

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 23, 2019

**MANHATTAN ASSOCIATES, INC.**  
(Exact Name of Registrant as Specified in Its Charter)

**Georgia**  
(State or Other Jurisdiction of  
Incorporation or organization)

**0-23999**  
(Commission  
File Number)

**58-2373424**  
(I.R.S. Employer  
Identification No.)

**2300 Windy Ridge Parkway, Tenth Floor, Atlanta, Georgia  
30339**

(Address of Principal Executive Offices)  
(Zip Code)

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

**NONE**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	MANH	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

## Item 2.02 Results of Operations and Financial Condition.

On July 23, 2019, Manhattan Associates, Inc. (“we”, “our”, “us” or the “Company”) issued a press release providing its financial results for the three and six months ended June 30, 2019. A copy of this press release is attached as Exhibit 99.1. Pursuant to General Instruction B.2 of Form 8-K, this exhibit is “furnished” and not “filed” for purposes of Section 18 of the Securities Exchange Act of 1934.

### *Non-GAAP Financial Measures in the Press Release*

The press release includes, as additional information regarding our operating results, our adjusted operating income and margin, adjusted income tax provision, adjusted net income, adjusted diluted earnings per share and certain adjusted cost measures (collectively, “adjusted results”), which variously exclude the impact of equity-based compensation and acquisition-related costs, and the related income tax effects of these items, as well as the impact of the enactment of the Tax Cuts and Jobs Act. We have developed our internal reporting, compensation and planning systems using these additional financial measures.

These various measures are not in accordance with, or alternatives for, financial measures calculated in accordance with generally accepted accounting principles in the United States (“GAAP”) and may be different from similarly titled non-GAAP financial measures used by other companies. Non-GAAP financial measures should not be used as a substitute for, or considered superior to, measures of financial performance prepared in accordance with GAAP.

Non-GAAP measures used in the press release exclude the impact of the items described above for the following reasons:

- Equity-based compensation expense typically does not require cash settlement by the Company. We do not include this expense and the related income tax effects when assessing our operating performance, and believe our peers also typically present non-GAAP results that exclude equity-based compensation expense.
- From time to time, we incur acquisition-related costs consisting primarily of (i) accounting and legal expenses, whether or not we ultimately consummate a proposed acquisition, (ii) certain unusual costs, such as employee retention benefits, resulting from pre-acquisition arrangements, and (iii) amortization of acquisition-related intangible assets. These costs are difficult to predict and, if and when incurred, generally are not expenses associated with our core operations. We exclude these costs and the related income tax effects from our internal assessments of our operating performance, and believe our peers also typically present non-GAAP results that exclude similar acquisition-related costs.
- The enactment of the Tax Cuts and Jobs Act in December 2017 resulted in a provisional net one-time charge based on a reasonable estimate of the income tax effects. The charge was primarily from a tax on accumulated foreign earnings and the remeasurement of deferred tax assets. We believe tax reform on the scale of the Tax Cuts and Jobs Act is infrequent, and that the resulting charge is therefore an unusual one. We have excluded the charge from our internal assessment of our operating performance and non-GAAP results.

We believe reporting adjusted results facilitates investors' understanding of our historical operating trends, because it provides supplemental measurement information in evaluating the operating results of our business. We also believe that adjusted results provide a basis for comparisons to other companies in the industry and enable investors to evaluate our operating performance in a manner consistent with our internal basis of measurement. Management refers to adjusted results in making operating decisions because we believe they provide meaningful supplemental information regarding our operational performance and our ability to invest in research and development and fund acquisitions and capital expenditures. In addition, adjusted results facilitate management's internal comparisons to our historical operating results and comparisons to competitors' operating results.

