant shall be subject to all of the terms and conditions of the Lease, as amended herein. Notwithstanding anything to the contrary in the Lease, at the expiration of the Extended Lease Term, Tenant shall not be obligated to restore any portion of the Premises, including but not limited to all wiring and cabling, and Tenant shall surrender such space in its “AS-IS WHERE-IS” condition with all furniture and personal property removed.

b. **Base Year.** Except as expressly set forth herein, as of October 1, 2025, the Base Year shall be amended to be the 2026 calendar year. Tenant’s first payment of Tenant’s Additional Rental for the Extended Lease Term will be January 1, 2027.

**8. Premises Base Rental; Storage Space Rent.**

a. From and after October 1, 2025 up to March 31, 2026, Tenant shall continue to pay Base Rental on the Premises when due and in accordance with all of the terms and conditions of the Lease, except that Base Rental for the Premises shall be in the following amounts:

<b>Period</b>	<b>Monthly Base Rental</b>	<b>Annual Base Rental</b>
10/1/2025 – 3/31/2026	\$438,589.47	\$5,263,073.64

b. From and after April 1, 2026, Tenant shall pay Base Rental on the Premises when due and in accordance with all of the terms and conditions of the Lease, except that Base Rental for the Premises shall be in the following amounts:

Period	Monthly Base Rental	Annual Base Rental
4/1/2026 – 9/30/2026	\$511,419.39	\$6,137,032.68
10/1/2026 – 9/30/2027	\$511,419.39	\$6,137,032.68
10/1/2027 – 9/30/2028	\$511,419.39	\$6,137,032.68
10/1/2028 – 9/30/2029	\$511,419.39	\$6,137,032.68
10/1/2029 – 9/30/2030	\$511,419.39	\$6,137,032.68
10/1/2030 – 9/30/2031	\$511,419.39	\$6,137,032.68
10/1/2031 – 9/30/2032	\$511,419.39	\$6,137,032.68
10/1/2032 – 9/30/2033	\$511,419.39	\$6,137,032.68
10/1/2033 – 9/30/2034	\$511,419.39	\$6,137,032.68
10/1/2034 – 9/30/2035	\$511,419.39	\$6,137,032.68
10/1/2035 – 9/30/2036	\$511,419.39	\$6,137,032.68

c. From and after April 1, 2026, Tenant shall continue to pay Base Rental on the Storage Space when due and in accordance with all of the terms and conditions of the Lease, except that Base Rental for the Storage Space shall be in the following amounts:

Period	Monthly Base Rental	Annual Base Rental
4/1/2026 – 9/30/2026	\$1,129.21	\$13,550.52
10/1/2026 – 9/30/2027	\$1,151.79	\$13,821.48
10/1/2027 – 9/30/2028	\$1,174.83	\$14,097.96
10/1/2028 – 9/30/2029	\$1,198.33	\$14,379.96
10/1/2029 – 9/30/2030	\$1,222.30	\$14,667.60
10/1/2030 – 9/30/2031	\$1,246.75	\$14,961.00
10/1/2031 – 9/30/2032	\$1,271.69	\$15,260.28
10/1/2032 – 9/30/2033	\$1,297.12	\$15,565.44
10/1/2033 – 9/30/2034	\$1,323.06	\$15,876.72
10/1/2034 – 9/30/2035	\$1,349.52	\$16,194.24
10/1/2035 – 9/30/2036	\$1,376.51	\$16,518.12

**9. Floor 5 North Space Early Occupancy.** Should Tenant occupy the Floor 5 North Space prior to April 1, 2026, such occupancy shall be considered beneficial occupancy and Tenant shall have no obligation to pay Monthly Base Rental on the Floor 5 North Space until April 1, 2026.

**10. Retention Option.** Notwithstanding anything in Section 2 to the contrary, Tenant shall have the option to retain Suite 820N as part of the Premises (“Retention Option”). Tenant may exercise the Retention Option by providing written notice (“Retention Notice”) on or before September 30, 2025 (“Notice Deadline”) of Tenant’s election to maintain possession of Suite 820N past the Surrender Date. Should Tenant fail to provide the Retention Notice to Landlord on or before the Notice Deadline, the Retention Option shall be null and void and of no further force or

effect and, subject to Sections 11 and 12 below, Tenant shall have no rights relating to Suite 820N after the Surrender Date. Should Tenant deliver the Retention Notice to Landlord on or before the Notice Deadline, then, as of the date of the Retention Notice, the definitions of “Surrendered Premises” and “Remaining Premises” shall automatically be amended so that Suite 820N shall no longer be part of the Surrendered Premises and instead shall be part of the Remaining Premises, Sections 8(a) and 8(b) above shall automatically be amended to increase the Monthly Base Rental by \$45,911.70 and Annual Base Rental by \$550,940.40, and Tenant shall be entitled to the Suite 820N Allowance (as defined in Section 15(a)(v) below).

**11. Expansion Option.** Notwithstanding anything to the contrary in the Lease, except as set forth in this Eighth Amendment, Tenant shall have no option to expand the Premises, and any other expansion rights previously granted under the Lease are hereby null and void and of no force or effect. Tenant’s rights under this Section 11 in and to such option and expansion spaces are and shall be subject and subordinate to the rights and options of tenants (and their successor and assigns unless their lease expressly restricts such rights only to the original tenant) pursuant only to (i) leases entered into prior to the Effective Date of this Eighth Amendment which contain superior rights of first offer or expansion rights (individually, a “Superior Right” and collectively, the “Superior Rights”), a complete list of such Superior Rights existing as of the Effective Date being listed on the attached **Exhibit D** (each such lease being an “Existing Lease”), but not any amendment, modification or assignment to or of an Existing Lease that expands a Superior Right, or purports to grant a new Superior Right affecting any of the Building space which is the subject of Sections 11 or 12 of this Eighth Amendment, (ii) any extensions or renewals of an Existing Lease, regardless of when executed or effective, by a current or then-existing tenant, provided that such extension or renewal does not expand a Superior Right existing as of the Effective Date, or purport to grant a new Superior Right affecting any of the Building space which is the subject of Sections 11 or 12 of this Eighth Amendment, and (iii) any lease entered into by Landlord with a prospective tenant pursuant to, and in compliance with, the terms of Section 12 of this Eighth Amendment, if Tenant does not accept Landlord’s offer set forth in the ROFR Offer Notice (as defined in such Section 12 of this Eighth Amendment) regarding the subject space, and any extensions or renewals of such lease, provided that such lease, extension or renewal does not expand a Superior Right existing as of the Effective Date, or purport to grant a new Superior Right affecting any of the Building space which is the subject of Sections 11 or 12 of this Eighth Amendment (items (i), (ii) and (iii) being, collectively, the “Subject and Subordinate Conditions”). During the Extended Lease Term, provided that there is no default by Tenant beyond any applicable cure period under the Lease, Tenant shall have the following expansion options:

a. **6<sup>th</sup> Floor North.** Notwithstanding anything contained herein to the contrary, and subject to the terms and conditions of this Section 11(a), Tenant shall have an ongoing option to expand the Premises (the “6<sup>th</sup> Floor Expansion Option”) to include all or a portion of the Building commonly known as 6<sup>th</sup> Floor North and generally depicted on **Exhibit B** attached hereto (the “6<sup>th</sup> Floor Expansion Space”). Tenant may exercise the 6<sup>th</sup> Floor Expansion Option by providing written notice (the “6<sup>th</sup> Floor Expansion Notice”) to Landlord on or before October 1, 2027 (“6<sup>th</sup> Floor Expansion Notice Deadline”). The Sixth Floor Expansion Notice shall include a depiction of the portion of the 6<sup>th</sup> Floor Expansion Space to which Tenant desires to expand (the “6<sup>th</sup> Floor Elected Space”); provided that, in all events the 6<sup>th</sup> Floor Elected Space must (i) be for no less than

10,000 contiguous rsf of the 6<sup>th</sup> Floor Expansion Space, and (ii) include the internal staircase, and all areas of the 6<sup>th</sup> Floor Elected Space must have code compliant egress.

Should Tenant deliver the 6<sup>th</sup> Floor Expansion Notice to Landlord on or before the 6<sup>th</sup> Floor Expansion Notice Deadline, then (w) Landlord shall deliver the 6<sup>th</sup> Floor Elected Space to Tenant within thirty (30) days following Landlord's receipt of the 6<sup>th</sup> Floor Expansion Notice (the "6<sup>th</sup> Floor Elected Space Commencement Date"); provided, however, that in no event shall Landlord be required to deliver the 6<sup>th</sup> Floor Elected Space prior to January 1, 2026, (x) Section 8 above will be automatically amended to increase the Base Rental by an amount equal to \$29.36/rsf per annum per rsf of the 6<sup>th</sup> Floor Elected Space (the "6<sup>th</sup> Floor Rent"), (y) Landlord shall abate the installments of Base Rental for the 6<sup>th</sup> Floor Rent coming due and payable under the Lease commencing on the 6<sup>th</sup> Floor Elected Space Commencement Date and terminating on the last day of the ninth (9<sup>th</sup>) calendar month after the 6<sup>th</sup> Floor Elected Space Commencement Date (the "6<sup>th</sup> Floor Rent Commencement Date"), and (z) Tenant shall be deemed to have waived its Floor 5 North Space Termination Right set forth in Section 6 above, and such Termination Right shall be null and void and of no force or effect. The 6<sup>th</sup> Floor Elected Space shall be delivered to Tenant in its "AS-IS, WHERE-IS" condition except as set forth herein, and, to the extent that Landlord has delivered the 6<sup>th</sup> Floor Elected Space to Tenant in accordance with the provisions of this Section 11(a), Tenant shall occupy the 6<sup>th</sup> Floor Elected Space in accordance with all of the terms and conditions of the Lease, as amended herein.

