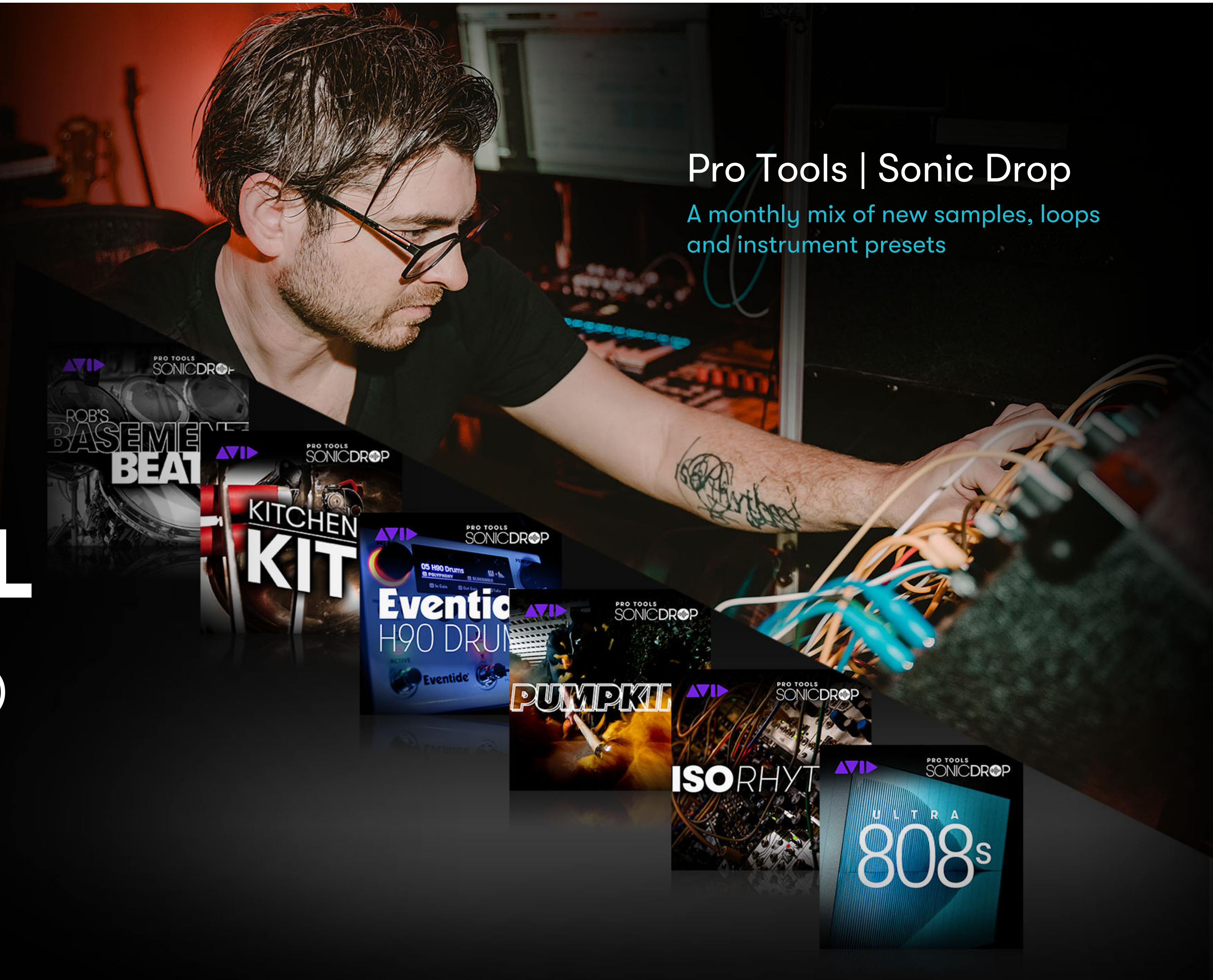
# Q1 2023
# EARNINGS CALL

Avid Technology (Nasdaq: AVID)

May 4, 2023



# NON-GAAP MEASURES & OPERATIONAL METRICS

The following non-GAAP measures & operational metrics will be used in the presentation:

**Non-GAAP Measures**
- Adjusted EBITDA
- Adjusted EBITDA Margin
- Free Cash Flow
- Non-GAAP Gross Profit
- Non-GAAP Gross Margin
- Non-GAAP Operating Expenses
- Non-GAAP Subscription & Maintenance Gross Margin
- Non-GAAP Integrated Solutions Gross Margin
- Non-GAAP Net Income
- Non-GAAP Earnings Per Share
- LTM Adjusted EBITDA

**Operational Metrics**
- Annual Recurring Revenue ("ARR")
- Subscription ARR
- Maintenance ARR
- Active Paid Software Subscriptions
- Recurring Revenue
- LTM Recurring Revenue %

Reconciliations of all non-GAAP measures used in this presentation that are required to be reconciled to their comparable GAAP measures are included in this presentation and in our press release announcing Q1 2023 results published today and filed as an exhibit to our Form 8-K filed with the SEC today, and definitions of the operational metrics used in this presentation are included in the supplemental financial information datasheet available on ir.avid.com. Unless noted, all financial and operating information is reported based on actual exchange rates. Constant currency growth rates are calculated using the same historical budget exchange rates for both the historical and current periods. Avid believes the non-GAAP measures and the operational metrics provided in this presentation provide helpful information to investors with respect to evaluating the Company's performance. However, these non-GAAP measures and operational metrics may vary from how other companies present such measures. Non-GAAP measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

The presentation also includes expectations for future Adjusted EBITDA, Non-GAAP Earnings per Share and Free Cash Flow, which are forward-looking non-GAAP financial measures. Reconciliations of these forward-looking non-GAAP measures are not included in this presentation or elsewhere, due to the high variability and difficulty in making accurate forecasts and projections of some of the information excluded from the estimation of the non-GAAP results, together with some of the excluded information not being ascertainable or accessible at this time. As a result, the Company is unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

# SAFE HARBOR STATEMENT

This presentation includes forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include statements regarding our future financial performance or position, results of operations, business strategy, plans and objectives of management for future operations, and other statements that are not historical fact. You can identify forward-looking statements by their use of forward-looking words such as “may”, “will”, “anticipate”, “expect”, “believe”, “estimate”, “intend”, “plan”, “should”, “seek”, or other comparable terms.

Readers of this presentation should understand that these forward-looking statements are not guarantees of performance or results. Forward-looking statements provide our current expectations and beliefs concerning future events and are subject to risks, uncertainties, and factors relating to our business and operations, all of which are difficult to predict and could cause our actual results to differ materially from the expectations expressed in or implied by such forward-looking statements.