Further, we rely on adjusted results as primary measures to review and assess the operating performance of our Company and our management team in connection with our executive compensation and bonus plans. Since most of our employees are not directly involved with decisions surrounding acquisitions, restructurings and other items that are not central to our core operations, we do not believe it is appropriate or fair to have their incentive compensation affected by these items.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
99.1	<a href="#"><u>Press Release, dated July 23, 2019</u></a>

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press Release, dated July 23, 2019</a>

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**MANHATTAN ASSOCIATES, INC.**

By: /s/ Dennis B. Story

*Dennis B. Story*

Executive Vice President, Chief Financial Officer and Treasurer

Dated: July 23, 2019

**Contact:** Dennis Story  
 Chief Financial Officer  
 Manhattan Associates, Inc.  
 770-955-7070  
[dstory@manh.com](mailto:dstory@manh.com)

Rick Fernandez  
 Senior Manager, Corporate Communications  
 Manhattan Associates, Inc.  
 678-597-6988  
[rfernandez@manh.com](mailto:rfernandez@manh.com)

**Manhattan Associates Reports Record Second Quarter 2019 Revenue**  
***Company raises full-year Revenue and EPS guidance***

**ATLANTA – July 23, 2019** – Leading Supply Chain and Omnichannel Commerce Solutions provider Manhattan Associates Inc. (NASDAQ: MANH) today reported record total revenue of \$154.3 million for the second quarter ended June 30, 2019, applying the new revenue recognition standard retrospectively. GAAP diluted earnings per share for Q2 2019 was \$0.32 compared to \$0.42 in Q2 2018. Non-GAAP adjusted diluted earnings per share for Q2 2019 was \$0.42 compared to \$0.47 in Q2 2018.

“Q2 was another solid growth quarter for Manhattan Associates posting record total revenue and exceeding our earnings expectations on strong demand,” said Manhattan Associates president and CEO Eddie Capel. “In a turbulent global macro, our suite of Manhattan Active™ omnichannel, inventory and supply chain solutions continued to drive solid revenue momentum positioning us well for the balance of 2019. We remain focused on enabling our clients to accelerate growth and Push Possible®, while investing significantly in innovation to achieve long-term sustainable growth in 2019 and beyond,” added Mr. Capel.

**SECOND QUARTER 2019 FINANCIAL SUMMARY:**

- Consolidated total revenue was \$154.3 million in Q2 2019, compared to \$141.9 million in Q2 2018. License revenue was \$11.7 million in Q2 2019, compared to \$13.0 million in Q2 2018. Cloud subscription revenue was \$9.0 million in Q2 2019, compared to \$5.4 million in Q2 2018. Service revenue was \$94.0 million in in Q2 2019, compared to \$82.3 million in Q2 2018.
- GAAP diluted earnings per share was \$0.32 in Q2 2019 compared to \$0.42 in Q2 2018.
- Adjusted diluted earnings per share, a non-GAAP measure, was \$0.42 in Q2 2019, compared to \$0.47 in Q2 2018.

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[www.manh.com](http://www.manh.com)



- GAAP operating income was \$27.6 million in Q2 2019, compared to \$35.7 million in Q2 2018.
- Adjusted operating income, a non-GAAP measure, was \$36.2 million in Q2 2019, compared to \$40.7 million in Q2 2018.
- Cash flow from operations was \$37.2 million in Q2 2019, compared to \$16.8 million in Q2 2018. Days Sales Outstanding was 59 days at June 30, 2019, compared to 65 days at March 31, 2019.
- Cash and investments totaled \$119.4 million at June 30, 2019, compared to \$104.9 million at March 31, 2019.
- During the three months ended June 30, 2019, the Company repurchased 301,984 shares of Manhattan Associates common stock under the share repurchase program authorized by our Board of Directors for a total investment of \$20.0 million. In July 2019, our Board authorized the Company to repurchase up to an aggregate of \$50 million of the Company's common stock.