Should Tenant fail to deliver the 6<sup>th</sup> Floor Expansion Notice to Landlord on or before the 6<sup>th</sup> Floor Expansion Notice Deadline, then the 6<sup>th</sup> Floor Expansion Option shall be null and void and of no further force or effect and Tenant shall have no expansion rights relating to the 6<sup>th</sup> Floor Expansion Space except as set forth in Sections 11(b) and 11(c) below.

b. Entire Building. Subject to this Section 11(b), Tenant shall have an ongoing expansion right (the "Building ROFO Option") for (i) any vacant space in the Building that is no less than 10,000 contiguous rsf, and (ii) any other tenant's premises that is no less than 10,000 contiguous rsf (as defined in such tenant's lease) (y) whose lease expires within six (6) months of the date of the Expansion Notice, and (z) whose lease does not contain any renewal or extension options, or who has elected in writing not to exercise any such renewal or extension options (each an "Expansion Space").

Within ten (10) business days after receipt of a written request from Tenant, from time to time, Landlord shall provide Tenant with a list of the Expansion Spaces which shall include each Expansion Space's anticipated availability date ("Landlord's Availability Notice"). Tenant may, at any time that there is (A) no event of default by Tenant under the Lease beyond any applicable notice and cure period, and (B) no less than thirty-six (36) months remaining on the Extended Lease Term or any Renewal Term as of the date of the Expansion Notice, deliver written notice to Landlord of Tenant's election to lease any Expansion Space (the "Expansion Notice"). Should Tenant provide an Expansion Notice for any Expansion Space within ten (10) business days of Landlord's Availability Notice, Landlord shall, subject to force majeure and tenant holdover, deliver any Expansion Space that Tenant has provided an Expansion Notice on to Tenant within ten (10) business days of the availability date for such Expansion Space set forth in Landlord's Availability Notice, and Tenant's right to use and occupy such Expansion Space shall

commence on the day that Landlord delivers such Expansion Space to Tenant (each an “Expansion Space Commencement Date”). The Expansion Space shall be delivered to Tenant in Broom-Swept Condition and demised, but otherwise in its “AS-IS, WHERE-IS” condition and be subject to all of the terms and conditions of the Lease, as amended herein, except that (1) Base Rental for any Expansion Space shall be an amount equal to (Y) \$29.36/rsf per annum of the applicable Expansion Space if Tenant delivers the Expansion Notice on or before September 30, 2027 (the “Early Notice Date”), or (Z) the Fair Market Value if Tenant delivers the Expansion Notice after the Early Notice Date ((Y) or (Z), as applicable, being the “Expansion Space Base Rental”), and Section 8 above shall automatically be amended to increase Tenant’s Base Rental obligation by the amount of the Expansion Space Base Rental, (2) the Base Year for any Expansion Space subject to an Expansion Notice delivered to Landlord by the Early Notice Date shall be the 2026 calendar year, otherwise the Base Year shall be determined as part of the Fair Market Value, (3) Tenant’s Expansion Space Base Rental shall be abated from the Expansion Space Commencement Date until the earlier of: (i) the date Tenant takes occupancy of the Expansion Space for the purpose of doing business or conducting operations in the Expansion Space, or (ii) nine (9) months after the Expansion Space Commencement Date (the “Expansion Space Abated Rent”), and (4) Tenant shall be entitled to the Expansion Space Allowance (as defined in Section 15(a)(vii) below).

As used in this Eighth Amendment, the term “Fair Market Value” means the rental rate equal to the effective rental rate on transactions being executed by Landlord with tenants desiring to lease comparable space of comparable height and view that is the size of or comparable to the Expansion Space that is the subject of the applicable Expansion Notice, in other comparable first-class buildings with comparable amenities and facilities in the area of the Building, taking into account the lease term, any abatements, costs, allowances, commissions or other concessions then being offered to such comparable tenants, seeking comparable space, and any rights, privileges and allowances Tenant has with respect to the applicable Expansion Space under, pursuant to or in connection with the Lease and this Eighth Amendment. If Landlord and Tenant cannot agree on the Fair Market Value, then the Fair Market Value shall be determined in accordance with the procedure set forth in paragraph (c) of Special Stipulation No. 1 in Exhibit “G” attached to the Original Lease.

c. Floor 6 North Minimum Connected Space. In the event that Tenant provides notice that Landlord is to perform the work necessary to satisfy the Stairwell Enclosure Scope as set forth in Section 6 above, then Tenant shall have an expansion option (the “Stairwell Enclosure Expansion Option”) for a portion of the 6<sup>th</sup> Floor of the Building as depicted on the attached Exhibit C (the “6<sup>th</sup> Floor Enclosed Stairwell Space”). Tenant may exercise the Stairwell Enclosure Expansion Option by providing no less than thirty (30) days prior written notice to Landlord (the “Stairwell Enclosure Expansion Notice”). If Tenant provides the Stairwell Enclosure Expansion Notice, then Landlord shall deliver the 6<sup>th</sup> Floor Enclosed Stairwell Space to Tenant within thirty (30) days after the date Landlord receives the Stairwell Enclosure Expansion Notice (the “Stairwell Enclosed Space Commencement Date”). The 6<sup>th</sup> Floor Enclosed Stairwell Space shall be delivered to Tenant in Broom-Swept Condition but otherwise in its “AS-IS, WHERE-IS” condition except as set forth herein and be subject to all of the terms and conditions of the Lease, as amended herein, except that (i) Base Rental for the 6<sup>th</sup> Floor Enclosed Stairwell Space shall be \$29.36/rsf per annum of the 6<sup>th</sup> Floor Enclosed Stairwell Space (the “6<sup>th</sup> Floor Enclosed Stairwell Space Base Rental”), and (ii) the 6<sup>th</sup> Floor Enclosed Stairwell Space Base Rental and the Floor 5 North Space Base

Rental shall be abated for the first six (6) months commencing on the Stairwell Enclosed Space Commencement Date. Should Tenant occupy the 6<sup>th</sup> Floor Enclosed Stairwell Space prior to the Stairwell Enclosed Space Commencement Date, such occupancy shall be considered beneficial occupancy and Tenant shall have no obligation to pay 6<sup>th</sup> Floor Enclosed Stairwell Space Base Rental until the first month immediately following the sixth (6<sup>th</sup>) month of abated rent set forth in the immediately preceding sentence.

**12. Right of First Refusal.** Notwithstanding anything to the contrary in the Lease, including, without limitation, Exhibit “G” of the Original Lease, except as set forth in this Section 12, Tenant shall have no right of first refusal relating to any vacant space in the Building. Subject to this Section 12, and provided that no event of default by Tenant has occurred under the Lease beyond any applicable cure period, Landlord grants to Tenant (but not a successor or assign to the original Tenant), an ongoing Right of First Refusal (“ROFR”) to lease any then-vacant space consisting of over 10,000 contiguous RSF in the Building (each an “Additional Space”).

a. Except as otherwise provided herein below, if Landlord receives a bona fide offer from a third party to lease any Additional Space which Landlord is prepared to accept, or Landlord otherwise is prepared to lease the Additional Space to a third party pursuant to specified terms, Landlord shall notify Tenant in writing (each notice being hereafter called the “ROFR Offer Notice”) of the availability of such space and shall include the information set forth in Section 12(f)(i) (if applicable), (iii)(z), (iv) and (v). The ROFR Offer Notice shall also constitute an offer by Landlord to lease the Additional Space described in the ROFR Offer Notice to Tenant in accordance with the terms of this Section 12. Tenant shall have ten (10) business days after its receipt of such ROFR Offer Notice to unconditionally accept or decline such offer pursuant to the ROFR and, after such acceptance, to lease all of the Additional Space described in the ROFR Offer Notice from Landlord in accordance with the terms of this Section 12.

b. Acceptance by Tenant of the offer set forth in the ROFR Offer Notice shall be deemed effective only if such unconditional acceptance is given to Landlord in a written notice of Acceptance (the “ROFR Acceptance Notice”) specifically referring to the ROFR Offer Notice to which it relates, received by Landlord within the ten (10) business day period prescribed above for such acceptance. To be effective, such ROFR Acceptance Notice must accept the offer set forth in the subject ROFR Offer Notice with respect to all of the Additional Space described in the ROFR Offer Notice. For the avoidance of doubt, if Tenant exercises its rights hereunder, Tenant must accept the entire Additional Space (all square feet of rentable area) described in the ROFR Offer Notice.