These risks, uncertainties, and factors include, but are not limited to: the effect of the continuing worldwide macroeconomic uncertainty and its impacts, including inflation, market volatility and fluctuations in foreign currency exchange and interest rates on our business and results of operations, including impacts related to acts of war, armed conflict, and cyber conflict, such as for example, the Russian invasion of Ukraine, and related international sanctions and reprisals; risks related to the availability and prices of raw materials, including any negative effects caused by inflation, armed conflict and related sanctions, weather conditions, or health pandemics; disruptions, inefficiencies, and/or complications in our operations and/or dynamic and unpredictable global supply chain, including cost increases, interruptions, delays, complications, and other impacts related to armed conflict and/or cyber conflict and related international sanctions and reprisals; economic, social, and political instability, security concerns, and the risk of war, armed conflict and/or cyber conflict, particularly originating in, and complicated by, areas of heightened geopolitical tension and open conflict such as Ukraine, where we have outsourced research and development activities, Russia, and bordering territories; our liquidity; our ability to execute our strategic plan including our cost saving strategies, and to meet customer needs; our ability to retain and hire key personnel; our ability to produce innovative products in response to changing market demand, particularly in the media industry; our ability to successfully accomplish our product development plans; competitive factors; history of losses; fluctuations in our revenue based on, among other things, our performance and risks in particular geographies or markets; the impact of changes in accounting treatment interpretations over time; our higher indebtedness and ability to service it and meet the obligations thereunder; our ability to mitigate and remediate material weaknesses in our internal controls; restrictions in our credit facilities; our move to a subscription model and related effect on our revenues and ability to predict future revenues; fluctuations in subscription and maintenance renewal rates; elongated sales cycles; seasonal factors; other adverse changes in external economic conditions; variances in our revenue backlog and the realization thereof; the costs, disruption, and diversion of management's attention due to armed conflict and/or cyber conflict and related international sanctions and reprisals; the possibility of legal proceedings adverse to our Company; and other risks described in our reports filed from time to time with the U.S. Securities and Exchange Commission. Moreover, the business may be adversely affected by future legislative, regulatory or other changes, including tax law changes, as well as other economic, business and/or competitive factors. The risks included above are not exhaustive. We caution readers not to place undue reliance on any forward-looking statements included in this press release which speak only as to the date of this press release. We undertake no responsibility to update or revise any forward-looking statements, except as required by law.

# BUSINESS UPDATE

Jeff Rosica

Chief Executive Officer & President


Avid NEXIS | F2

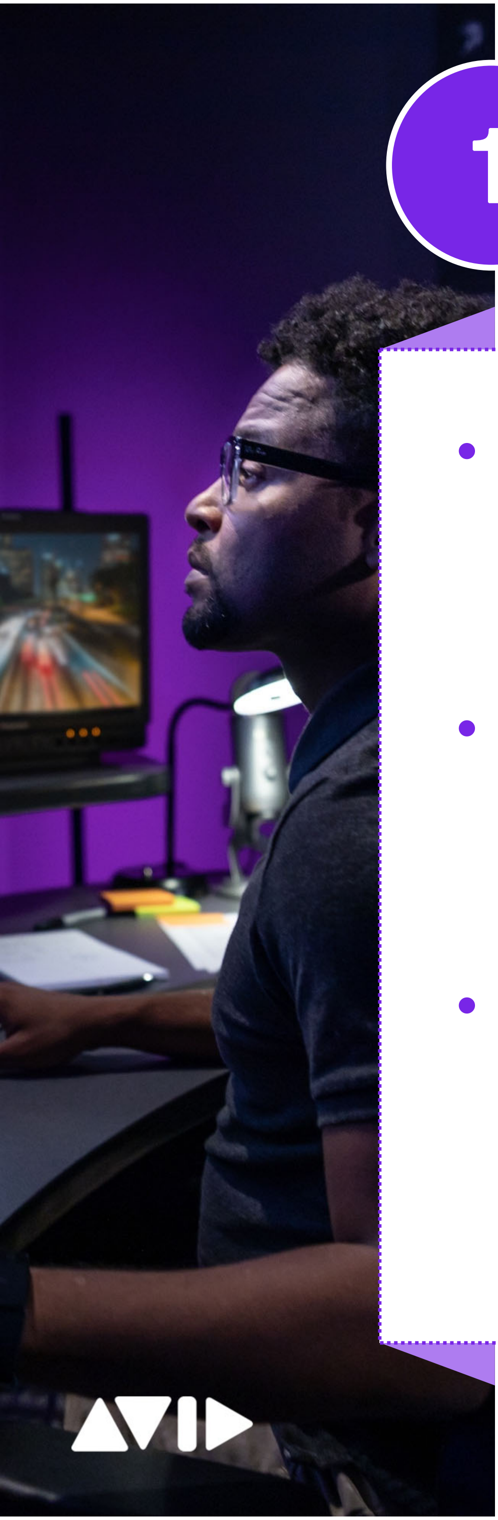
Scale cost-effectively to match business needs

# Q1 2023 BUSINESS SUMMARY

1 Continued strength in subscription and SaaS business with robust Subscription ARR and revenue growth at high margins, with positive trends in subscription net adds and Subscription ARR/unit

2 Audio hardware gross margin headwinds in the quarter impacted overall profitability and Free Cash Flow, due to macro supply chain issues, which we expect to gradually resolve through 2023

3 Sharp focus on delivering improved earnings and Free Cash Flow in 2023, and reaffirming full-year guidance based on bookings strength and proactive cost management



# 1 CONTINUED STRENGTH IN SUBSCRIPTION AND SAAS

- Strong Subscription ARR and revenue growth driven by success in both creative and enterprise
- Consistent subscription net adds driving continued solid growth of overall subscriber base
- Continued strong enterprise subscription adoption driving sustained overall increases in Subscription ARR/unit

**$150M** SUBSCRIPTION ARR (1)
+30.1% YoY
(+31.1% YoY at C.C.²)

**$247M** TOTAL ARR (1)
+8.1% YoY
(+9.2% YoY at C.C.²)

**527K** ACTIVE PAID SOFTWARE SUBSCRIPTIONS (1)
+22.0% YoY

(1) As of March 31, 2023.
(2) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

# 2 AUDIO HARDWARE HEADWINDS IMPACTED RESULTS

- Lower audio hardware margin driven by higher costs in resolving supply chain issues and shipping of aged backlog at older price points
- Taking targeted cost measures and further price increases to improve audio hardware gross margin
- Storage performance on track
- Perpetual revenue down YoY as planned end-of-life approaches