#### **SIX MONTH 2019 FINANCIAL SUMMARY:**

- Consolidated revenue for the six months ended June 30, 2019, was \$302.7 million, compared to \$272.4 million for the six months ended June 30, 2018. License revenue was \$24.1 million for the six months ended June 30, 2019, compared to \$20.5 million for the six months ended June 30, 2018. Cloud subscription revenue was \$16.9 million for the six months ended June 30, 2019, compared to \$9.8 million for the six months ended June 30, 2018. Service revenue was \$182.6 million for the six months ended June 30, 2019, compared to \$161.0 million, for the six months ended June 30, 2018
- GAAP diluted earnings per share for the six months ended June 30, 2019 was \$0.64, compared to \$0.75 for the six months ended June 30, 2018.
- Adjusted diluted earnings per share, a non-GAAP measure, was \$0.83 for the six months ended June 30, 2019, compared to \$0.84 for the six months ended June 30, 2018.
- GAAP operating income was \$55.9 million for the six months ended June 30, 2019, compared to \$63.5 million for the six months ended June 30, 2018.

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- Adjusted operating income, a non-GAAP measure, was \$71.7 million for the six months ended June 30, 2019, compared to \$73.0 million for the six months ended June 30, 2018.
- Cash flow from operations was \$72.4 million in the six months ended June 30, 2019, compared to \$68.1 million in the six months ended June 30, 2018.
- During the six months ended June 30, 2019, the Company repurchased 765,664 shares of Manhattan Associates common stock under the share repurchase program authorized by our Board of Directors, for a total investment of \$44.9 million.

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## 2019 GUIDANCE

Manhattan Associates provides the following updated revenue, operating margin and diluted earnings per share guidance for the full year 2019:

(\$'s in millions, except operating margin and EPS)	Guidance Range - 2019 Full Year			
	\$ Range		% Growth Range	
<b>Total revenue - current guidance</b>	<b>\$ 598</b>	<b>\$ 604</b>	<b>7%</b>	<b>8%</b>
Total revenue - previous guidance	\$ 582	\$ 592	4%	6%
<b>Operating Margin:</b>				
<b>GAAP operating margin - current guidance</b>	<b>15.6%</b>	<b>15.9%</b>		
Equity-based compensation	5.4%	5.4%		
<b>Adjusted operating margin<sup>(1)</sup> - current guidance</b>	<b>21.0%</b>	<b>21.2%</b>		
GAAP operating margin - previous guidance	15.6%	15.8%		
Equity-based compensation	5.4%	5.4%		
Adjusted operating margin <sup>(1)</sup> - previous guidance	21.0%	21.2%		
<b>Diluted earnings per share (EPS):</b>				
<b>GAAP EPS - current guidance</b>	<b>\$ 1.08</b>	<b>\$ 1.12</b>	<b>-32%</b>	<b>-29%</b>
Equity-based compensation, net of tax	0.38	0.38		
<b>Adjusted EPS<sup>(1)</sup> - current guidance</b>	<b>\$ 1.46</b>	<b>\$ 1.50</b>	<b>-18%</b>	<b>-16%</b>
GAAP EPS - previous guidance	\$ 1.05	\$ 1.09	-34%	-31%
Equity-based compensation, net of tax	0.37	0.37		
Adjusted EPS <sup>(1)</sup> - previous guidance	\$ 1.42	\$ 1.46	-21%	-18%

<sup>(1)</sup> Adjusted operating margin and adjusted EPS are non-GAAP measures that exclude the impact of equity-based compensation and acquisition-related costs, and the related income tax effects of these items if applicable.

Manhattan Associates currently intends to publish in each quarterly earnings release certain expectations with respect to future financial performance. Those statements, including the guidance provided above, are forward looking. Actual results may differ materially. Those statements, including the guidance provided above, do not reflect the potential impact of mergers, acquisitions or other business combinations that may be completed after the date of the release.

Manhattan Associates will make its earnings release and published expectations available on its website ([www.manh.com](http://www.manh.com)). Following publication of this earnings release, any expectations with respect to future financial performance contained in this release, including the guidance above, should be considered historical only, and Manhattan Associates disclaims any obligation to update them.

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## CONFERENCE CALL

The Company's conference call regarding its second quarter financial results will be held today, July 23, 2019, at 4:30 p.m. Eastern Time. We invite investors to a live webcast of the conference call through the Investor Relations section of Manhattan Associates' website at [www.manh.com](http://www.manh.com). To listen to the live webcast, please go to the website at least 15 minutes before the call to download and install any necessary audio software.