c. If Tenant duly and timely delivers to Landlord its ROFR Acceptance Notice within such ten (10) business day period in accordance with this Section 12, then Landlord and Tenant shall negotiate in good faith the terms and conditions of an amendment to the Lease to include (i) the Additional Space described in the ROFR Offer Notice, and (ii) those matters set forth in Section 12(f)(i)-(v) below, within thirty (30) days after the date of delivery of the ROFR Acceptance Notice. Such terms and condition of a Lease amendment for the Additional Space shall include only those terms set forth in the ROFR Offer Notice, and no other modifications to the Lease shall be permitted in any such amendment unless agreed to by Landlord and Tenant, each in their sole and absolute discretion. Tenant and Landlord shall use all reasonable efforts to negotiate an

amendment as described above, provided, however, the failure of Tenant and Landlord to sign such amendment shall not negate the terms herein set forth.

d. If Tenant does not duly and timely deliver to Landlord its ROFR Acceptance Notice within the aforesaid ten (10) business day period in accordance with this Section 12, then Tenant shall be deemed to have elected not to accept Landlord's offer set forth in the subject ROFR Offer Notice, and Landlord shall be free to enter into a lease with the prospective tenant.

e. Tenant's rights under this Section 12 are and shall be subject and subordinate to the rights and options of tenants (and their successor and assigns unless their lease expressly restricts such rights only to the original tenant) pursuant only to the Subject and Subordinate Conditions. As of the Effective Date, the current tenants with superior ROFR rights are listed on the attached **Exhibit E**. Tenant acknowledges that Landlord may make simultaneous offers to lease Additional Space to Tenant and to any tenant holding such superior rights, and thus if the tenant holding such superior rights elects to accept such offer from Landlord, Landlord will not be bound by its offer to Tenant.

f. If the ROFR is exercised, as evidenced by Landlord's timely receipt, pursuant to Section 12(b), of Tenant's ROFR Acceptance Notice, and no tenant holding superior rights elects to accept a simultaneous offer from Landlord in accordance with Section 12(e) above, then, notwithstanding any provision to the contrary herein, Tenant shall lease the Additional Space subject to the ROFR Acceptance Notice upon all of the following terms and conditions: (i) should there be less than thirty-six (36) months remaining on the Extended Lease Term as of the commencement date for any Additional Space, then the Lease Term for both the Premises and the Additional Space shall be extended so that the remaining Term is thirty-six (36) full months, (ii) the term for the Additional Space shall be coterminous with the Extended Lease Term, subject to romanette (i) herein, (iii) the commencement date for the payment of Base Rental for any Additional Space shall be six (6) months from turnover of such Additional Space to Tenant (each an "Additional Space Commencement Date"), (iv) for the first sixty (60) full months following the Additional Space Commencement Date, the Base Rental for the Additional Space shall be equal to the then-current Base Rental rate per rsf for the Premises, and for the sixty-first month and each month thereafter the Base Rental for the Additional Space shall be equal to the base rent the third-party tenant was offered for the applicable ROFR Offer Notice, and (v) Tenant shall only be entitled to a prorated portion of the financial concessions, such as rent abatement or tenant improvement allowances based on the remainder of the Extended Lease Term, as may be further extended in this Section 12(f) compared to the lease term the third-party tenant was offered for the applicable ROFR Offer Notice.

**13. Renewal Option.** Tenant's renewal option set forth as Special Stipulation No. 1 in Exhibit "G" to the Original Lease, as amended by Section 12 of the Second Amendment, shall remain in full force and effect during the Extended Lease Term. Except as set forth in the prior sentence or as expressly provided for in this Eighth Amendment, Tenant shall have no right to renew or otherwise extend the Extended Lease Term.

#### 14. Tenant Improvements.

a. Except as expressly set forth in this Eighth Amendment, Landlord shall have no obligation to make any improvements to the Surrendered Premises, Remaining Premises (which includes Suite 820N if Tenant exercises its Retention Option), 5<sup>th</sup> Floor North Space, Beneficial Space, 6<sup>th</sup> Floor Expansion Space, Expansion Space, 6<sup>th</sup> Floor Enclosed Stairwell Space, or any Additional Space (collectively, the “Entire Space”). Tenant shall be solely responsible, at its sole cost and expense, but subject to the Tenant Improvements Allowances set forth in Section 15 below, for the construction of any improvements made to all or any portion of the Entire Space (collectively, the “Tenant Improvements”).

b. Tenant shall be responsible for all design and construction of the Tenant Improvements, which will be performed in accordance with the terms of Exhibit “D” to the Original Lease (the “Work Letter”), except that the Work Letter is hereby amended as follows:

(i) Any and all references to “Demised Premises” shall mean the Premises (as defined in Section 3 above) and any other space that Landlord has consented to Tenant’s and/or Tenant’s contract parties’ entry for purposes of constructing the Tenant Improvements.

(ii) Any and all references to “work” or “Tenant’s Work” shall mean the Tenant Improvements (as defined in Section 3 above).

(iii) Section 3 of the Work Letter is hereby deleted in its entirety and replaced as follows:

*“3. Tenant acknowledges that it is currently in possession of the Premises and accepts it in its “as is” condition. To the extent the Premises is expanded pursuant to the Eighth Amendment, Tenant shall accept all future expansion spaces in the conditions set forth in the Eighth Amendment.”*

(iv) Section 4(2) of the Work Letter is hereby amended to delete (i) the reference to “the payment of Rent”, and (ii) the second sentence in its entirety and replace them as follows:

*“that Rent shall be paid (or abated) in accordance with the terms of the Lease as amended by the Eighth Amendment. To the extent Landlord allows Tenant and/or its contract parties to enter any space not then part of the Premises to commence the performance of any Tenant Improvements, such entry by Tenant and/or its contract parties shall be at Tenant and its contract parties’ sole risk.”*

(v) Section 4(3) of the Work Letter is amended to insert the following immediately after the last sentence:

*“Any construction activities relating to the Tenant Improvements that will materially interfere with other tenants’ ability to conduct business (e.g., coring and drilling,*



*shooting of hangars and track, demolition and debris removal) shall be completed during non-building hours.”*

(vi) Section 4(4) of the Work Letter is hereby amended to (i) delete all references to “Building” and replace them with “Project”, and (ii) delete the reference to “the Demised Premises” in the last sentence and replace it with “any space not then part of the Premises that Landlord has consented to Tenant’s or its representative(s)’ entry”.

(vii) Section 4 of the Work Letter is hereby amended to insert a new Section 4(5) as follows:

*“5. In constructing the Tenant Improvements, Tenant shall have the right to select its own general contractor, subcontractors, and vendors, subject to Landlord’s approval, with such approval not being unreasonably withheld, conditioned or delayed. If any Tenant Improvements impact life/fire/safety systems, then Tenant shall utilize the Building contracted Fire Life Safety and Sprinkler vendor (ABR Fire Protection as of the Effective Date) for all fire life safety and sprinkler work.”*

(viii) Section 8 of the Work Letter is hereby deleted in its entirety and replaced as follows:

*“8. Landlord shall provide the Tenant Improvements Allowance in accordance with the terms and conditions of the Eighth Amendment and Escrow Agreement.”*

(ix) Section 11 of the Work Letter is deleted in its entirety and replaced as follows:

*“11. Tenant acknowledges that it is currently in possession of the Premises and accepts it in its “as is” condition. To the extent the Premises is expanded pursuant to the Eighth Amendment, Tenant shall accept all future expansion spaces in the conditions set forth in the Eighth Amendment. As of the (a) Effective Date, Tenant assumes no responsibility or liability for any other tenants’ services that might exist within the Premises (as may be expanded or contracted from time to time), and (b) date Tenant takes possession of any future expansion space pursuant to the Eighth Amendment, Tenant shall assume no responsibility or liability for any other tenants’ service that might exist within such space. Subject to the requirements of the Lease as amended by the Eighth Amendment, Tenant shall have the right to remove or relocate interior tenant walls within the Premises without obligation to repair or restore other Building tenants’ services housed in those interior walls. Tenant shall work in good faith with Landlord and other Building tenants if such situation is identified to allow the tenant utilizing that service to provide an alternate routing for the service through appropriate common Building chaseways.”*

#### **15. Tenant Improvements Allowance.**

a. Tenant Improvements Allowances. Subject to the terms and conditions of this Eighth Amendment, as of the Effective Date Tenant shall be entitled to the following allowances (collectively, (i) – (vii) below are the “Tenant Improvements Allowances”). The timing of

Landlord's providing the Tenant Improvements Allowances and, except as expressly set forth in this Section 15, their holding and disbursement shall be governed by the Escrow Agreement pursuant to Section 16 below. Tenant may use up to twenty-five percent (25%) of the Tenant Improvements Allowances for soft costs related to the Tenant Improvements and/or abatement or payment of Rent. Should the Tenant Improvements Allowances not be fully utilized by Tenant on the date that is five (5) years following the Effective Date, then any such unused Tenant Improvements Allowances shall be applied to Tenant's next Monthly Base Rental payment(s).