**29.2%**
-1240bps YoY
**NON-GAAP INTEGRATED SOLUTIONS GROSS MARGIN**

**$28.7M**
+1.8% YoY
(+4.9% YoY at C.C.[(1)])
**INTEGRATED SOLUTIONS REVENUE**

**$0.5M**
-89.5% YoY
**PERPETUAL LICENSE REVENUE**

(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

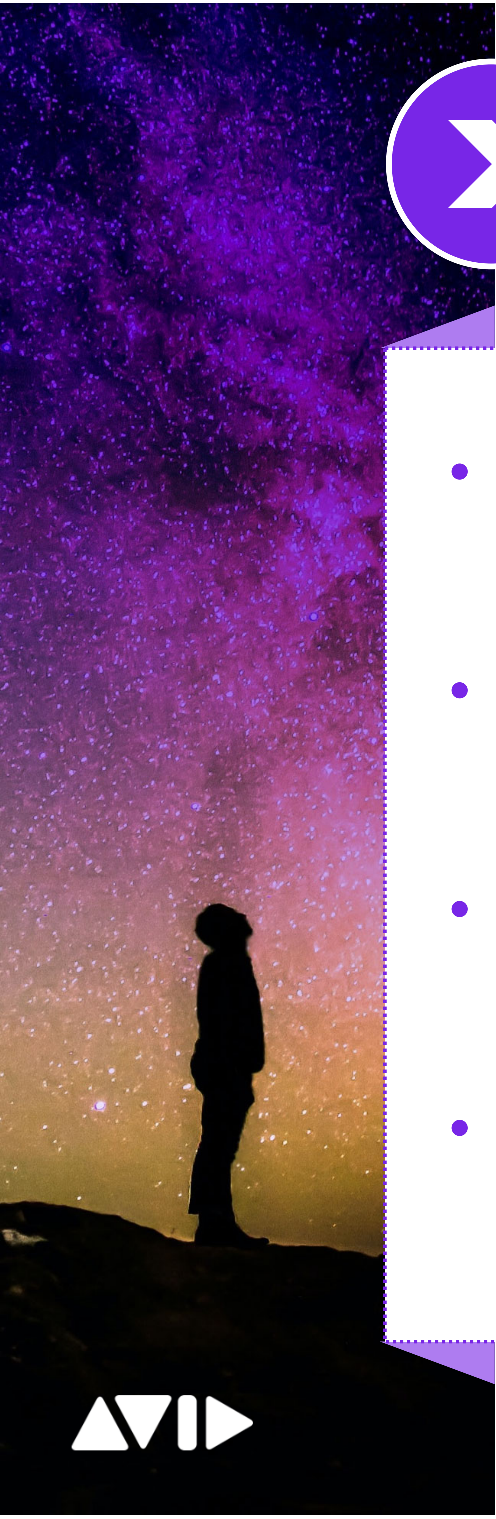
# 3 FOCUSED ON DELIVERING IMPROVED EARNINGS AND FCF

- Proactively managing costs and keeping our focus on profitability and Free Cash Flow, while aiming new investments to support subscription and SaaS growth
- Continuing concentrated efforts to resolve supply chain issues and hardware backlog situation
- Bookings strength driven by SPA growth with channel partners

**46** NEW ENTERPRISE SUBCRIPTION AGREEMENTS

**$15M** ESTIMATED COST BENEFIT IN 2023 FROM ACTIONS TAKEN

**+20%** TOTAL BOOKINGS YoY



# LOOKING FORWARD

- Expect continued strength in subscription and SaaS driving ARR growth, while maintenance is projected to stabilize
- Plan to invest in strategic growth innovation and digital transformation, while carefully managing overall costs
- Expect supply chain conditions impacting audio hardware margin to be largely mitigated in 2H 2023
- While taking a cautious stance on Q2, we are reaffirming our full-year 2023 guidance

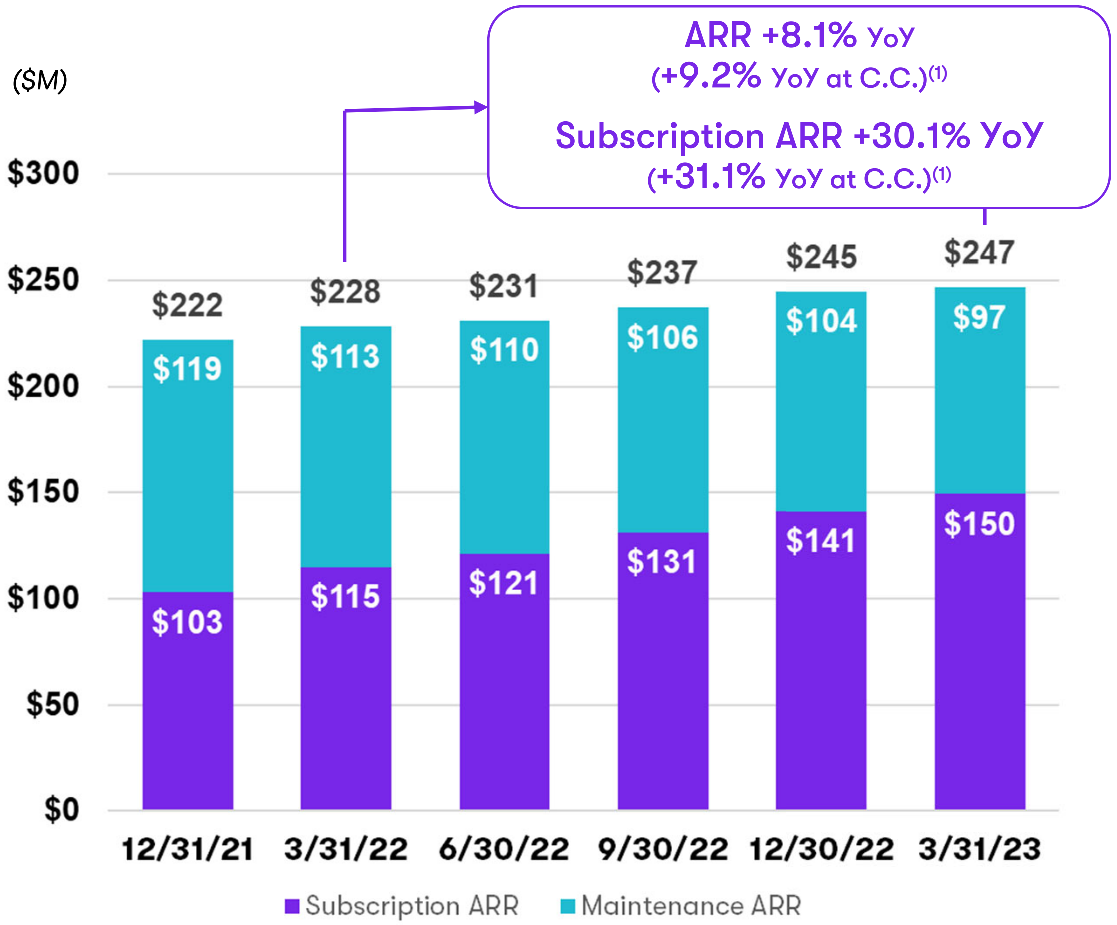
# Q1 2023 FINANCIAL RESULTS


Ken Gayron

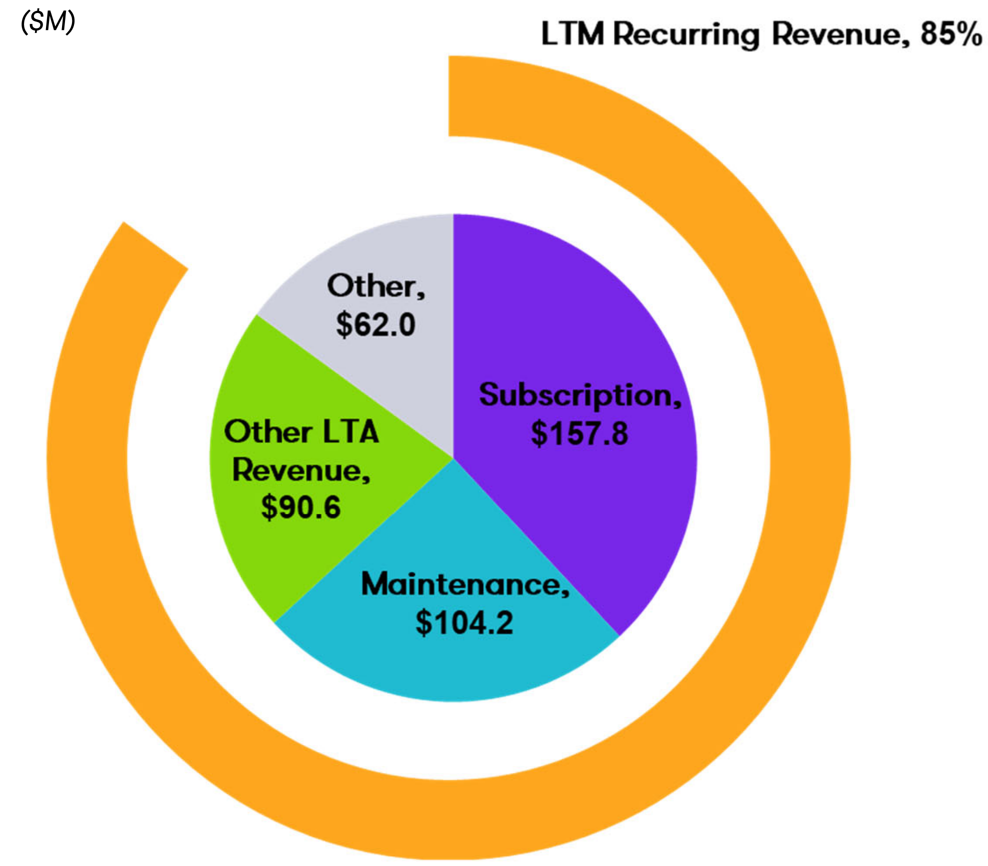
Executive Vice President
& Chief Financial Officer