Those who cannot listen to the live broadcast may access a replay shortly after the call by dialing +1.855.859.2056 in the U.S. and Canada, or +1.404.537.3406 outside the U.S., and entering the conference identification number 2188038 or via the web at [www.manh.com](http://www.manh.com). The phone replay will be available for two weeks after the call, and the Internet webcast will be available until Manhattan Associates' third quarter 2019 earnings release.

## GAAP VERSUS NON-GAAP PRESENTATION

The Company provides adjusted operating income and margin, adjusted income tax provision, adjusted net income and adjusted diluted earnings per share in this press release as additional information regarding the Company's historical and projected operating results. These measures are not in accordance with – or alternatives to – GAAP, and may be different from similarly titled non-GAAP measures used by other companies. The Company believes the presentation of these non-GAAP financial measures facilitates investors' ability to understand and compare the Company's results and guidance, because the measures provide supplemental information in evaluating the operating results of its business, as distinct from results that include items not indicative of ongoing operating results, and because the Company believes its peers typically publish similar non-GAAP measures. This release should be read in conjunction with the Company's Form 8-K earnings release filing for the three and six months ended June 30, 2019.

Non-GAAP adjusted operating income and margin, adjusted income tax provision, adjusted net income and adjusted diluted earnings per share exclude the impact of equity-based compensation, acquisition-related costs and the amortization of these costs, and (from time to time) restructuring charges – all net of income tax effects, and the impact of the enactment of the Tax Cuts and Jobs Act. We include reconciliations of the Company's GAAP financial measures to non-GAAP adjustments in the supplemental information attached to this release.

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## ABOUT MANHATTAN ASSOCIATES

Manhattan Associates is a technology leader in supply chain and omnichannel commerce. We unite information across the enterprise, converging front-end sales with back-end supply chain execution. Our software, platform technology and unmatched experience help drive both top-line growth and bottom-line profitability for our customers.

Manhattan Associates designs, builds and delivers leading edge cloud and on-premise solutions so that across the store, through your network or from your fulfillment center, you are ready to reap the rewards of the omnichannel marketplace. For more information, please visit [www.manh.com](http://www.manh.com).

*This press release contains "forward-looking statements" relating to Manhattan Associates, Inc. Forward-looking statements in this press release include, without limitation, the information set forth under "2019 Guidance," statements we make about market adoption of our cloud-based solution and other statements identified by words such as "may," "expect," "forecast," "anticipate," "intend," "plan," "believe," "could," "seek," "project," "estimate," and similar expressions. Prospective investors are cautioned that any such 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. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: uncertainty about the global economy, risks related from transitioning our business from a traditional perpetual license software company (generally hosted by our customers on their own premises and equipment) to a subscription-based software-as-a service/cloud-based model, disruption in the retail sector, the possible effect of new U.S. tariffs on imports from other countries (and possible responsive tariffs on U.S. exports by other countries) on international commerce, delays in product development, competitive pressures, software errors, information security breaches and the risk factors set forth in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and in Item 1A of Part II in subsequent Quarterly Reports on Form 10-Q. Manhattan Associates undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results.*