(i) Remaining Premises Allowance. Tenant shall be entitled to an allowance of Ten Million Seven Hundred Eighty-One Thousand Eight Hundred Eighty-Seven and 50/100 Dollars (\$10,781,887.50) ("Remaining Premises Allowance") to be used for Tenant Improvements to all or any portion of the Premises.

(ii) Floor 5 North Space Allowance. Tenant shall be entitled to an allowance of One Million Seven Hundred Ninety Thousand Four Hundred Eighty-Five and 05/100 Dollars (\$1,790,485.05) ("Floor 5 North Allowance") to be used for Tenant Improvements to all or any portion of the Premises.

(iii) 6<sup>th</sup> Floor Expansion Space Allowance. Should Tenant exercise its 6<sup>th</sup> Floor Expansion Option in accordance with all of the terms and conditions of this Eighth Amendment, Tenant shall be entitled to an allowance in an amount equal to (i) \$60.15 per rsf of the 6<sup>th</sup> Floor Elected Space, multiplied by (ii) the ratio of the number of full calendar months from the 6<sup>th</sup> Floor Rent Commencement Date until the expiration of the Extended Lease Term to the total number of full calendar months in the entire Extended Lease Term. For purposes of clarification only, if the 6<sup>th</sup> Floor Elected Space contains 10,000 rsf and there are ten (10) full calendar months remaining before the expiration of the Extended Lease Term, then the 6<sup>th</sup> Floor Elected Space Allowance would be (\$60.15\*10,000) multiplied by (10/132) for a total of Forty-Five Thousand Five Hundred Thirty-Three and 55/100 Dollars (\$45,533.55).

(iv) Stairwell Enclosed Space Allowance. Should Tenant exercise its Stairwell Enclosure Expansion Option in accordance with all of the terms and conditions of this Eighth Amendment, Tenant shall be entitled to an allowance in an amount equal to (i) \$60.15 per rsf of the 6<sup>th</sup> Floor Enclosed Stairwell Space, multiplied by (ii) the ratio of the number of full calendar months from the Stairwell Enclosed Space Commencement Date until the expiration of the Extended Lease Term to the total number of full calendar months in the entire Extended Lease Term. For purposes of clarification only, if the Stairwell Enclosed Space contains 10,000 rsf and there are ten (10) full calendar months remaining before the expiration of the Extended Lease Term, then the Stairwell Enclosed Space Allowance would be (\$60.15\*10,000) multiplied by (10/132) for a total of Forty-Five Thousand Five Hundred Thirty-Three and 55/100 Dollars (\$45,533.55).

(v) Suite 820N Allowance. Should Tenant exercise its Retention Option in accordance with Section 10 above, then Tenant shall be entitled to an allowance of One Million One Hundred Twenty-Eight Thousand Seven Hundred Fourteen and 75/100 Dollars (\$1,128,714.75) ("Suite 820N Allowance") to be used for Tenant Improvements to the Premises.

(vi) Stairwell Contingent Allowance. Should Tenant elect for Landlord to complete the Stairwell Removal Work or the Stairwell Enclosure Work, and Landlord fails to complete the Stairwell Removal Work or the Stairwell Enclosure Work, as applicable, in accordance with all of the terms and conditions of the Lease and this Eighth Amendment on or prior to the Stairwell Work Date (a “Stairwell Work Failure”), then Tenant may either (i) exercise its other remedies available to Tenant for a Landlord default under the Lease, or (ii) following thirty (30) days’ notice to Landlord without Landlord commencing to cure the Stairwell Work Failure (or, if timely commenced, Landlord fails to complete such cure within one hundred twenty (120) days of such notice), have the right, at Tenant’s sole option, to complete, or cause the completion of, the Stairwell Removal Work or the Stairwell Enclosure Work, as applicable (“Self-Help Work”). In the event that Tenant elects to perform the Self-Help Work, then Tenant shall (i) retain reputable licensed (if applicable) and insured contractors to complete the work reasonably necessary to cure the Stairwell Work Failure using only new, quality materials, with such Self-Help Work permitted and inspected by the applicable local governmental authorities, to the extent reasonably customary or necessary for such work, and (ii) receive an allowance (the “Stairwell Contingent Allowance”) to be based upon the actual cost of completing the Stairwell Removal Work or Stairwell Enclosure Work, as applicable, at the time Tenant exercises its Self-Help Work. Solely for purposes of calculating the total amount of the LOC, the Stairwell Contingent Allowance shall be deemed to be Five Hundred Two Thousand Five Hundred Thirty-Three and 00/100 Dollars (\$502,533.00), provided that the Stairwell Contingent Allowance shall only be eligible to be disbursed, in accordance with the terms of this Section 15 and the LOC, from and after a Stairwell Work Failure.

(vii) Expansion Space Allowance. Should Tenant, from time to time, exercise its Building ROFO Option in accordance with Section 11(b) above then, for each such Expansion Space, Tenant shall be entitled to a tenant improvement allowance (each, an “Expansion Space Allowance”) in an amount equal to (i) if the subject Building ROFO Option is exercised on or before the Early Notice Date for an Expansion Space, (a) \$60.00 per rsf of such Expansion Space multiplied by (b) the ratio of the number of full calendar months from the Expansion Space Commencement Date until the expiration of the Extended Lease Term to the total number of full calendar months in the entire Extended Lease Term (for purposes of clarification only, if such Expansion Space contains 10,000 rsf and there are sixty-six (66) full calendar months remaining before the expiration of the Extended Lease Term, then the tenant improvement allowance for such Expansion Space would be (\$60.00\*10,000) multiplied by (66/132) for a total of Three Hundred Thousand and 00/100 Dollars (\$300,000.00), and (ii) if the subject Building ROFO Option is exercised after the Early Notice Date for an Expansion Space, what a tenant would receive for a tenant improvement allowance under a lease at Fair Market Value for comparable space of comparable height and view that is the size of or comparable to the Expansion Space in other comparable first-class buildings with comparable amenities and facilities in the area of the Building (provided that if Landlord and Tenant cannot agree on such tenant improvement allowance, then such tenant improvement allowance shall be determined in accordance with the procedure set forth in paragraph (c) of Special Stipulation No. 1 in Exhibit “G” attached to the Original Lease).

b. Disbursement of Tenant Improvements Allowances. Landlord shall make disbursements from the Tenant Improvements Allowances as follows:

(i) Within thirty (30) days following Tenant's written request (each a "Draw Request"), but in any event no more than once every thirty (30) days, Landlord shall reimburse Tenant, or if requested by Tenant, at Tenant's sole option, pay Tenant's contractors, construction vendors and consultants directly, from the Tenant Improvements Allowances, an amount equal to the amount requested in the Draw Request. Each Draw Request shall include the following documentation, to Landlord's commercially reasonable satisfaction, supporting the amount ("Draw") requested in said Draw Request: (A) partial or full lien waivers (as applicable) for the Tenant Improvements then complete and contractor's affidavits and statements from all parties performing labor or supplying materials or services in connection with the Tenant Improvements showing that all of said parties have been compensated or will be compensated to the extent of the Draw and partially or completely, as applicable, waiving all liens in connection with the Premises, the Building and the Land to the extent such parties receive such payment, (B) a detailed breakdown of Tenant's construction costs together with such evidence of partial or full payment, as applicable, acceptable to Landlord in its commercially reasonable discretion, (C) upon completion of any Tenant Improvements, a certificate of occupancy (if applicable and required pursuant to local governmental occupancy requirements) and full and final waivers of liens and contractor's affidavits and statements from all parties performing labor or supplying materials or services in connection with the Tenant Improvements showing that all of said parties have been compensated or will be compensated to the extent of the Draw in full and waiving all liens in connection with the Premises, the Building, and the Land, to the extent such parties receive such payment, and (D) such other commercially reasonable documentation as may be required by Landlord in its commercially reasonable discretion (collectively, (A) – (D) is the "Supporting Documentation").

(ii) Notwithstanding anything to the contrary in the foregoing, Landlord shall have no obligation to disburse any funds (i) not the subject of a Draw Request that includes all Supporting Documentation, (ii) in excess of the Tenant Improvements Allowances, with all such excess costs being the sole responsibility of Tenant, or (iii) to cover the costs of any maintenance and repairs to the Tenant Improvements unless expressly provided for herein.