# ANNUAL RECURRING REVENUE (ARR), LTM RECURRING REVENUE %

## Annual Recurring Revenue (ARR)




## LTM Recurring Revenue %

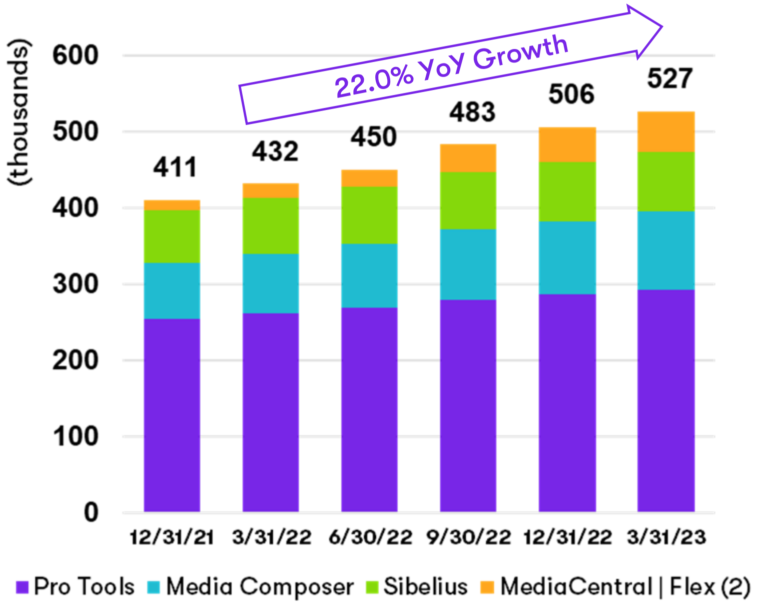



(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.
(2) Other LTA revenue is revenue from customers with long-term agreements, excluding the subscription and maintenance portion.

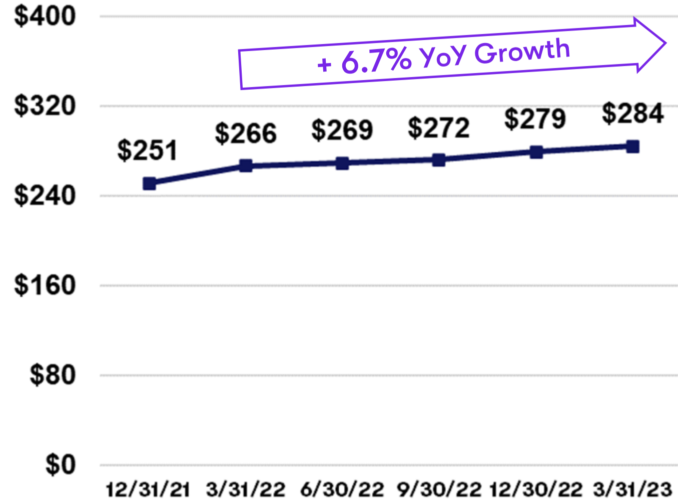
# SUBSCRIPTION

## Strong subscription unit and revenue growth

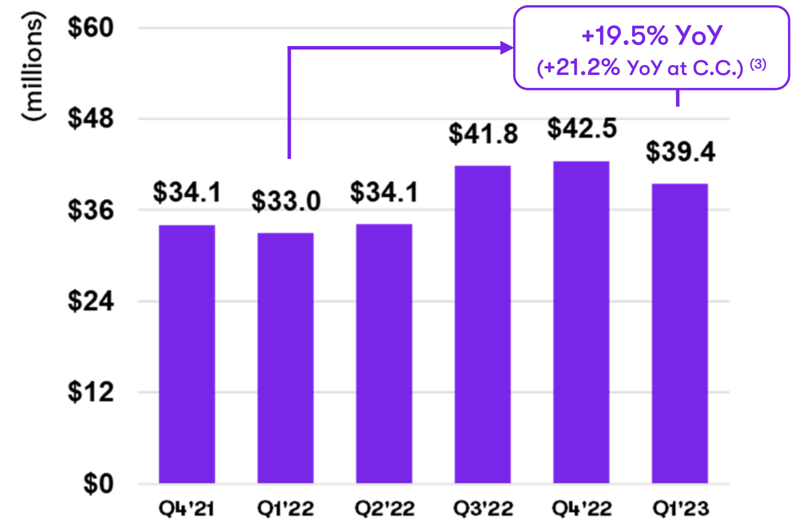
### Active Paid Software Subscriptions




### Subscription ARR / Active Paid Software Subscriptions




### Subscription Revenue




- Net adds of 20,700 Active Paid Software Subscriptions[(1)] in Q1’23
- 13,300 Creative Tools net adds and 7,400 MediaCentral | Flex net adds in Q1’23

- Enterprise subscription business continues to positively impact our overall subscription price per seat

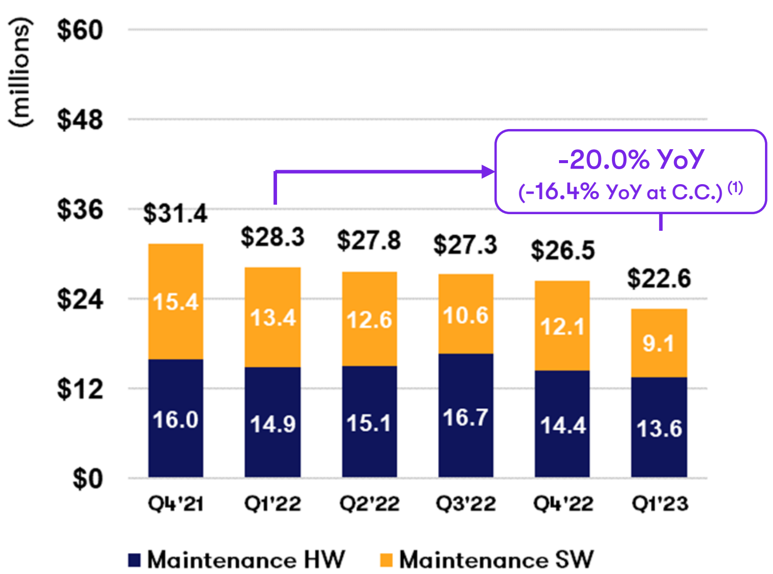
- Consistent growth in paid subscriptions and ARR/seat drove continued growth in revenue during Q1’23