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019 (unaudited)	2018 (unaudited)	2019 (unaudited)	2018 (unaudited)
<b>Revenue:</b>				
Cloud subscriptions	\$ 9,009	\$ 5,377	\$ 16,868	\$ 9,846
Software license	11,721	12,973	24,135	20,528
Maintenance	37,323	36,993	73,422	73,390
Services	93,951	82,267	182,582	161,024
Hardware	2,337	4,261	5,738	7,652
<b>Total revenue</b>	<b>154,341</b>	<b>141,871</b>	<b>302,745</b>	<b>272,440</b>
<b>Costs and expenses:</b>				
Cost of software license	623	2,096	1,215	3,404
Cost of cloud subscriptions, maintenance and services	70,955	56,985	137,533	113,471
Research and development	21,997	18,176	43,210	35,235
Sales and marketing	14,520	13,809	29,301	26,693
General and administrative	16,805	12,885	31,855	25,685
Depreciation and amortization	1,859	2,235	3,773	4,437
<b>Total costs and expenses</b>	<b>126,759</b>	<b>106,186</b>	<b>246,887</b>	<b>208,925</b>
Operating income	27,582	35,685	55,858	63,515
Other (loss) income, net	(71)	986	(442)	1,707
Income before income taxes	27,511	36,671	55,416	65,222
Income tax provision	6,586	9,003	13,519	14,902
<b>Net income</b>	<b>\$ 20,925</b>	<b>\$ 27,668</b>	<b>\$ 41,897</b>	<b>\$ 50,320</b>
<b>Basic earnings per share</b>				
Basic earnings per share	\$ 0.32	\$ 0.42	\$ 0.65	\$ 0.75
<b>Diluted earnings per share</b>				
Diluted earnings per share	\$ 0.32	\$ 0.42	\$ 0.64	\$ 0.75
<b>Weighted average number of shares:</b>				
Basic	64,623	66,429	64,765	66,987
Diluted	65,093	66,535	65,148	67,132

**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Reconciliation of Selected GAAP to Non-GAAP Measures**  
(in thousands, except per share amounts)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2019	2018	2019	2018
Operating income	\$ 27,582	\$ 35,685	\$ 55,858	\$ 63,515
Equity-based compensation (a)	8,462	4,927	15,644	9,270
Purchase amortization (c)	107	108	215	215
Adjusted operating income (Non-GAAP)	<u>\$ 36,151</u>	<u>\$ 40,720</u>	<u>\$ 71,717</u>	<u>\$ 73,000</u>
Income tax provision	\$ 6,586	\$ 9,003	\$ 13,519	\$ 14,902
Equity-based compensation (a)	2,073	1,207	3,833	2,271
Tax (deficiency) benefit of stock awards vested (b)	154	(19)	58	730
Purchase amortization (c)	26	26	53	53
U.S. Tax Cuts and Jobs Act impact (d)	-	-	-	348
Adjusted income tax provision (Non-GAAP)	<u>\$ 8,839</u>	<u>\$ 10,217</u>	<u>\$ 17,463</u>	<u>\$ 18,304</u>
Net income	\$ 20,925	\$ 27,668	\$ 41,897	\$ 50,320
Equity-based compensation (a)	6,389	3,720	11,811	6,999
Tax (deficiency) benefit of stock awards vested (b)	(154)	19	(58)	(730)
Purchase amortization (c)	81	82	162	162
U.S. Tax Cuts and Jobs Act impact (d)	-	-	-	(348)
Adjusted net income (Non-GAAP)	<u>\$ 27,241</u>	<u>\$ 31,489</u>	<u>\$ 53,812</u>	<u>\$ 56,403</u>
Diluted EPS	\$ 0.32	\$ 0.42	\$ 0.64	\$ 0.75
Equity-based compensation (a)	0.10	0.06	0.18	0.10
Tax (deficiency) benefit of stock awards vested (b)	-	-	-	(0.01)
Purchase amortization (c)	-	-	-	-
U.S. Tax Cuts and Jobs Act impact (d)	-	-	-	-
Adjusted diluted EPS (Non-GAAP)	<u>\$ 0.42</u>	<u>\$ 0.47</u>	<u>\$ 0.83</u>	<u>\$ 0.84</u>
Fully diluted shares	65,093	66,535	65,148	67,132

(a) Adjusted results exclude all equity-based compensation, to facilitate comparison with our peers and for the other reasons explained in our Current Report on Form 8-K filed today with the SEC. Equity-based compensation is included in the following GAAP operating expense lines for the three and six months ended June 30, 2019 and 2018:

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	2019	2018	2019	2018
Cost of services	\$ 2,448	\$ 1,556	\$ 4,545	\$ 2,673
Research and development	1,603	1,140	2,979	2,061
Sales and marketing	976	347	1,795	905
General and administrative	3,435	1,884	6,325	3,631
Total equity-based compensation	<u>\$ 8,462</u>	<u>\$ 4,927</u>	<u>\$ 15,644</u>	<u>\$ 9,270</u>