(iii) Landlord shall, at all times prior to the date that Landlord has fully disbursed the Remaining Premises Allowance, Floor 5 North Allowance and, if applicable, the Stairwell Contingent Allowance (collectively, the "LOC Allowances"), cause DT GRAT CS, LLC, a Nevada limited liability company ("DT GRAT") to maintain a Letter of Credit ("LOC"), in a form reasonably acceptable to Landlord and Tenant, and in an amount equal to Thirteen Million Seventy-Four Thousand Nine Hundred Five and 55/100 Dollars (\$13,074,905.55), from Bank of America, N.A. ("BoA") naming Tenant (and its successors and assigns) as Beneficiary. A copy of the LOC, as approved by Landlord and Tenant, is attached hereto as **Exhibit J**. The LOC shall specifically provide for partial draws and shall by its terms be transferable by Tenant and shall automatically renew for consecutive one (1) year periods through and including the date that is five (5) years from the Effective Date. If Landlord fails to fully fund any Draw Request with respect to the LOC Allowances that complies with the terms of Section 15(b) (i) herein within ten (10) days after receipt of such Draw Request (each a "Failed Draw Disbursement"), then Tenant, as its sole remedy (except as set forth in Section 15(b)(iv) below), may immediately draw upon the LOC for payments in the undisbursed amount of such Draw Request. Tenant acknowledges

and agrees that Landlord shall have the right to cause DT GRAT to terminate the LOC prior to the expiry or expiration date solely in the event that Landlord has fully disbursed to Tenant the full and complete amount of LOC Allowances (excepting only the Stairwell Contingent Allowance in the event that Landlord timely and properly completes the Stairwell Removal Work or Stairwell Enclosure Work, as applicable, in accordance with all of the terms and conditions of the Lease and this Eighth Amendment) (being a “Complete Disbursement”).

(iv) In the event that BoA (i) fails, in any manner, to honor the full and complete terms of the LOC (such as, without limitation, by failing to immediately disburse the full and complete amount of a Failed Draw Disbursement) despite a draw request from Tenant that fully complies with the terms of Section 15(b)(i) herein and the LOC (each an “LOC Failed Draw”), or (ii) revokes, rescinds, fails to renew, or otherwise terminates the LOC, or provides written notice of the intent take any such action, prior to the Complete Disbursement (each an “LOC Termination”), then Landlord shall not be deemed to be in immediate default under the Lease therefor (provided that this shall not prohibit or cure a Landlord default under another section of the Lease or this Eighth Amendment), provided that, within ten (10) days of written notice from Tenant to Landlord of such LOC Failed Draw or LOC Termination, as applicable, Landlord shall, (a) for an LOC Failed Draw, either disburse to Tenant the full and complete amount of such LOC Failed Draw or cause DT GRAT to provide to Tenant an original replacement letter of credit from a different federally insured banking or lending institution reasonably comparable to BoA, in a form consistent with the terms contained in Section 15(b)(iii) above, and otherwise reasonably acceptable to Tenant in form and content (the “Replacement LOC”), which shall also include, without limitation, the ability of Tenant to draw for the full and complete amount of such LOC Failed Draw, and (b) for an LOC Termination, cause DT GRAT to provide Tenant with a Replacement LOC (items (a) and (b) individually and collectively being an “LOC Cure”). In the event Landlord fails to provide any LOC Cure in accordance with this subsection, then Landlord shall be in default under the Lease, and Tenant shall be entitled to all remedies available under the Lease for a Landlord default, which remedies shall expressly include the right and ability for Tenant to immediately, without further notice, draw the full and complete amount of the LOC, notwithstanding such draw is in excess of any then-existing Draw Request (a “Full Draw Down”). In the event Tenant obtains good funds from BoA in the amount of a Full Draw Down, (1) Tenant shall thereafter apply such amounts as a credit against tenant improvement allowance amounts as may become due to Tenant pursuant to the Remaining Premises Allowance, the Floor 5 North Allowance and, if applicable, the Stairwell Contingent Allowance, provided that Tenant shall not be required to provide any Draw Requests, but shall provide all Supporting Documentation, in connection therewith prior to such application (individually, a “Post-Default Application”, or collectively, the “Post-Default Applications”), and (2) in the event Landlord delivers a Replacement LOC on or before thirty (30) days after the Full Draw Down, then Tenant shall, within three (3) business days after receipt of the Replacement LOC, return to Landlord, any portion of the Full Draw Down remaining after any Post-Default Applications. Tenant acknowledges and agrees that DT GRAT is providing the LOC (and, if applicable, any Replacement LOC) solely as a convenience to satisfy requirements of Landlord’s future Mortgagee, and therefore (y) Tenant hereby waives any and all claims, present or future, known or unknown, it may have against DT GRAT and releases DT GRAT of any and all liability or obligations to Tenant under the Lease, this Eighth Amendment, the LOC or any Replacement LOC, and (z) Landlord, and not DT GRAT, shall be solely liable for any defaults of Landlord’s

obligations under the Lease or this Eighth Amendment, regardless of whether or not such default relates to the LOC (or Replacement LOC, if applicable), a LOC Failed Draw, or providing a LOC Cure, and DT GRAT shall have no liabilities or obligations relating to the Lease, this Eighth Amendment, the LOC or any Replacement LOC.

(v) If Landlord fails to fully fund any Draw Request with respect to any of the Tenant Improvement Allowances (other than the Remaining Premises Allowance, Floor 5 North Allowance and the Stairwell Contingent Allowance, as dealt with in subsection (iv) above) that complies with the terms of Section 15(b)(i) herein, within ten (10) days after receipt of such Draw Request (each a “Failed Non-LOC Draw Disbursement”), then Tenant, in addition to, and not in limitation of, all other remedies permitted under the Lease, shall have the right to deduct and offset such amounts as would have been properly funded pursuant to the Failed Non-LOC Draw Disbursement against all amounts as may be, or thereafter become, due and owing to Landlord (including, without, limitation, Base Rental and Tenant’s Additional Rental) relating solely to the portion of the Premises for which the Tenant Improvement Allowance was granted. For purposes of example only, if Tenant exercises its right to an Expansion Space, and there is subsequently a Failed Non-LOC Draw Disbursement relating to the Expansion Space Allowance for such Expansion Space, then Tenant shall be entitled to deduct the amount of the Failed Non-LOC Draw Disbursement from all amounts that come due under the Lease for the Expansion Space only. In such event, Tenant shall provide written notice to Landlord setting forth such deductions and offsets as such become applied, and such deductions and offsets shall be deemed as though they had been properly and timely paid to Landlord in satisfaction of such referenced amounts.

**16. Escrow Agreement.** Contemporaneously with the execution of this Eighth Amendment, (i) Landlord, Tenant and Chicago Title Company (“Escrow Agent”), shall enter into an escrow agreement in the form attached hereto as **Exhibit G-I** (the “Escrow Agreement”), and (ii) Landlord, Tenant Broker and Escrow Agent shall enter into an escrow agreement in the form attached hereto as **Exhibit G-II** (“Broker Escrow Agreement”). Should any party fail to deliver the Escrow Agreement or Broker Escrow Agreement, as the case may be, executed by such party contemporaneously with them delivering the signed copy of this Eighth Amendment, then this Eighth Amendment shall be null and void and of no force or effect. The Escrow Agreement shall govern the Effective Date of this Eighth Amendment and the issuance of the LOC.

**17. Subordination to Mortgages; Estoppel Certificate.**

a. For purposes of this Eighth Amendment, “Mortgage” means any mortgages, deeds of trust, ground leases, or other liens upon the Premises, the Building, or the Land, and renewals, modifications, refinancings, and extensions thereof; and “Mortgagee” means the party having the benefit of a Mortgage. Landlord represents and warrants to Tenant that no Mortgages are in existence as of the Effective Date of this Eighth Amendment other than in favor of BSPRT CMBS FINANCE, LLC, a Delaware limited liability company (and any of its successors and/or assigns), with whom Tenant has, as of the Effective Date, entered into a subordination, non-disturbance, and attornment agreement (“SNDA”). In addition, subject to Section 17(d) below, the Lease and this Eighth Amendment are subject and subordinate to the lien of all future Mortgages. A Mortgagee may at any time subordinate its Mortgage to the Lease and this Eighth Amendment.

Upon the request of Landlord or any Mortgagee, Tenant shall attorn to any successor to Landlord's interest in the Lease and this Eighth Amendment.

b. If a Mortgagee or any other person shall succeed to the rights of Landlord under the Lease and this Eighth Amendment, whether through possession or foreclosure action, or the delivery of a new lease or deed, then at the request of the successor landlord and upon such successor landlord's written agreement to accept Tenant's attornment and to recognize Tenant's interest under the Lease and this Eighth Amendment, Tenant shall be deemed to have attorned to and recognized such successor landlord as Landlord under the Lease and this Eighth Amendment. The provisions of this Section 17(b) are self-operative and require no further instruments to give effect hereto. Tenant shall, within ten (10) business days after written request, execute and deliver any instrument that such successor landlord may reasonably request evidencing such attornment, setting forth the terms and conditions of Tenant's tenancy, and containing such other reasonable terms and conditions as may be requested by such Mortgagee or Lessor that are mutually agreeable to Tenant. Upon such attornment, the Lease and this Eighth Amendment shall continue in full force and effect as a direct lease between such successor landlord and Tenant upon all of the terms, conditions and covenants set forth in the Lease and this Eighth Amendment except that the successor landlord (a) is not liable for any previous act or omission of Landlord under the Lease and this Eighth Amendment which accrued prior to the date of acquisition of Landlord's interest, except for defaults under the Lease that continue beyond the date of successor landlord's acquisition and that are required to be cured in accordance with the terms of the Lease and this Eighth Amendment; (b) is not subject to any offset, claim, or defense which has accrued against Landlord unless the basis of such offset, claim, or defense remains uncured and successor landlord had notice thereof prior to successor landlord's acquisition of Landlord's interest under the Lease and this Eighth Amendment; (c) does not have any obligation with respect to any security deposit under the Lease and this Eighth Amendment unless such security deposit has been delivered to successor landlord; (d) is not bound by any previous prepayment of Rent for a period greater than one (1) month in advance of its due date under the Lease and this Eighth Amendment unless such prepayment has been expressly approved in writing by Mortgagee or is required by the Lease; and (e) is not bound by any modification of the Lease and this Eighth Amendment that is made after the date of the SNDA and without the written consent of Mortgagee, but only if such consent is required pursuant to the Mortgage (which consent Mortgagee shall not unreasonably withhold, delay, or condition).