(1) Subscriptions rounded to nearest 100.
(2) Avid NEXIS | Flex and Maestro subscriptions are not reflected in the count.
(3) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

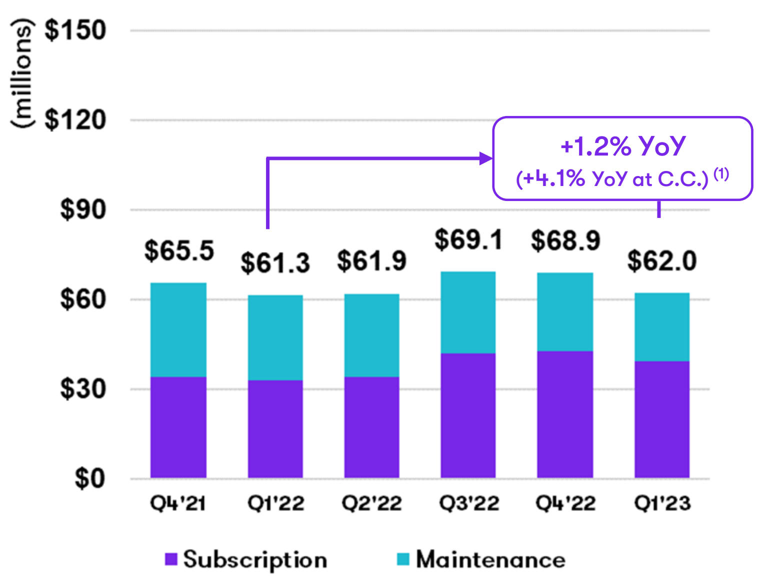
# SUBSCRIPTION + MAINTENANCE

## Solid strategic subscription and maintenance revenue performance and improving software margins

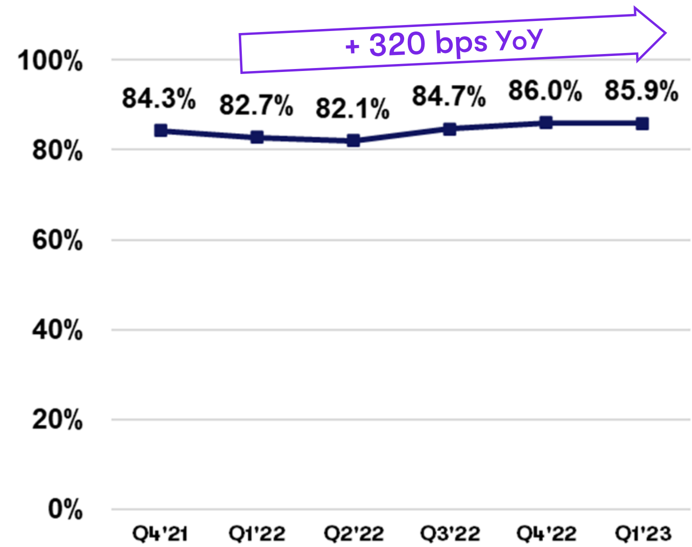
### Maintenance Revenue




### Subscription + Maintenance Revenue




### Non-GAAP Subscription and Maintenance Gross Margin




- Continuing conversion of enterprise customers from software maintenance to subscription at healthy 1.5x uplift
- Maintenance on hardware continues to be sticky and is expected to increase with shipment of backlog

- Maintenance revenue expected to stabilize to ~$22M per quarter for the remainder of 2023
- Price increases on maintenance go into effect May 2023

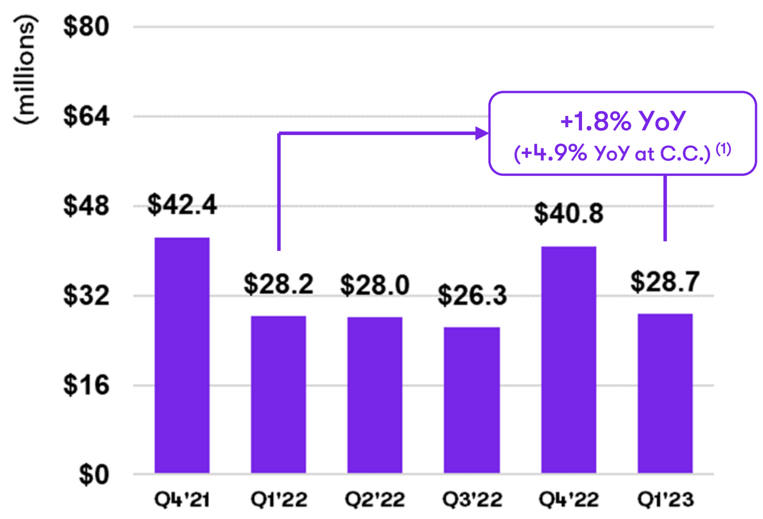
- Strong overall software subscription, maintenance and perpetual gross margin

(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

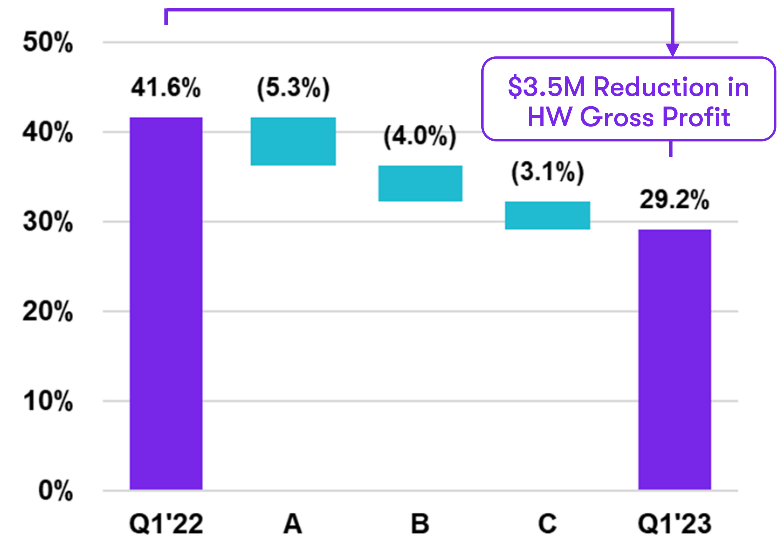
# INTEGRATED SOLUTIONS

## Backlog situation and higher production costs impacted first quarter results

### Integrated Solutions Revenue




### Non-GAAP Integrated Solutions Gross Margin




- Expect gradual improvement in resolving remaining supply chain challenges during 2023
- ~$20M unshipped contractually committed backlog at the end of Q1'23
- Recovery of backlog expected during 2023 that will drive higher integrated solutions revenue and associated maintenance revenue, starting in Q2'23