- (b) Adjustments represent the excess tax benefits and tax deficiencies of the stock awards vested during the period. Excess tax benefits (deficiencies) occur when the amount deductible for an award of equity instruments 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 and for the other reasons explained in our Current Report on Form 8-K filed with the SEC. 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 and for the other reasons explained in our Current Report on Form 8-K filed with the SEC.
  - (d) In the fourth quarter of 2017, we recorded a provisional net one-time tax of \$2.8 million due to 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 adjusted our estimate by \$0.3 million during the six months ended June 30, 2018.
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**MANHATTAN ASSOCIATES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
(in thousands, except share and per share data)

	<u>June 30, 2019</u> (unaudited)	<u>December 31, 2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 119,401	\$ 99,126
Short-term investments	-	1,440
Accounts receivable, net of allowance of \$1,678 and \$2,589, respectively	100,291	100,108
Prepaid expenses and other current assets	19,865	14,708
Total current assets	<u>239,557</u>	<u>215,382</u>
Property and equipment, net	14,512	14,318
Operating lease right-of-use assets	39,701	-
Goodwill, net	62,239	62,240
Deferred income taxes	5,174	5,442
Other assets	11,000	9,768
Total assets	<u>\$ 372,183</u>	<u>\$ 307,150</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 17,272	\$ 18,181
Accrued compensation and benefits	34,130	29,485
Accrued and other liabilities	18,448	12,161
Deferred revenue	98,195	81,894
Income taxes payable	1,087	3,543
Total current liabilities	<u>169,132</u>	<u>145,264</u>
Operating lease liabilities, long-term	35,800	-
Other non-current liabilities	12,564	14,739
Shareholders' equity:		
Preferred stock, no par value; 20,000,000 shares authorized, no shares issued or outstanding in 2019 and 2018	-	-
Common stock, \$0.01 par value; 200,000,000 shares authorized; 64,322,067 and 64,860,419 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	643	649
Retained earnings	170,668	163,359
Accumulated other comprehensive loss	(16,624)	(16,861)
Total shareholders' equity	<u>154,687</u>	<u>147,147</u>
Total liabilities and shareholders' equity	<u>\$ 372,183</u>	<u>\$ 307,150</u>

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

	Six Months Ended June 30,	
	2019	2018
	(unaudited)	(unaudited)
<b>Operating activities:</b>		
Net income	\$ 41,897	\$ 50,320
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,773	4,437
Equity-based compensation	15,644	9,270
Gain on disposal of equipment	(121)	(37)
Deferred income taxes	272	803
Unrealized foreign currency loss (gain)	156	(1,359)
Changes in operating assets and liabilities:		
Accounts receivable, net	(312)	(7,913)
Other assets	(6,144)	(5,217)
Accounts payable, accrued and other liabilities	4,238	15,846
Income taxes	(3,145)	(14,300)
Deferred revenue	16,149	16,244
Net cash provided by operating activities	<u>72,407</u>	<u>68,094</u>
<b>Investing activities:</b>		
Purchase of property and equipment	(3,305)	(4,055)
Net maturities (purchases) of investments	1,439	(5,196)
Net cash used in investing activities	<u>(1,866)</u>	<u>(9,251)</u>
<b>Financing activities:</b>		
Purchase of common stock	(50,238)	(103,714)
Net cash used in financing activities	<u>(50,238)</u>	<u>(103,714)</u>
Foreign currency impact on cash	<u>(28)</u>	<u>(1,617)</u>
Net change in cash and cash equivalents	20,275	(46,488)
Cash and cash equivalents at beginning of period	99,126	125,522
Cash and cash equivalents at end of period	<u>\$ 119,401</u>	<u>\$ 79,034</u>