c. Tenant shall, within ten (10) business days after receipt of a written request from Landlord, execute and deliver a commercially reasonable estoppel certificate to those parties as are reasonably requested by Landlord, including a Mortgagee or prospective purchaser of the Building and/or Land. Without limitation, such estoppel certificate may include a certification as to the status of the Lease and this Eighth Amendment, the existence of any defaults, and the amount of Rent that is due and payable.

d. Notwithstanding any of the foregoing to the contrary, Landlord shall use commercially reasonable efforts, at Landlord's sole cost and expense, to cause any future Mortgagee to execute and deliver to Tenant an SNDA in a form reasonably acceptable to Tenant; provided, however, if Landlord fails to deliver an SNDA from such future Mortgagee in a form reasonably acceptable to Tenant, Tenant's interest in the Lease shall not be subordinate to such

future Mortgage. Any SNDA substantially similar in form and content to the SNDA attached hereto as **Exhibit H** or in a form previously executed by Tenant with respect to the Lease shall be deemed to be reasonably acceptable to Tenant. If Tenant shall fail or refuse, for any reason, to execute and deliver an SNDA in the form required by this Section 17(d) within twenty (20) days after delivery thereof to Tenant, then Tenant's interest under the Lease shall be deemed subordinate to such future Mortgage upon the terms of this Section 17. Nothing herein shall prevent Tenant from requesting reasonable modifications to any such future SNDA within the aforementioned twenty (20) day period, provided that Landlord shall have no liability to Tenant in the event any future Mortgagee does not agree to such requested modifications.

**18. Building Updates.**

a. HVAC. To the extent not already completed, within sixty (60) days following the Effective Date, Landlord shall cause all of the HVAC filters in the Building to be replaced with filters with at least a MERV 13 rating.

b. EV Charging Stations. On or before December 31, 2024, Landlord will install six (6) level 2 electric vehicle charging stations in the location generally depicted on **Exhibit I** attached hereto ("EV Chargers"). Landlord reserves the right to charge users of the EV Chargers an amount reasonably determined by Landlord from time to time.

c. Card Access Readers. For any floor in the Building that Tenant leases in its entirety, Tenant may restrict access to such floors by installing card access readers in core stairwells and elevators at Tenant's sole cost; provided, however, that Tenant shall ensure that the Building's property manager is able to access such restricted areas and other occupants are not restricted from accessing their space or Building common areas.

**19. Brokerage Commissions.** Landlord represents and warrants that it has not retained or consulted with a broker, agent or commission salesperson with respect to the negotiation of this Eighth Amendment other than Jones Lang LaSalle ("Landlord Broker"), and that no commissions, fees or compensation of any kind are due and payable in connection with this Eighth Amendment to any broker, agent or commission salesperson acting for or on behalf of Landlord other than to Landlord Broker. Tenant represents and warrants that it has not retained or consulted with a broker, agent or commission salesperson with respect to the negotiation of this Eighth Amendment other than CBRE, Inc. ("Tenant Broker"), and that no commissions, fees or compensation of any kind are due and payable in connection with this Eighth Amendment to any broker, agent or commission salesperson acting for or on behalf of Tenant other than to Tenant Broker. Tenant agrees to indemnify and hold Landlord harmless from all loss, cost and damage suffered or incurred by Landlord as the result of any breach by Tenant of the representation and warranty contained in this Section 19 except as it relates to the commission due to Tenant Broker which Landlord has agreed to pay in accordance with the Broker Escrow Agreement. Landlord agrees to indemnify and hold Tenant harmless from all loss, cost and damage suffered or incurred by Tenant as the result of any breach by Landlord of the representation and warranty contained in this Section 19. Landlord has agreed to compensate Landlord Broker for its services in accordance with the terms of a separate commission agreement between Landlord and Landlord Broker.



**20. No Defaults.** Landlord and Tenant agree that there are, as of the Effective Date, regardless of the giving of notice or the passage of time, or both, no defaults or breaches on the part of Landlord or Tenant under the Lease beyond any applicable cure period.

**21. Miscellaneous.** This Eighth Amendment shall become effective only upon its full execution and delivery by Landlord and Tenant. This Eighth Amendment contains the parties' entire agreement regarding the subject matter covered by it and supersedes all prior correspondence, negotiations, and agreements, if any, whether oral or written, between the parties concerning such subject matter. There are no contemporaneous oral agreements, and there are no representations or warranties between the parties not contained in this Eighth Amendment. The person executing this Eighth Amendment on behalf of Tenant does hereby covenant and warrant that Tenant is a duly authorized and existing corporation, that Tenant has full right and authority to enter into this Lease, and that the person signing on behalf of Tenant is authorized to do so. Except as modified by this Eighth Amendment, the terms and provisions of the Lease shall remain in full force and effect, and the Lease shall be binding upon and shall inure to the benefit of Landlord and Tenant, their successors and permitted assigns.

**22. No Further Amendments; Ratification.** Except as expressly amended herein, all terms and conditions of the Lease remain unamended in full force and effect and are ratified and confirmed by Landlord and Tenant. In the event of any conflict between the terms and conditions of this Eighth Amendment and any of the terms and conditions of the Lease, the terms and conditions of this Eighth Amendment shall control.

**23. Time of the Essence.** Time is of the essence of all of the terms and provisions of this Eighth Amendment.

**24. Counterparts.** This Eighth Amendment may be executed in multiple counterparts, each of which shall be an original, but all of which shall constitute one and the same Eighth Amendment. Faxed signatures or signatures sent electronically in Adobe PDF format shall have the same binding effect as original signatures, and a faxed Eighth Amendment or Eighth Amendment sent electronically in Adobe PDF format containing the signatures (original, faxed or in Adobe PDF format) of the parties shall be binding.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed this Eighth Amendment as of the date set forth below each party's signature hereto, respectively, but with intent to be bound hereby on the Effective Date.

**LANDLORD:**

**2300 WINDY RIDGE LLC**, a Georgia limited liability company

By: Wildwood CS, LLC, a Delaware limited liability company, its Managing Member

By: /s/ Fred Arena  
Name: Fred Arena  
Title: Manager  
Date: January 30, 2024

-

**TENANT:**

**MANHATTAN ASSOCIATES, INC.**, a Georgia corporation

By: /s/ Dennis Story  
Name: Dennis B. Story  
Title: Executive Vice President and Chief Financial Officer

Attest: /s/ Matt Steinberg  
Print Name: Matthew Steinberg  
Title: VP of Finance

[CORPORATE SEAL]

Date signed by Tenant: January 31st, 2024

*[SIGNATURE PAGE TO EIGHTH AMENDMENT]*

DT GRAT executes this Eighth Amendment solely for the purpose of acknowledging and agreeing to the applicable terms of Section 15(b) herein.

**DT GRAT:**

**DT GRAT CS, LLC**, a Nevada limited liability company

By: /s/ Dennis Troesh

Print Name: Dennis Troesh

Title: Manager

[CORPORATE SEAL]

Date signed by DT GRAT: January 30, 2024

SCHEDULE OF INITIAL SALARIES AND TARGET BONUS OPPORTUNITIES  
FOR NAMED EXECUTIVE OFFICERS  
AS SET FORTH IN EXECUTIVE EMPLOYMENT AGREEMENTS

<b>Name</b>	<b>Position<sup>(1)</sup></b>	<b>Base Salary<sup>(2)</sup></b>	<b>Target Bonus<sup>(2)</sup></b>
Eddie Capel	President and Chief Executive Officer	\$575,000	\$575,000
Dennis B. Story	Executive Vice President, Chief Financial Officer and Treasurer	\$402,000	\$296,000
Bruce S. Richards	Senior Vice President, Chief Legal Officer and Secretary	\$320,000	\$184,000
Robert G. Howell	Senior Vice President, Americas Sales	\$323,000	\$312,000
J. Stewart Gantt	Executive Vice President, Professional Services	\$315,000	\$255,000

(1) Position titles are as initially set forth in the employment agreements.

(2) Salaries and target bonuses set forth above are as initially set forth in employment agreements. Salaries are subject to subsequent increase, and target bonus amounts are subject to subsequent adjustment, at the discretion of the Board of Directors or the Compensation Committee thereof.