A. $1.5M unfavorable purchase-price variation (PPV) in audio hardware due to a temporary rise in component costs

B. $1.1M sale of audio hardware in backlog that was contracted at older prices and higher overhead

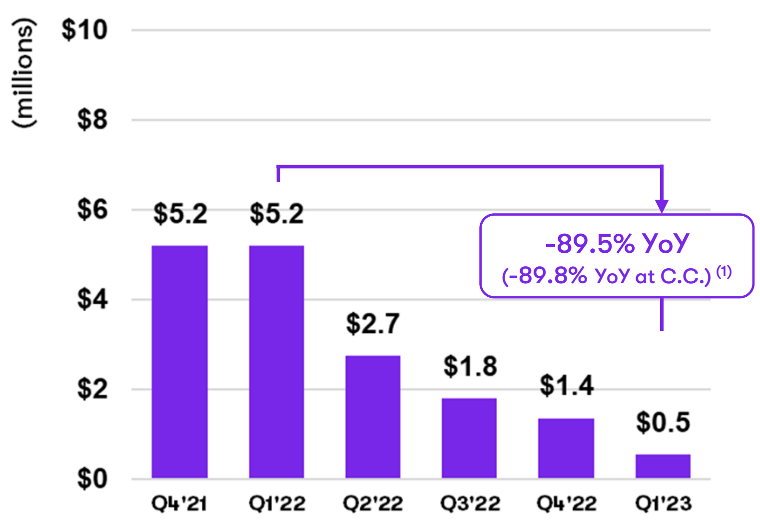
C. $0.9M higher mix of lower margin audio hardware

- Evaluating pricing to recapture margins
- Q2 cost inputs expected to be more favorable; decline in PPV expected
- Expect hardware margins to move back to 40% in 2H 2023

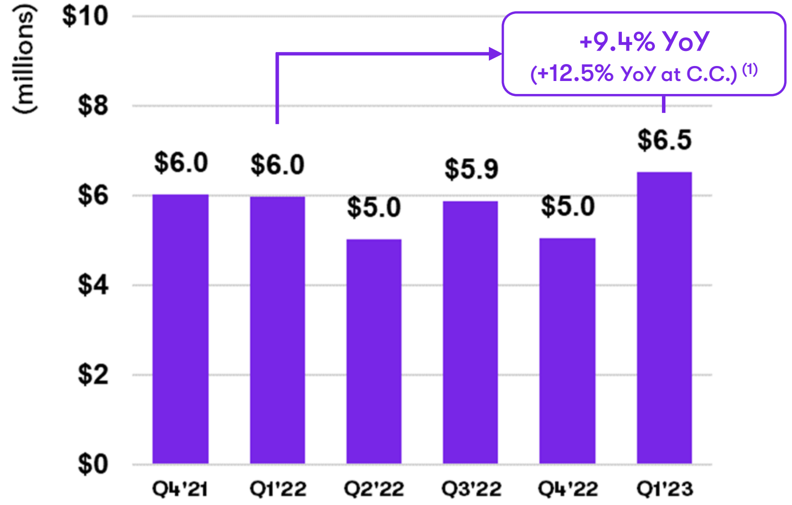
(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

# PERPETUAL LICENSES + PROFESSIONAL SERVICES

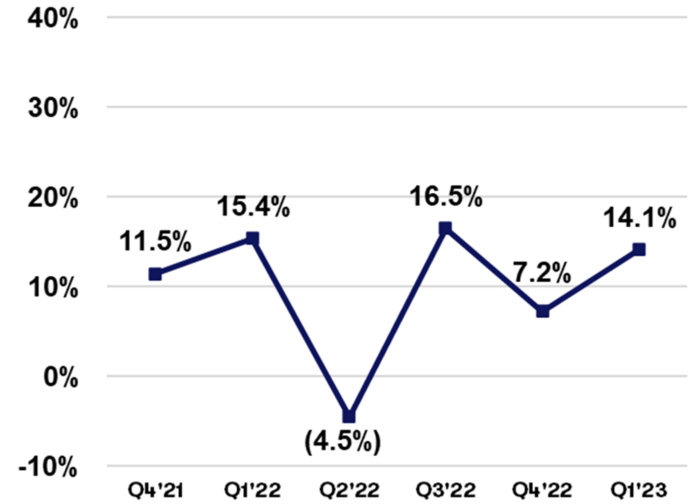
### Perpetual License Revenue




### Professional Services & Training Revenue




### Professional Services & Training Non-GAAP Gross Margin




- Continued de-emphasis of perpetual license sales as customers increasingly adopt subscription offerings

- Professional Services benefitted from milestone achievements on projects to enable Avid solutions on public clouds during Q1

(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.

# Q1 2023 FINANCIAL RESULTS

*($M, except per share)*

| | Q1'22 | Q4'22 | Q1'23 | YoY Change Fav/(Unfav) | QoQ change Fav/(Unfav) | C.C.[1] YoY change Fav/(Unfav) |
|---|---|---|---|---|---|---|
| Subscription ARR, end of period | $115.0 | $141.3 | $149.6 | 30.1% | 5.9% | 31.1% |
| Total ARR, end of period | 228.2 | 244.9 | 246.8 | 8.1% | 0.8% | 9.2% |
| Subscription Revenue | 33.0 | 42.5 | 39.4 | 19.5% | (7.2%) | 21.2% |
| Subscription & Maintenance Revenue | 61.3 | 68.9 | 62.0 | 1.2% | (10.0%) | 4.1% |
| Total Revenue | 100.6 | 116.1 | 97.8 | (2.8%) | (15.8%) | (0.1%) |
| Non-GAAP Gross Profit | 67.2 | 75.0 | 62.6 | (6.8%) | (16.5%) | (2.9%) |
| *Non-GAAP Gross Margin* | *66.8%* | *64.6%* | *64.0%* | *(280 bps)* | *(60 bps)* | *(180 bps)* |
| Non-GAAP Operating Expenses | 49.7 | 52.5 | 52.2 | (5.0%) | 0.6% | (6.8%) |
| *Non-GAAP Operating Expenses Margin %* | *49.4%* | *45.2%* | *53.4%* | *(400 bps)* | *(820 bps)* | *(350 bps)* |
| Non-GAAP Net Income | 14.8 | 19.9 | 6.6 | (55.6%) | (67.0%) | (50.1%) |
| Non-GAAP Earnings per Share | $0.33 | $0.45 | $0.15 | ($0.18) | ($0.30) | ($0.14) |
| Adjusted EBITDA | 19.3 | 24.8 | 12.7 | (33.9%) | (48.7%) | (27.2%) |
| *Adjusted EBITDA Margin %* | *19.2%* | *21.4%* | *13.0%* | *(620 bps)* | *(840 bps)* | *(480 bps)* |
| Free Cash Flow | 4.7 | 18.3 | (6.5) | ($11.2) | ($24.8) | |
| Change in Working Capital[2] | (9.4) | (1.1) | (10.1) | ($0.7) | ($9.0) | |
| Capital Expenditures | (3.2) | (4.2) | (3.9) | ($0.7) | $0.3 | |

(1) C.C. = Constant Currency growth rates calculated using current period budget f/x rates as of January 2023 for both current and historical periods.
(2) (Increase) decrease in working capital during a period is the change in operating assets and liabilities, as shown on the consolidated statement of cash flows.

# Q2 AND FULL YEAR 2023 GUIDANCE

| ($M, except per share) | Q2 2023 Low | Q2 2023 High | Full-Year 2023 Low | Full-Year 2023 High |
|---|---|---|---|---|
| **ARR, at end of period** | $246 | $251 | $270 | $280 |
| **Revenue** | $101 | $111 | $447 | $472 |
| **Subscription & Maintenance Revenue** | | | $292 | $302 |
| **Adjusted EBITDA** | $13 | $20 | $95 | $105 |
| **Non-GAAP Earnings per Share[1]** | $0.15 | $0.30 | $1.53 | $1.75 |
| **Free Cash Flow, as adjusted[2]** | | | $50 | $60 |

(1) Assumes 44.1M shares for Q2 2023 and 44.0M shares for FY 2023.
(2) Free Cash Flow, as adjusted, excludes $7.0M expected cash costs for restructuring, see reconciliation tables in the Appendix for historical periods.