MANHATTAN ASSOCIATES, INC.  
SUPPLEMENTAL INFORMATION

1. GAAP and Adjusted earnings per share by quarter are as follows:

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
<b>GAAP Diluted EPS</b>	\$ 0.33	\$ 0.42	\$ 0.43	\$ 0.40	\$ 1.58	\$ 0.32	\$ 0.32	\$ 0.64
<b>Adjustments to GAAP:</b>								
Equity-based compensation	0.05	0.06	0.06	0.06	0.23	0.08	0.10	0.18
Tax benefit of stock awards vested	(0.01)	-	-	-	(0.01)	-	-	-
Purchase amortization	-	-	-	-	-	-	-	-
U.S. Tax Cuts and Jobs Act impact	(0.01)	-	-	-	-	-	-	-
<b>Adjusted Diluted EPS</b>	<b>\$ 0.37</b>	<b>\$ 0.47</b>	<b>\$ 0.49</b>	<b>\$ 0.46</b>	<b>\$ 1.79</b>	<b>\$ 0.41</b>	<b>\$ 0.42</b>	<b>\$ 0.83</b>
<b>Fully Diluted Shares</b>	<b>67,736</b>	<b>66,535</b>	<b>65,901</b>	<b>65,526</b>	<b>66,434</b>	<b>65,204</b>	<b>65,093</b>	<b>65,148</b>

2. Revenues and operating income by reportable segment are as follows (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
<b>Revenue:</b>								
Americas	\$ 104,615	\$ 112,945	\$ 113,886	\$ 114,040	\$ 445,486	\$ 114,873	\$ 121,778	\$ 236,651
EMEA	19,164	21,356	21,181	23,043	84,744	26,288	25,043	51,331
APAC	6,790	7,570	7,284	7,283	28,927	7,243	7,520	14,763
	<b>\$ 130,569</b>	<b>\$ 141,871</b>	<b>\$ 142,351</b>	<b>\$ 144,366</b>	<b>\$ 559,157</b>	<b>\$ 148,404</b>	<b>\$ 154,341</b>	<b>\$ 302,745</b>
<b>GAAP Operating Income:</b>								
Americas	\$ 20,318	\$ 26,589	\$ 26,200	\$ 24,422	\$ 97,529	\$ 18,051	\$ 16,826	\$ 34,877
EMEA	5,475	6,252	7,413	7,297	26,437	7,734	8,057	15,791
APAC	2,037	2,844	2,483	2,557	9,921	2,491	2,699	5,190
	<b>\$ 27,830</b>	<b>\$ 35,685</b>	<b>\$ 36,096</b>	<b>\$ 34,276</b>	<b>\$ 133,887</b>	<b>\$ 28,276</b>	<b>\$ 27,582</b>	<b>\$ 55,858</b>
<b>Adjustments (pre-tax):</b>								
<b>Americas:</b>								
Equity-based compensation	\$ 4,343	\$ 4,927	\$ 5,303	\$ 5,291	\$ 19,864	\$ 7,182	\$ 8,462	\$ 15,644
Purchase amortization	107	108	107	108	430	108	107	215
	<b>\$ 4,450</b>	<b>\$ 5,035</b>	<b>\$ 5,410</b>	<b>\$ 5,399</b>	<b>\$ 20,294</b>	<b>\$ 7,290</b>	<b>\$ 8,569</b>	<b>\$ 15,859</b>
<b>Adjusted non-GAAP Operating Income:</b>								
Americas	\$ 24,768	\$ 31,624	\$ 31,610	\$ 29,821	\$ 117,823	\$ 25,341	\$ 25,395	\$ 50,736
EMEA	5,475	6,252	7,413	7,297	26,437	7,734	8,057	15,791
APAC	2,037	2,844	2,483	2,557	9,921	2,491	2,699	5,190
	<b>\$ 32,280</b>	<b>\$ 40,720</b>	<b>\$ 41,506</b>	<b>\$ 39,675</b>	<b>\$ 154,181</b>	<b>\$ 35,566</b>	<b>\$ 36,151</b>	<b>\$ 71,717</b>

