

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES

(in thousands, except per share amounts)

	2021	2022	2023	2024	2025
GAAP Operating income	\$ 134,333	\$ 152,700	\$ 209,881	\$ 261,596	\$ 279,800
Equity-based compensation ^(a)	43,259	59,361	71,571	93,206	111,263
Purchase amortization ^(c)	264	-	-	-	-
Unusual health insurance claim ^(d)	-	-	-	7,002	(6,882)
Restructuring expense ^(e)	-	-	-	-	2,937
Adjusted operating income (Non-GAAP)	<u>\$ 177,856</u>	<u>\$ 212,061</u>	<u>\$ 281,452</u>	<u>\$ 361,804</u>	<u>\$ 387,118</u>
GAAP Income tax provision	\$ 23,600	\$ 29,162	\$ 37,103	\$ 48,450	\$ 65,946
Equity-based compensation ^(a)	6,272	9,058	10,563	14,127	15,247
Tax benefit of stock awards vested ^(b)	4,383	4,383	3,480	9,120	3,928
Purchase amortization ^(c)	65	-	-	-	-
Unusual health insurance claim ^(d)	-	-	-	1,690	(1,660)
Restructuring expense ^(e)	-	-	-	-	708
Adjusted income tax provision (Non-GAAP)	<u>\$ 34,320</u>	<u>\$ 42,603</u>	<u>\$ 51,146</u>	<u>\$ 73,387</u>	<u>\$ 84,169</u>
GAAP Net income	\$ 110,472	\$ 128,959	\$ 176,568	\$ 218,364	\$ 219,948
Equity-based compensation ^(a)	36,987	50,303	61,008	79,079	96,016
Tax benefit of stock awards vested ^(b)	(4,383)	(4,383)	(3,480)	(9,120)	(3,928)
Purchase amortization ^(c)	199	-	-	-	-
Unusual health insurance claim ^(d)	-	-	-	5,312	(5,222)
Restructuring expense ^(e)	-	-	-	-	2,229
Adjusted net income (Non-GAAP)	<u>\$ 143,275</u>	<u>\$ 174,879</u>	<u>\$ 234,096</u>	<u>\$ 293,635</u>	<u>\$ 309,043</u>
GAAP Diluted EPS	\$ 1.72	\$ 2.03	\$ 2.82	\$ 3.51	\$ 3.60
Equity-based compensation ^(a)	0.58	0.79	0.97	1.27	1.57
Tax benefit of stock awards vested ^(b)	(0.07)	(0.07)	(0.06)	(0.15)	(0.06)
Purchase amortization ^(c)	-	-	-	-	-
Unusual health insurance claim ^(d)	-	-	-	0.09	(0.09)
Restructuring expense ^(e)	-	-	-	-	0.04
Adjusted diluted EPS (Non-GAAP)	<u>\$ 2.23</u>	<u>\$ 2.76</u>	<u>\$ 3.74</u>	<u>\$ 4.72</u>	<u>\$ 5.06</u>
Fully diluted shares	64,323	63,408	62,608	62,183	61,054

(a) Adjusted results exclude all equity-based compensation to facilitate comparison with our peers. The equity-based compensation is included in the following GAAP operating expense lines for the year ended December 31, 2021, 2022, 2023, 2024, and 2025:

	2021	2022	2023	2024	2025
Cost of services	\$ 15,159	\$ 21,876	\$ 28,571	\$ 41,531	\$ 45,630
Research and development	8,814	13,081	15,674	20,760	24,592
Sales and marketing	4,345	6,003	7,093	8,444	9,094
General and administrative	14,941	18,401	20,233	22,471	31,947
Total equity-based compensation	<u>\$ 43,259</u>	<u>\$ 59,361</u>	<u>\$ 71,571</u>	<u>\$ 93,206</u>	<u>\$ 111,263</u>

(b) Adjustment represents the excess tax benefits and tax deficiencies of the equity awards vested during the period. Excess tax benefits (deficiencies) occur when the amount deductible on our tax return for an equity award is more (less) than the cumulative compensation cost recognized for financial reporting purposes. As discussed above, we exclude equity-based compensation from adjusted non-GAAP results to be consistent with other companies in the software industry and for the other reasons explained in our Current Report on Form 8-K filed with the SEC. Therefore, we also exclude the related tax benefit (expense) generated upon their vesting.

(c) Adjustment represents purchased intangibles amortization from a prior acquisition. We exclude that amortization from adjusted results to facilitate comparison with our peers, to facilitate comparisons of the results of our core operations from period to period.

(d) In the fourth quarter of 2024, we recorded \$7.0 million of expense for an unusual health insurance claim. During the first quarter of 2025, we received an insurance recovery of \$4.7 million for this claim, partially offset by \$1.0 million of ongoing expense for the claim. During the second quarter of 2025, we recorded an additional \$3.0 million of expense for this unusual health insurance claim. During the fourth quarter of 2025, we settled the remaining balance of the claim and recorded \$6.2 million of benefit as the final payment was much lower than the cost estimates previously provided by our health insurance provider. Based on the uncommonly large magnitude and nature of the claim and timing of related insurance recoveries, we do not believe that this expense reflects our normal operating activities, and we have excluded the amount from adjusted non-GAAP results.

(e) In January 2025, the Company eliminated about 100 positions to align our services capacity with customer demand, which has been impacted by macro-economic uncertainty. We recorded pre-tax restructuring expense in the first quarter of 2025 of approximately \$2.9 million. The expense primarily consists of employee severance and outplacement services. We do not believe that the expense is a common cost that resulted from normal operating activities, and thus we have excluded the amount from adjusted non-GAAP results.