# Q&A

# REVENUE & NON-GAAP GROSS MARGIN BY TYPE

| ($M) | Q1 2022 | Q4 2022 | Q1 2023 | Q1 2023 Q/Q % | Q1 2023 Y/Y % |
|---|---|---|---|---|---|
| Revenue | | | | | |
| Subscriptions | $33.0 | $42.5 | $39.4 | (7.2%) | 19.5% |
| Maintenance | 28.3 | 26.5 | 22.6 | (14.4%) | (20.0%) |
| **Subscriptions and Maintenance** | **$61.3** | **$68.9** | **$62.0** | **(10.0%)** | **1.2%** |
| Perpetual Licenses | 5.2 | 1.4 | 0.5 | (59.7%) | (89.5%) |
| **SW Licenses and Maintenance** | **$66.5** | **$70.3** | **62.6** | **(10.9%)** | **(5.9%)** |
| Integrated Solutions | 28.2 | 40.8 | 28.7 | (29.6%) | 1.8% |
| Professional Services & Training | 6.0 | 5.0 | 6.5 | 29.4% | 9.4% |
| Total Revenue | **$100.6** | **$116.1** | **$97.8** | **(15.8%)** | **(2.8%)** |
| | | | | | |
| Non-GAAP Gross Margin | | | | | |
| Subscription & Maintenance | 82.7% | 86.0% | 85.9% | (10 bps) | 320 bps |
| Integrated Solutions & Other | 41.9% | 33.3% | 26.0% | (730 bps) | (1590 bps) |
| Integrated Solutions | 41.6% | 36.7% | 29.2% | (750 bps) | (1240 bps) |
| Total Non-GAAP Gross Margin % | **66.8%** | **64.6%** | **64.0%** | **(60 bps)** | **(280 bps)** |

# BALANCE SHEET AS OF MARCH 31, 2023

($M)

| | 3/31/22 | 12/31/22 | 3/31/23 |
|---|---|---|---|
| Cash and Cash Equivalents | $41.2 | $35.2 | $20.9 |
| Accounts Receivable | 57.4 | 76.8 | 62.9 |
| Contract Asset, current and long-term | 32.6 | 37.8 | 40.9 |
| Net Inventory | 17.8 | 21.0 | 26.4 |
| Accounts Payable | 21.4 | 45.9 | 50.1 |
| Deferred Revenue, current and long-term | 92.3 | 94.2 | 82.5 |
| Total Debt | 169.6 | 182.7 | 180.4 |
| Net Debt[(1)] | 128.4 | 147.4 | 159.6 |
| Net Leverage[(2)] | 1.7x | 1.8x | 2.1x |
| Share Repurchases year-to-date | $10.8 | $52.8 | $0.4 |
| Cumulative Share Repurchases under $115M authorization | $35.9 | $77.9 | $78.4 |

(1) Net Debt = Total Debt – Cash and Cash Equivalents.
(2) Net Leverage = Net Debt / LTM Adjusted EBITDA, See reconciliation on page 26.

# RECONCILIATION OF NON-GAAP GROSS PROFIT AND NON-GAAP OPERATING EXPENSES

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands, except per share amounts)

| | Three Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2023 | Dec. 31, 2022 | Mar. 31, 2022 |
| **GAAP revenue** | | | |
| **GAAP revenue** | $ 97,811 | $ 116,099 | $ 100,649 |
| **Non-GAAP Gross Profit** | | | |
| **GAAP gross profit** | 62,193 | 74,529 | 66,764 |
| Stock-based compensation | 429 | 461 | 426 |
| **Non-GAAP Gross Profit** | $ 62,622 | $ 74,990 | $ 67,190 |
| ***GAAP gross margin*** | 63.6% | 64.2% | 66.3% |
| ***Non-GAAP Gross Margin*** | 64.0% | 64.6% | 66.8% |
| **Non-GAAP Operating Expenses** | | | |
| **GAAP Operating Expenses** | 58,697 | 57,996 | 53,489 |
| Less: Amortization of intangible assets | (37) | (37) | (58) |
| Less: Stock-based compensation | (4,664) | (5,029) | (2,996) |
| Less: Restructuring costs, net | - | 2 | (15) |
| Less: Early Retirement Program | (1,202) | - | - |
| Less: Acquisition, integration and other costs | (315) | (75) | (459) |
| Less: Digital Transformation costs | (297) | (371) | (243) |
| **Non-GAAP Operating Expenses** | $ 52,182 | $ 52,486 | $ 49,718 |

These non-GAAP measures reflect how Avid manages its businesses internally. Avid's non-GAAP measures may vary from how other companies present non-GAAP measures. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

# RECONCILIATION OF NON-GAAP GROSS MARGIN BY REVENUE TYPE

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands, except per share amounts)

| | Three Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2023 | Dec. 31, 2022 | Mar. 31, 2022 |
| **Non-GAAP Gross Profit by Revenue Type** | | | |
| Subscription Revenue | 39,385 | 42,452 | 32,954 |
| Maintenance Revenue | 22,650 | 26,463 | 28,327 |
| **Subscription & Maintenance Revenue** | $ 62,035 | $ 68,915 | $ 61,281 |
| Subscription Cost of Revenues | 4,264 | 5,447 | 5,602 |
| Maintenance Cost of Revenues | 4,747 | 4,534 | 5,277 |
| **Subscription & Maintenance Cost of Revenues** | $ 9,011 | $ 9,981 | $ 10,879 |
| Subscription & Maintenance Stock-based compensation | 295 | 321 | 301 |
| **Non-GAAP Sub & Maint Cost of Revenues** | $ 8,716 | $ 9,660 | $ 10,578 |
| ***Subscription & Maintenance Gross Margin*** | 85.5% | 85.5% | 82.2% |
| ***Non-GAAP Subscription & Maintenance Gross Margin*** | 85.9% | 86.0% | 82.7% |
| Integrated Solutions & Other Revenue | 35,776 | 47,184 | 39,368 |
| Integrated Solutions & Other Cost of Revenues | 26,607 | 31,589 | 23,006 |
| Integrated Solutions & Other Stock-based compensation | 135 | 140 | 125 |
| **Non-GAAP Integrated Solutions & Other Cost of Revenues** | $ 26,472 | $ 31,449 | $ 22,881 |
| ***Integrated Solutions & Other Gross Margin*** | 25.6% | 33.1% | 41.6% |
| ***Non-GAAP Integrated Solutions & Other Gross Margin*** | 26.0% | 33.3% | 41.9% |
| Integrated Solutions Revenue | 28,710 | 40,786 | 28,210 |
| Integrated Solutions Cost of Revenues | 20,457 | 25,974 | 16,599 |
| Integrated Solutions Stock-based compensation | 135 | 140 | 125 |
| **Non-GAAP Integrated Solutions Cost of Revenues** | $ 20,323 | $ 25,834 | $ 16,474 |
| ***Integrated Solutions Gross Margin*** | 28.7% | 36.3% | 41.2% |
| ***Non-GAAP Integrated Solutions Gross Margin*** | 29.2% | 36.7% | 41.6% |