### 3. Impact of Currency Fluctuation

The following table reflects the increases (decreases) in the results of operations for each period attributable to the change in foreign currency exchange rates from the prior period as well as foreign currency gains (losses) included in other income, net for each period (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
Revenue	\$ 2,781	\$ 1,699	\$ (581)	\$ (1,068)	\$ 2,831	\$ (2,419)	\$ (1,906)	\$ (4,325)
Costs and expenses	2,328	831	(1,177)	(1,774)	208	(2,686)	(1,696)	(4,382)
Operating income	453	868	596	706	2,623	267	(210)	57
Foreign currency gains (losses) in other income	366	705	1,431	(1,185)	1,317	(590)	(377)	(967)
	<u>\$ 819</u>	<u>\$ 1,573</u>	<u>\$ 2,027</u>	<u>\$ (479)</u>	<u>\$ 3,940</u>	<u>\$ (323)</u>	<u>\$ (587)</u>	<u>\$ (910)</u>

Manhattan Associates has a large research and development center in Bangalore, India. The following table reflects the increases (decreases) in the financial results for each period attributable to changes in the Indian Rupee exchange rate (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
Operating income	\$ (360)	\$ 359	\$ 828	\$ 1,066	\$ 1,893	\$ 981	\$ 438	\$ 1,419
Foreign currency gains (losses) in other income	210	1,120	1,572	(1,074)	1,828	(182)	(127)	(309)
Total impact of changes in the Indian Rupee	<u>\$ (150)</u>	<u>\$ 1,479</u>	<u>\$ 2,400</u>	<u>\$ (8)</u>	<u>\$ 3,721</u>	<u>\$ 799</u>	<u>\$ 311</u>	<u>\$ 1,110</u>

### 4. Other income includes the following components (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
Interest income	\$ 347	\$ 241	\$ 201	\$ 278	\$ 1,067	\$ 231	\$ 178	\$ 409
Foreign currency gains (losses)	366	705	1,431	(1,185)	1,317	(590)	(377)	(967)
Other non-operating income (expense)	8	40	(94)	6	(40)	(12)	128	116
Total other income (loss)	<u>\$ 721</u>	<u>\$ 986</u>	<u>\$ 1,538</u>	<u>\$ (901)</u>	<u>\$ 2,344</u>	<u>\$ (371)</u>	<u>\$ (71)</u>	<u>\$ (442)</u>

### 5. Capital expenditures are as follows (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
Capital expenditures	\$ 2,174	\$ 1,881	\$ 1,481	\$ 1,770	\$ 7,306	\$ 616	\$ 2,689	\$ 3,305

## 6. Stock Repurchase Activity (in thousands):

	2018					2019		
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year	1st Qtr	2nd Qtr	YTD
Shares purchased under publicly-announced buy-back program	1,158	1,082	389	519	3,148	464	302	766
Shares withheld for taxes due upon vesting of restricted stock	111	1	3	-	115	106	1	107
<b>Total shares purchased</b>	<b>1,269</b>	<b>1,083</b>	<b>392</b>	<b>519</b>	<b>3,263</b>	<b>570</b>	<b>303</b>	<b>873</b>
Total cash paid for shares purchased under publicly-announced buy-back program	\$ 49,972	\$ 47,876	\$ 20,669	\$ 24,757	\$ 143,274	\$ 24,927	\$ 19,993	\$ 44,920
Total cash paid for shares withheld for taxes due upon vesting of restricted stock	5,843	23	175	7	6,048	5,233	85	5,318
<b>Total cash paid for shares repurchased</b>	<b>\$ 55,815</b>	<b>\$ 47,899</b>	<b>\$ 20,844</b>	<b>\$ 24,764</b>	<b>\$ 149,322</b>	<b>\$ 30,160</b>	<b>\$ 20,078</b>	<b>\$ 50,238</b>

## 7. Remaining Performance Obligations

Under the new revenue recognition standard, we now disclose revenue we expect to recognize from our remaining performance obligations. Our reported performance obligations primarily represent cloud 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). Our deferred revenue on the balance sheet primarily relates to our maintenance contracts, which are typically one year in duration and are not included in the remaining performance obligations. Below are our remaining performance obligations as of the end of each period (in thousands):

	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019	June 30, 2019
Remaining Performance Obligations	\$ 33,999	\$ 58,434	\$ 64,175	\$ 76,990	\$ 100,532	\$ 120,403