

MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES
RECONCILIATION OF SELECTED GAAP TO NON-GAAP MEASURES
(in thousands, except per share amounts)

	2018	2019	2020	2021	2022
GAAP Operating income	\$ 133,887	\$ 115,924	\$ 114,061	\$ 134,333	\$ 152,700
Equity-based compensation ^(a)	19,864	31,841	33,355	43,259	59,361
Purchase amortization ^(c)	430	430	429	264	-
Adjusted operating income (Non-GAAP)	<u>\$ 154,181</u>	<u>\$ 148,195</u>	<u>\$ 147,845</u>	<u>\$ 177,856</u>	<u>\$ 212,061</u>
GAAP Income tax provision	\$ 31,541	\$ 30,315	\$ 26,536	\$ 23,600	\$ 29,162
Equity-based compensation ^(a)	4,662	4,627	3,679	6,272	9,058
Tax benefit of stock awards vested ^(b)	777	156	3,830	4,383	4,383
Purchase amortization ^(c)	101	107	105	65	-
U.S. Tax Cuts and Jobs Act impact ^(d)	202	-	-	-	-
Adjusted income tax provision (Non-GAAP)	<u>\$ 37,283</u>	<u>\$ 35,205</u>	<u>\$ 34,150</u>	<u>\$ 34,320</u>	<u>\$ 42,603</u>
GAAP Net income	\$ 104,690	\$ 85,762	\$ 87,240	\$ 110,472	\$ 128,959
Equity-based compensation ^(a)	15,202	27,214	29,676	36,987	50,303
Tax benefit of stock awards vested ^(b)	(777)	(156)	(3,830)	(4,383)	(4,383)
Purchase amortization ^(c)	329	323	324	199	-
U.S. Tax Cuts and Jobs Act impact ^(d)	(202)	-	-	-	-
Adjusted net income (Non-GAAP)	<u>\$ 119,242</u>	<u>\$ 113,143</u>	<u>\$ 113,410</u>	<u>\$ 143,275</u>	<u>\$ 174,879</u>
GAAP Diluted EPS	\$ 1.58	\$ 1.32	\$ 1.36	\$ 1.72	\$ 2.03
Equity-based compensation ^(a)	0.23	0.42	0.46	0.58	0.79
Tax benefit of stock awards vested ^(b)	(0.01)	-	(0.06)	(0.07)	(0.07)
Purchase amortization ^(c)	-	-	-	-	-
U.S. Tax Cuts and Jobs Act impact ^(d)	-	-	-	-	-
Adjusted diluted EPS (Non-GAAP)	<u>\$ 1.79</u>	<u>\$ 1.74</u>	<u>\$ 1.76</u>	<u>\$ 2.23</u>	<u>\$ 2.76</u>
Fully diluted shares	66,434	65,103	64,333	64,323	63,408

(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, 2018, 2019, 2020, 2021 and 2022:

	2018	2019	2020	2021	2022
Cost of services	\$ 5,787	\$ 9,298	\$ 10,156	\$ 15,159	\$ 21,876
Research and development	4,230	6,126	6,810	8,814	13,081
Sales and marketing	2,041	3,311	3,454	4,345	6,003
General and administrative	7,806	13,106	12,935	14,941	18,401
Total equity-based compensation	<u>\$ 19,864</u>	<u>\$ 31,841</u>	<u>\$ 33,355</u>	<u>\$ 43,259</u>	<u>\$ 59,361</u>

(b) Adjustments represent 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 is more (less) than the cumulative compensation cost recognized for financial reporting purposes. As discussed above, we excluded equity-based compensation from adjusted non-GAAP results to be consistent with other companies in the software industry. Therefore, we also excluded the related tax benefit (expense) generated upon their vesting.

(c) Adjustments represent 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 2017, we recorded a provisional net one-time tax of \$2.8 million because of the enactment of the Tax Cuts and Jobs Act in December 2017. We calculated that amount based on a reasonable estimate of the income tax effects, primarily from a tax on accumulated foreign earnings and the remeasurement of deferred tax assets. We finalized our calculations, resulting in a tax benefit of \$0.2 million during the twelve months ended December 31, 2018.