These non-GAAP measures reflect how Avid manages its businesses internally. Avid's non-GAAP measures may vary from how other companies present non-GAAP measures. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

# RECONCILIATION OF NON-GAAP OPERATING INCOME, ADJUSTED EBITDA, AND ADJUSTED EBITDA MARGIN

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands, except per share amounts)

| | Three Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2023 | Dec. 31, 2022 | Mar. 31, 2022 |
| **Non-GAAP Operating Income and Adjusted EBITDA** | | | |
| **GAAP net income (loss)** | (381) | 25,260 | 10,586 |
| Interest and other expense | 3,568 | 2,364 | 1,563 |
| Provision for income taxes | 309 | (11,091) | 1,126 |
| **GAAP operating income** | 3,496 | 16,533 | 13,275 |
| Amortization of intangible assets | 37 | 37 | 58 |
| Stock-based compensation | 5,093 | 5,490 | 3,422 |
| Restructuring costs, net | - | (2) | 15 |
| Early Retirement Program | 1,202 | - | - |
| Acquisition, integration and other costs | 315 | 75 | 459 |
| Digital Transformation costs | 297 | 371 | 243 |
| **Non-GAAP Operating Income** | $ 10,440 | $ 22,504 | $ 17,472 |
| Depreciation | 2,297 | 2,301 | 1,803 |
| **Adjusted EBITDA** | $ 12,737 | $ 24,805 | $ 19,275 |
| **GAAP net income (loss) margin** | -0.4% | 21.8% | 10.5% |
| **Adjusted EBITDA Margin** | 13.0% | 21.4% | 19.2% |

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# RECONCILIATION OF NON-GAAP NET INCOME, NON-GAAP EARNINGS PER SHARE AND FREE CASH FLOW

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands, except per share amounts)

| | Three Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2023 | Dec. 31, 2022 | Mar. 31, 2022 |
| **Non-GAAP Net Income** | | | |
| **GAAP net income (loss)** | (381) | 25,260 | 10,586 |
| Amortization of intangible assets | 37 | 37 | 58 |
| Stock-based compensation | 5,093 | 5,490 | 3,422 |
| Restructuring costs, net | - | (2) | 15 |
| Less: Early Retirement Program | 1,202 | - | - |
| Acquisition, integration and other costs | 315 | 75 | 459 |
| Digital Transformation costs | 297 | 371 | 243 |
| Tax impact of non-GAAP adjustments | - | (11,313) | (3) |
| **Non-GAAP Net Income** | **$ 6,563** | **$ 19,918** | **$ 14,780** |
| Weighted-average share count (basic) | 43,813 | 43,836 | 44,817 |
| Weighted-average share count (diluted) | 43,813 | 43,991 | 45,408 |
| Net income (loss) per common share (basic) | $ (0.01) | $ 0.58 | $ 0.24 |
| Net income (loss) per common share (diluted) | $ (0.01) | $ 0.57 | $ 0.23 |
| Non-GAAP Earnings per Share (basic) | $ 0.15 | $ 0.45 | $ 0.33 |
| Non-GAAP Earnings per Share (diluted) | $ 0.15 | $ 0.45 | $ 0.33 |

These non-GAAP measures reflect how Avid manages its businesses internally. Avid's non-GAAP measures may vary from how other companies present non-GAAP measures. Non-GAAP financial measures are not based on a comprehensive set of accounting rules or principles. This non-GAAP information supplements, and is not intended to represent a measure of performance in accordance with, disclosures required by generally accepted accounting principles, or GAAP. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in accordance with GAAP.

# RECONCILIATION OF NON-GAAP NET INCOME, NON-GAAP EARNINGS PER SHARE AND FREE CASH FLOW

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands, except per share amounts)

| | Three Months Ended | | |
|---|---|---|---|
| | Mar. 31, 2023 | Dec. 31, 2022 | Mar. 31, 2022 |
| **Free Cash Flow** | | | |
| **Net cash provided by (used in) operating activities** | (2,556) | 22,456 | 7,916 |
| Capital expenditures | (3,931) | (4,184) | (3,244) |
| **Free Cash Flow** | $ (6,487) | $ 18,272 | $ 4,672 |
| **Adjusted EBITDA** | $ 12,737 | $ 24,805 | $ 19,275 |
| *Free Cash Flow conversion from Adjusted EBITDA* | -50.9% | 73.7% | 24.2% |
| Free Cash Flow | $ (6,487) | $ 18,272 | $ 4,672 |
| Restructuring, cash costs | - | 31 | 665 |
| Free Cash Flow, as adjusted | $ (6,487) | $ 18,303 | $ 5,337 |
| *Free Cash Flow, as Adjusted / Adjusted EBITDA* | -50.9% | 73.8% | 27.7% |

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# RECONCILIATION OF LTM ADJUSTED EBITDA, LTM ADJUSTED EBITDA MARGIN AND NET LEVERAGE

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures**
(unaudited - in thousands)

| | Three Months Ended March 31, | | Year Ended December 31, | | Last Twelve Months (LTM) | |
|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2022 | | Q1 2023 | Q1 2022 |
| **GAAP revenue** | $ 97,811 | $ 100,649 | $ 417,413 | | $ 414,575 | $ 416,229 |
| <u>**Non-GAAP Operating Income and Adjusted EBITDA**</u> | | | | | | |
| **GAAP net income (loss)** | (381) | 10,586 | 55,241 | | 44,274 | 47,583 |
| Interest and other expense | 3,568 | 1,563 | 8,518 | | 10,523 | (1,802) |
| Provision for income taxes | 309 | 1,126 | (9,904) | | (10,721) | 3,211 |
| **GAAP operating income** | 3,496 | 13,275 | 53,855 | | 44,076 | 48,992 |
| Amortization of intangible assets | 37 | 58 | 189 | | 168 | 341 |
| Stock-based compensation | 5,093 | 3,422 | 16,504 | | 18,175 | 14,487 |
| Restructuring costs, net | - | 15 | 513 | | 498 | 57 |
| Early Retirement Program | 1,202 | - | - | | 1,202 | - |
| Acquisition, integration and other costs | 315 | 459 | 506 | | 362 | 3,158 |
| Efficiency program costs | - | - | - | | - | - |
| Digital Transformation | 297 | 243 | 1,685 | | 1,739 | 2,079 |
| COVID-19 related expenses | - | - | - | | - | 20 |
| **Non-GAAP Operating Income** | $ 10,440 | $ 17,472 | $ 73,252 | | $ 66,220 | $ 69,134 |
| Depreciation | 2,297 | 1,803 | 8,324 | | 8,818 | 7,939 |
| **Adjusted EBITDA** | $ 12,737 | $ 19,275 | $ 81,576 | LTM Adjusted EBITDA | $ 75,038 | $ 77,073 |
| **GAAP net income (loss) margin** | -0.4% | 10.5% | 13.2% | | 10.7% | 11.4% |
| **Adjusted EBITDA Margin** | 13.0% | 19.2% | 19.5% | | 18.1% | 18.5% |
| **Total Debt** | | | 182,667 | | 180,406 | 169,598 |
| Less Cash and Cash Equivalents | | | (35,247) | | (20,855) | (41,245) |
| **Net Debt** | | | $ 147,420 | | $ 159,551 | $ 128,353 |
| **Net Leverage (= Net Debt / LTM Adjusted EBITDA)** | | | 1.8x | | 2.1x | 1.7x |

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