

American Software Fourth Quarter of Fiscal 2011 Results

AMERICAN SOFTWARE, INC.
Consolidated Statements of Operations Information
(In thousands, except per share data, unaudited)

| | Fourth Quarter Ended | | | Twelve Months Ended | | |
|---|----------------------|-----------------|-------------|---------------------|-----------------|------------|
| | April 30, | | | April 30, | | |
| | 2011 | 2010 | Pct Chg. | 2011 | 2010 | Pct Chg. |
| Revenues: | | | | | | |
| License | \$ 7,983 | \$ 3,178 | 151% | \$ 19,240 | \$ 15,503 | 24% |
| Services & other | 9,551 | 8,853 | 8% | 36,960 | 32,298 | 14% |
| Maintenance | 7,640 | 6,862 | 11% | 29,389 | 27,475 | 7% |
| Total Revenues | <u>25,174</u> | <u>18,893</u> | <u>33%</u> | <u>85,589</u> | <u>75,276</u> | <u>14%</u> |
| Cost of Revenues: | | | | | | |
| License | 2,076 | 637 | 226% | 5,828 | 3,374 | 73% |
| Services & other | 7,375 | 6,298 | 17% | 27,205 | 22,797 | 19% |
| Maintenance | 1,860 | 1,623 | 15% | 7,152 | 6,803 | 5% |
| Total Cost of Revenues | <u>11,311</u> | <u>8,558</u> | <u>32%</u> | <u>40,185</u> | <u>32,974</u> | <u>22%</u> |
| Gross Margin | <u>13,863</u> | <u>10,335</u> | <u>34%</u> | <u>45,404</u> | <u>42,302</u> | <u>7%</u> |
| Operating expenses: | | | | | | |
| Research and development | 2,561 | 2,386 | 7% | 9,953 | 9,132 | 9% |
| Less: capitalized development | (780) | (643) | 21% | (2,565) | (2,410) | 6% |
| Sales and marketing | 4,939 | 3,863 | 28% | 15,720 | 15,045 | 4% |
| General and administrative | 3,263 | 3,258 | 0% | 12,028 | 12,908 | (7%) |
| Provision/(Recovery) of doubtful accounts | 130 | 5 | nm | 172 | (297) | nm |
| Amortization of acquisition-related intangibles | 134 | 132 | 2% | 684 | 395 | 73% |
| Stock option compensation charge related to the Logility tender offer | - | - | - | - | 230 | nm |
| Severance expenses | - | - | - | 219 | - | nm |
| Total Operating Expenses | <u>10,247</u> | <u>9,001</u> | <u>14%</u> | <u>36,211</u> | <u>35,003</u> | <u>3%</u> |
| Operating Earnings | <u>3,616</u> | <u>1,334</u> | <u>171%</u> | <u>9,193</u> | <u>7,299</u> | <u>26%</u> |
| Interest Income & Other, Net | 597 | 667 | (10%) | 1,941 | 1,929 | 1% |
| Earnings Before Income Taxes and Noncontrolling Interest | 4,213 | 2,001 | 111% | 11,134 | 9,228 | 21% |
| Income Tax Expense | 1,460 | 672 | 117% | 3,770 | 3,434 | 10% |
| Net Earnings | <u>\$ 2,753</u> | <u>\$ 1,329</u> | <u>107%</u> | <u>\$ 7,364</u> | <u>\$ 5,794</u> | <u>27%</u> |
| Net earnings attributable to noncontrolling interests | - | - | - | - | 90 | nm |
| Net Earnings attributable to American Software, Inc. | <u>\$ 2,753</u> | <u>\$ 1,329</u> | <u>107%</u> | <u>\$ 7,364</u> | <u>\$ 5,704</u> | <u>29%</u> |
| Earnings per common share: (1) | | | | | | |
| Basic | <u>\$ 0.11</u> | <u>\$ 0.05</u> | <u>120%</u> | <u>\$ 0.29</u> | <u>\$ 0.23</u> | <u>26%</u> |
| Diluted | <u>\$ 0.10</u> | <u>\$ 0.05</u> | <u>100%</u> | <u>\$ 0.28</u> | <u>\$ 0.22</u> | <u>27%</u> |
| Weighted average number of common shares outstanding: | | | | | | |
| Basic | 25,958 | 25,325 | | 25,751 | 25,318 | |
| Diluted | 26,515 | 25,893 | | 26,183 | 25,881 | |

AMERICAN SOFTWARE, INC.
NON-GAAP MEASURES OF PERFORMANCE
(In thousands, except per share data, unaudited)