## INSIDE INFORMATION AND SECURITIES TRADING POLICY

[The following is excerpted from Manhattan Associates' "Global Ethics and Compliance Manual," published internally and on its corporate website [www.manh.com](http://www.manh.com)]

From time to time, you may have access to "material" nonpublic (or "inside") information, defined below, relating to the Company. Until it is released to the public, material information must be kept confidential and must not be used for personal gain. Using material nonpublic information for personal gain or releasing that information to others who may use it for personal gain, is a fraud against the Company and members of the investing public. These actions violate U.S. law and this Policy. Given the significant liabilities that may be incurred for violations of the laws governing improper use or disclosure of material nonpublic information, the Company has a vital interest in ensuring that material information about its business and affairs is disclosed in the proper way and at the proper time and that trading in its securities occurs in a fair and honest manner. This Policy supplements, but does not supersede or otherwise modify, the provisions of other standard procedures and agreements intended to protect confidential information and materials. If you have a question about this Policy, including whether information might be considered material and nonpublic, please contact the Chief Legal Officer or the Chief Financial Officer.

### *Material Nonpublic Information Defined*

Information relating to the Company or its affairs, or, if applicable, another company, generally is considered "material" if release of the information would be likely to affect the market price of the Company's stock or other securities (such as stock options or bonds) or the securities of another company, or if a reasonable investor likely would consider the information important in deciding whether to buy, sell, or hold those securities. Examples of material information may include the Company's earnings estimates, completion of the Company's development of a new and promising product, settlement of a major lawsuit, a new "buy" recommendation relating to our stock by a stock analyst, or our signing a significant new license deal with a customer. It does not matter whether the information is favorable or unfavorable to the Company.

Material information about the Company is nonpublic until it has been released to the public by the Company through appropriate, authorized channels, such as through a press release or a statement from one of the Company's officers who is authorized to make that statement and enough time – normally 24 hours – has elapsed to permit the investment market to evaluate the information. The information also may become public because of the appropriate release of that information by a third party (e.g., a stock analyst releases their "buy" rating on the Company). It is not sufficient for material information to have become known to just a few members of the public if it has not otherwise been made available in a manner designed to reach investors generally.

### *Protection and Use of Material Nonpublic Information*

The Company has established the following rules with respect to the protection and use of all material nonpublic information, unless specific exceptions are made:

FILENAME \\* MERGEFORMAT Insider Trading Policy 2024.01.31

---

- Except as otherwise designated by the Company's Chief Executive Officer, the Company's Senior Director Corporate Marketing is the sole contact for media seeking information about the Company. Any requests from the media must be referred to the Senior Director Corporate Marketing. They will deal directly with the media and make appropriate arrangements. The Senior Director Corporate Marketing or their designee must approve any articles, press releases, or other public communications on behalf of or pertaining to the Company prior to publication.
- You must not share or distribute material nonpublic information within the Company except as reasonably necessary or appropriate for you or your colleagues at the Company to fulfill your or their job responsibilities for the Company.
- You must not buy or sell, or advise anyone else to buy or sell, any stock or other securities of the Company at any time when you are in possession of material nonpublic information concerning the Company. If you have access to material nonpublic information concerning the Company, you are prohibited from buying or selling, or otherwise transacting in, any securities until at least 24 hours after the material information has been released to the public by the Company or otherwise becomes generally known by or available to the public. Note that an exercise of a Company-issued option to purchase Company stock is not considered a prohibited transaction for this purpose (although the sale of shares of stock obtained through such an exercise is considered a sale for purposes of the "insider" trading prohibitions).

If you are considering transacting in the Company's securities and you have a concern that information in your possession may prohibit you from lawfully transacting in those securities, or if you otherwise are concerned about the propriety of the transaction, then we encourage you to discuss the possible transaction and your concerns with the Chief Legal Officer.

Because of your employment or other relationship with the Company, you may have access to material nonpublic information pertaining to other companies. You must not trade or advise others to trade in the securities of those other companies while in possession of that information.

#### *Additional Prohibited and Restricted Transactions*

Because of the substantial risk of a conflict of interest, you are prohibited from engaging in "short sales" of the Company's securities, which are sales of Company securities that you presently do not own with the intention of purchasing shares of the Company at a later time to cover those sales. Similarly, you are prohibited from engaging in hedging or monetization transactions with respect to Company securities, such as purchasing or selling puts or call options, prepaid variable forward contracts, equity swaps, collars, exchange funds, or other similar transactions that misalign your interests with the interests of our public shareholders.

#### *Restrictions on Transactions by Board Members and Senior Personnel*

Members of the Company's Board of Directors and "Senior Personnel" are subject to special prohibitions on trading in Company securities. Senior Personnel include Senior Director-level employees and above, Director-level employees in Sales, Finance, and Marketing, employees in the Company's Legal Department, and other employees who may be designated and notified from time to time.

For Board members and Senior Personnel (together, "Covered Persons"), trading in Company securities is prohibited during the periods beginning at the close of the market on the 15<sup>th</sup> day of

the last month of each fiscal quarter and ending 24 hours after the Company releases to the public its results of operations for that fiscal quarter. During those “quarterly blackout” periods, Covered Persons generally possess or are presumed to possess material nonpublic information about the Company’s financial results.

In addition to quarterly blackout periods, the Company may impose special blackout periods from time to time in response to specific instances of material nonpublic information regarding the Company (such as merger negotiations, acquisitions, or dispositions). If the Company imposes a special blackout period, the Company will notify affected persons who will be prohibited from trading Company securities while the material nonpublic information remains pending.

Board Members, “executive officers” (as defined in SEC rule 17 CFR 240.3b-7), and other officers at or above the Senior Vice President level are prohibited from engaging in “significant pledging” of Company stock. Whether a proposed level of pledged Company stock is significant will be determined by the Company’s Chief Legal Officer on a case-by-case basis, as part of the “pre-clearing” requirements discussed below, by considering the aggregate pledged shares in terms of common shares outstanding or market value or trading volume and other pertinent factors.

Covered Persons may only trade Company securities during “trading windows,” which are periods when no blackout period is in effect. The ability to trade Company securities during a trading window remains subject to the prohibition on trading while in possession of material nonpublic information concerning the Company. Because Board Members, “executive officers,” and employees at or above the Senior Vice President level are in general more likely to possess material nonpublic information concerning the Company on occasion, they must “pre-clear” their proposed transactions in the Company’s securities, including any proposed pledging of securities, with the Company’s Chief Legal Officer. From time to time, the Chief Legal Officer may designate additional employees subject to the “pre-clearing” requirement.

## MANHATTAN ASSOCIATES, INC. SUBSIDIARIES

<u>Subsidiaries</u>	<u>Place of Incorporation</u>
Manhattan Associates Limited	United Kingdom
Manhattan Associates Europe B.V.	Netherlands
Manhattan Associates France SARL	France
Manhattan Associates GmbH	Germany
Manhattan Associates KK	Japan
Manhattan Associates Software (Shanghai), Co. Ltd.	China
Manhattan Associates Pty Ltd.	Australia
Manhattan Associates Software Pte Ltd.	Singapore
Manhattan Associates (India) Development Centre Private Limited	India
Manhattan Associates, S. de R.L. de CV	Mexico
Manhattan Associates Services, S. de R.L. de CV	Mexico
Manhattan Associates Supply Chain Software, LLC	Georgia, USA
Manhattan Associates Chile SpA	Chile

---



Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Form S-8 No. 333-143611 pertaining to the Manhattan Associates, Inc. 2007 Stock Incentive Plan,
2. Form S-8 No. 333-159852 pertaining to the Manhattan Associates, Inc. 2007 Stock Incentive Plan,
3. Form S-8 No. 333-174499 pertaining to the Manhattan Associates, Inc. 2007 Stock Incentive Plan, and
4. Form S-8 No. 333-238503 pertaining to the Manhattan Associates, Inc. 2020 Equity Incentive Plan;

of our reports dated February 5, 2024, with respect to the consolidated financial statements of Manhattan Associates, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Manhattan Associates, Inc. and subsidiaries included in this Annual Report (Form 10-K) of Manhattan Associates, Inc. and subsidiaries for the year ended December 31, 2023.

/s/ Ernst & Young LLP

Atlanta, Georgia  
February 5, 2024

---

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eddie Capel, certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;
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 annual 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 officer 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 annual 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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.

Dated this 5th day of February, 2024

/s/ Eddie Capel

---

Eddie Capel, President and Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a)/15d-14(d), AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dennis B. Story, certify that:

1. I have reviewed this annual report on Form 10-K of the registrant;
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 annual 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 officer 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 annual 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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 officer 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.

Dated this 5th day of February, 2024

/s/ Dennis B. Story

\_\_\_\_\_  
Dennis B. Story, Executive Vice President, Chief Financial Officer,  
and Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

This Certificate is being delivered pursuant to the requirements of Section 1350 of Chapter 63 (Mail Fraud) of Title 18 (Crimes and Criminal Procedures) of the United States Code and shall not be relied on by any person for any other purpose.