| | Fourth Quarter Ended | | | Twelve Months Ended | | |
|--|----------------------|-----------------|-------------|---------------------|------------------|------------|
| | April 30, | | | April 30, | | |
| | 2011 | 2010 | Pct Chg. | 2011 | 2010 | Pct Chg. |
| NON-GAAP EARNINGS PER SHARE: | | | | | | |
| Net Earnings (GAAP Basis) | \$ 2,753 | \$ 1,329 | 107% | \$ 7,364 | \$ 5,704 | 29% |
| Income tax provision | 1,460 | 672 | 117% | 3,770 | 3,434 | 10% |
| Interest Income & Other, Net | (597) | (667) | (10%) | (1,941) | (1,929) | 1% |
| Amortization of intangibles | 790 | 168 | 370% | 2,689 | 890 | 202% |
| Depreciation | 306 | 315 | (3%) | 1,233 | 1,270 | (3%) |
| EBITDA (earnings before interest, taxes, depreciation and amortization) | 4,712 | 1,817 | 159% | 13,115 | 9,369 | 40% |
| Severance expenses | - | - | - | 219 | - | nm |
| Stock-based compensation | 256 | 203 | 26% | 985 | 806 | 22% |
| Expenses related to the Optiant acquisition | - | 113 | nm | - | 128 | nm |
| Stock option compensation charge related to the Logility tender offer | - | - | - | - | 230 | nm |
| Expenses related to the Logility tender offer | - | - | - | - | 552 | nm |
| Adjusted EBITDA | <u>\$ 4,968</u> | <u>\$ 2,133</u> | <u>133%</u> | <u>\$ 14,319</u> | <u>\$ 11,085</u> | <u>29%</u> |
| EBITDA , as a percentage of revenue | <u>19%</u> | <u>10%</u> | | <u>15%</u> | <u>12%</u> | |

Adjusted EBITDA , as a percentage of revenue

| | 20% | 11% | | 17% | 15% | |
|---|----------------------|-----------------|------------|---------------------|-----------------|------------|
| | Fourth Quarter Ended | | | Twelve Months Ended | | |
| | April 30, | | | April 30, | | |
| | 2011 | 2010 | Pct Chg. | 2011 | 2010 | Pct Chg. |
| NON-GAAP EARNINGS PER SHARE: | | | | | | |
| Net Earnings (GAAP Basis) | \$ 2,753 | \$ 1,329 | 107% | \$ 7,364 | \$ 5,704 | 29% |
| Amortization of acquisition-related intangibles (2) | 88 | 88 | 0% | 452 | 248 | 82% |
| Stock-based compensation (2) | 165 | 134 | 23% | 637 | 505 | 26% |
| Severance expenses (2) | - | - | - | 134 | - | nm |
| Stock option compensation charge related to the Logility tender offer (2) | - | - | - | - | 141 | nm |
| Expenses related to the Optiant aquisition (3) | - | 113 | nm | - | 128 | nm |
| Expenses related to the Logility tender offer (3) | - | - | - | - | 552 | nm |
| Adjusted Net Earnings | <u>\$ 3,006</u> | <u>\$ 1,664</u> | <u>81%</u> | <u>\$ 8,587</u> | <u>\$ 7,278</u> | <u>18%</u> |
| Adjusted non-GAAP diluted earnings per share | <u>\$ 0.11</u> | <u>\$ 0.06</u> | <u>83%</u> | <u>\$ 0.33</u> | <u>\$ 0.28</u> | <u>18%</u> |

(1) - Basic per share amounts are the same for Class A and Class B shares. Diluted per share amounts for Class A shares are shown above. Diluted per share for Class B shares under the two-class method are \$0.11 and \$0.29 for the three and twelve months ended April 30, 2011, respectively. Diluted per share for Class B shares under the two-class method are \$0.05 and \$0.23 for the three and twelve months ended April 30, 2010, respectively.

(2) - Tax affected using the effective tax rate for the three and twelve months period ended April 30, 2011 and 2010.

(3) - Not tax affected due to no tax deduction recorded on these expenses

nm- not meaningful

American SOFTWARE, INC.
Consolidated Balance Sheet Information
(In thousands)
(Unaudited)

| | April 30, 2011 | April 30, 2010 |
|--|-------------------|-------------------|
| Cash and Short-term Investments | \$ 44,567 | \$ 38,030 |
| Accounts Receivable: | | |
| Billed | 14,409 | 8,721 |
| Unbilled | 4,151 | 2,419 |
| Total Accounts Receivable, net | <u>18,560</u> | <u>11,140</u> |
| Prepays & Other | 2,918 | 3,373 |
| Deferred Tax Asset | 77 | - |
| Current Assets | <u>66,122</u> | <u>52,543</u> |
| Investments - Non-current | 10,844 | 15,849 |
| PP&E, net | 5,723 | 6,490 |
| Capitalized Software, net | 7,562 | 6,890 |
| Goodwill | 12,601 | 12,601 |
| Other Intangibles, net | 1,880 | 2,677 |
| Other Non-current Assets | 100 | 125 |
| Total Assets | <u>\$ 104,832</u> | <u>\$ 97,175</u> |
| Accounts Payable | \$ 1,011 | \$ 986 |
| Accrued Compensation and Related costs | 4,245 | 2,949 |
| Dividend Payable | 2,345 | 2,284 |
| Other Current Liabilities | 4,499 | 1,986 |
| Deferred Tax Liability - Current | - | 63 |
| Deferred Revenues | 17,307 | 15,147 |
| Current Liabilities | <u>29,407</u> | <u>23,415</u> |
| Deferred Tax Liability - Long term | 1,375 | 1,480 |
| Shareholders' Equity | 74,050 | 72,280 |
| Total Liabilities & Shareholders' Equity | <u>\$ 104,832</u> | <u>\$ 97,175</u> |