The undersigned, who are the Chief Executive Officer and Chief Financial Officer, respectively, of Manhattan Associates, Inc. (the "Company"), hereby each certify that, to the undersigned's knowledge:

1. the Annual Report on Form 10-K of the Company for the twelve month period ended December 31, 2023 (the "Report"), which accompanies this Certification, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. all information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated this 5th day of February, 2024

/s/ Eddie Capel

Eddie Capel, President and Chief Executive Officer

/s/ Dennis B. Story

Dennis B. Story, Executive Vice President, Chief Financial Officer,  
and Treasurer

In accordance with SEC Release No. 34-47986, this Exhibit is furnished to the SEC as an accompanying document and is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933. A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

---

**MANHATTAN ASSOCIATES, INC.**  
**Incentive Compensation Recoupment Policy**  
**Effective October 2, 2023**

This Incentive Compensation Recoupment Policy (this “**Policy**”) has been adopted by the Board of Directors of Manhattan Associates, Inc., a Georgia corporation (the “**Company**”), effective as of October 2, 2023 (the “**Effective Date**”). This Policy supersedes the previous Incentive Compensation Recoupment Policy adopted effective January 27, 2022 (the “**Prior Policy**”), except as set forth in **Section 2** below.

- 1. Recoupment of Certain Incentive-Based Compensation due to Accounting Restatement.** Following the Effective Date, if the Company is required to prepare an Accounting Restatement, the Company will take action, subject to the terms of this Policy, to attempt to Recoup reasonably promptly any Excess Incentive-Based Compensation Received by any Covered Executive during the Recoupment Period, regardless of the individual fault of a Covered Executive for that Accounting Restatement.
- 2. Covered Compensation.** Recoupment under this Policy will apply to Excess Incentive-Based Compensation that (a) at the time of the grant, award, earning, vesting, or Receipt is governed by a document that states, in effect, that the grant, award, earning, vesting, or Receipt would be subject to an incentive compensation recoupment policy adopted by the Company, or (b) is Received on or after the Effective Date.

When Excess Incentive-Based Compensation is not covered by the preceding paragraph, that Excess Incentive-Based Compensation will be subject to Recoupment under the Prior Policy to the extent it is subject to that policy.

- 3. Definitions.** In addition to any other terms defined in this Policy, the following definitions will apply:

**a. “Accounting Restatement”** means an accounting restatement the Company is required to prepare due to the Company’s material noncompliance with any financial reporting requirement under the securities laws, including any required restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. (An Accounting Restatement will not include a restatement resulting from a change in accounting policies or principles.)

**b. “Covered Executive”** means any individual who is a current or former (i) senior vice president or more senior officer of the Company or (ii) Executive Officer, and who served as a Covered Executive at any time during the performance period for the relevant Incentive-Based Compensation.

**c. “Excess Incentive-Based Compensation”** means the amount or value of a Covered Executive’s Incentive-Based Compensation Received that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the amounts set forth in the Accounting Restatement, computed without regard to any taxes paid. Where the amount of Excess Incentive-Based Compensation is not subject to mathematical recalculation directly from the Accounting Restatement, as with

Financial Reporting Measures such as stock price or total shareholder return, the amount of Excess Incentive-Based Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on that Financial Reporting Measure. The Company must maintain documentation of the determination of that reasonable estimate and provide that documentation to Nasdaq.

**d. "Executive Officer"** means the Company's president, principal financial officer, principal accounting officer (or if there is no such accounting officer, the controller), any vice-president of the Company in charge of a principal business unit, division, or function (such as sales, administration, or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parents or subsidiaries are deemed executive officers of the Company if they perform those policy making functions for the Company. Executive Officers will include at a minimum the executive officers whose biographies appear in the Company's Annual Report on Form 10-K or Proxy Statement for its Annual Meeting of Shareholders.

**e. "Exchange Act"** means the U.S. Securities and Exchange Act of 1934, as amended.

**f. "Financial Reporting Measures"** means measures determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, measures derived wholly or in part from those measures and stock price and total shareholder return, in each case whether or not presented in the Company's financial statements or included in a Company filing with the U.S. Securities and Exchange Commission.

**g. "Incentive-Based Compensation"** means, with respect to a Covered Executive, any compensation granted, awarded, earned, vested or Received based wholly or in part on the attainment of a Financial Reporting Measure. Examples of "compensation" include but are not limited to cash incentives under the Company's cash bonus plan, and stock options, stock appreciation rights, restricted stock, performance shares, restricted stock units and performance share units under the Company's long-term incentive plans.

**h. "Nasdaq"** means the Nasdaq Stock Market.

**i.** Incentive-Based Compensation is "**Received**" in the Company's fiscal period during which the Financial Reporting measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period. "Receive" and "Receipt" have similar meanings.

**j. "Recoupment"** means cancellation, recovery, recoupment, reimbursement, forfeiture or similar actions relating to compensation granted, awarded, paid, earned, vested, or Received. "Recoup" and "Recouped" have similar meanings.

**k. "Recoupment Period"** means the three completed fiscal years preceding the date the Company is required to prepare an Accounting Restatement, plus any "transition period" resulting from a change in fiscal year to the extent provided in Rule 5608. The date the Company is required to prepare an Accounting Restatement will be determined by reference to Rule 5608. Recoupment actions under this Policy will be taken on or after that date and are not dependent on if or when restated financial statements are filed.

**l. "Rule 5608"** means Nasdaq Rule 5608 and any successor rule.

**4. Methods of Recoupment of Excess Incentive-Based Compensation.** In the sole discretion of the Compensation Committee of the Board of Directors (the "**Committee**"), and subject to applicable law, Recoupment under this Policy may include (without limiting any other legal method of Recoupment):

- a. Cancelling outstanding vested or unvested Incentive-Based Compensation awards;
- b. Forfeiture of common stock obtained from Incentive-Based Compensation awards;
- c. Offsetting the value of any Excess Incentive-Based Compensation against any other amounts owed by the Company to the Covered Executive;
- d. Reducing future Incentive-Based Compensation payable to a Covered Executive following an Accounting Restatement; or
- e. Seeking recovery of any gain realized from the vesting, exercise, settlement, sale, transfer or other disposition of any equity or equity-linked Incentive-Based Compensation.

The Committee may not seek to reduce any future amount payable or to be provided to the Covered Executive that is considered “non-qualified deferred compensation” under Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations and guidance promulgated under that section. Any Excess Incentive-Based Compensation that is considered “non-qualified deferred compensation” under Section 409A and to which this Policy is applicable may be subject to forfeiture instead.

There will be no duplication of Recoupment under this Policy and any of 15 U.S.C. Section 7243 (Section 304 of the Sarbanes-Oxley Act of 2002) or Section 10D of the Exchange Act and related Rule 10D-1.

**5. Interpretation of this Policy; Committee Determinations.** The Committee has the exclusive power and authority to administer this Policy, including to interpret the provisions of this Policy and to make all determinations deemed necessary or advisable for the administration of this Policy, including what constitutes Incentive-Based Compensation and Excess Incentive-Based Compensation. All Committee actions, interpretations, and determinations taken or made will be final and binding. The Committee will seek to interpret this Policy consistently in all material respects with Rule 5608 and Section 10D of the Exchange Act and related Rule 10D-1.

**6. Due Process.** Before the Committee determines to seek Recoupment pursuant to this Policy, it will provide the Covered Executive, where feasible, with written notice and the opportunity to be heard at a meeting of the Committee (which may be in-person or virtual, as determined by the Committee).

**7. No Indemnification.** The Company will not indemnify any Covered Executive against the loss of Excess Incentive-Based Compensation.

**8. Other Rights.** This Policy will be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators, or other legal representatives. The exercise by the Committee of any rights pursuant to this Policy will be without prejudice to any other rights the Company may have with respect to any Covered Executive subject to this Policy (it being understood that the Company maintains the rights that it has at law, in any other Company policy, or in any employment, equity, or other agreement applicable to the Covered Executive, to cancel or recover any compensation or award, or to exercise any other remedy).

**9. Amendment; Termination.** The Committee may at any time in its sole discretion supplement or amend any provision of this Policy in any respect, including to amend this Policy as it deems necessary to reflect amendments to Rule 5608 or to Section 10D of the Exchange Act and related Rule 10D-1. The Committee may terminate this Policy at any time, subject to compliance with Rule 5608, Section 10D and Rule 10D-1.

**10. Impracticability.** This Policy will not apply to the extent the Committee determines Recoupment would be impracticable based on one or more of the following conditions:

a. The direct expense to be paid to a third party to assist in enforcing the Policy would exceed the amount to be Recouped, provided that the Committee makes its determination following the Company having made a reasonable attempt to Recoup that Excess Incentive-Based Compensation, its documentation of those attempts, and its provision of that documentation to Nasdaq.

b. Recoupment would violate a home country law adopted prior to November 28, 2022, provided that the Committee makes its determination following the Company having obtained an opinion of home country counsel, acceptable to Nasdaq, that recovery would result in that violation, and its provision of a copy of the opinion to Nasdaq.

c. Recovery likely would cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Sections 401(a)(13) or 411(a) of the Code and the related regulations.



