

# Q4 2021 EARNINGS CALL

Avid Technology (Nasdaq: AVID)

March 1, 2022

AVID NEXIS | EDGE

Remote video editing and collaboration  
made easy—work with anyone,  
anywhere, with the comfort of  
the tools you know and love.





# 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 Net Income
- Non-GAAP Earnings Per Share
- LTM Adjusted EBITDA

## Operational Metrics

- Cloud Enabled Software Subscriptions
- LTM Recurring Revenue %
- Annual Contract Value (“ACV”)
- Revenue Backlog

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 Q4 and FY 2021 results published today and filed as an exhibit to our 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](http://ir.avid.com). 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

Certain information provided in 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: risks related to the impact of the coronavirus (COVID-19) outbreak and its variants on our business, suppliers, consumers, customers and employees; economic, social, and political instability, security concerns, and the risk of war or armed conflict, particularly in areas of heightened geopolitical tension and open conflict such as Ukraine where we have outsourced research and development activities; 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; our higher indebtedness and ability to service it and meet the obligations thereunder; 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; fluctuations in foreign currency exchange rates; seasonal factors; adverse changes in economic conditions; variances in our Revenue Backlog and the realization thereof; 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 or inefficiencies in our supply chain and/or operations, including from armed conflict and related sanctions and the COVID-19 outbreak; the costs, disruption, and diversion of management's attention due to the COVID-19 outbreak; 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

PRO TOOLS

The most loved DAW for music and post, now with a more customizable UI and controls to create in the moment.



# Q4 2021 EXECUTIVE SUMMARY



1

Accelerating enterprise subscription and steady creative tools adds resulted in strong subscription revenue growth

2

Healthy market demand and strong execution continued the sustained overall revenue growth trend

3

Strong business fundamentals yielded continued improvement in profitability and healthy Free Cash Flow

Ended 2021 with strong Q4 performance and good momentum heading into 2022



# 1

## STRONG SUBSCRIPTION REVENUE GROWTH



- Continued strong adoption of enterprise subscriptions by new and existing customers
- Sustained and steady growth trend of creative tools subscriptions
- Strong subscription net adds

**+28.2% yoy**

CLOUD-ENABLED SOFTWARE SUBSCRIPTIONS

**+38.8% yoy**

Q4 SUBSCRIPTION REVENUE

**+21,700**

CLOUD-ENABLED SOFTWARE SUBSCRIPTIONS ADDED IN Q4



# 2

## CONTINUED TREND OF SUSTAINED OVERALL REVENUE GROWTH



- Overall customer demand remained healthy and growing
- Improved maintenance renewal rates and optimized pricing strategy
- Best storage revenue since 2019
- Strength across audio solutions portfolio

**\$119.1M**  
Q4 TOTAL REVENUE  
+14.2% YoY

**+17.9% YoY**  
Q4 SUBSCRIPTION &  
MAINTENANCE REVENUE

**+17.9% YoY**  
Q4 INTEGRATED  
SOLUTIONS REVENUE



# 3

## IMPROVED PROFITABILITY AND STRONG FREE CASH FLOW



- Growth of higher margin software subscription and maintenance
- Higher integrated solutions volumes benefitted gross margin
- Expanded profitability while investing in technology innovation for future growth
- Strong Free Cash Flow conversion



**66.2%**

Q4 NON-GAAP  
GROSS MARGIN

**21.0%**

Q4 ADJUSTED  
EBITDA MARGIN

**\$25.0M**

Q4 FREE CASH FLOW





# FY 2021 HIGHLIGHTS

- ✓ Generated strong total revenue growth across all business and product areas
- ✓ Rapid success of enterprise subscription drove very strong overall subscription growth
- ✓ Launched several key product innovations to capture growing market demand
- ✓ Helped customers navigate shifting markets and technology needs, driving additional growth
- ✓ Continued trend of improving business fundamentals and strong financial performance



(1) As of December 31, 2021

**+13.7% YoY**  
REVENUE  
GROWTH

**\$108.4M**  
SUBSCRIPTION REVENUE  
+48.9% YoY

**>50**  
ENTERPRISE  
SUBSCRIPTION  
AGREEMENTS <sup>1</sup>

**411k**  
CLOUD-BASED  
SOFTWARE  
SUBSCRIPTIONS <sup>1</sup>

**\$75.5M**  
ADJUSTED  
EBITDA

**\$55.7M**  
FREE CASH FLOW  
+64.4% YoY

**\$1.25**  
NON-GAAP EARNINGS  
PER SHARE  
+92.3% YoY

**\$25.1M**  
SHARE  
REPURCHASES  
874k shares

# LOOKING FORWARD

- Expect continued healthy market driven by demand for solutions that we're well positioned to provide
- Planning to launch several innovative new products to meet market demands and contribute towards growth
- Expect continued solid growth in our subscription business—aided by additional subscription offerings
- Continued emphasis on execution and profitability improvements while making targeted investments
- Expect to deliver continued growth, strong margins, improved profitability and Free Cash Flow



# Q4 & FY 2021 FINANCIAL RESULTS

Ken Gayron

Executive Vice President  
& Chief Financial Officer



## ADOBE INTEGRATION WITH MEDIACENTRAL

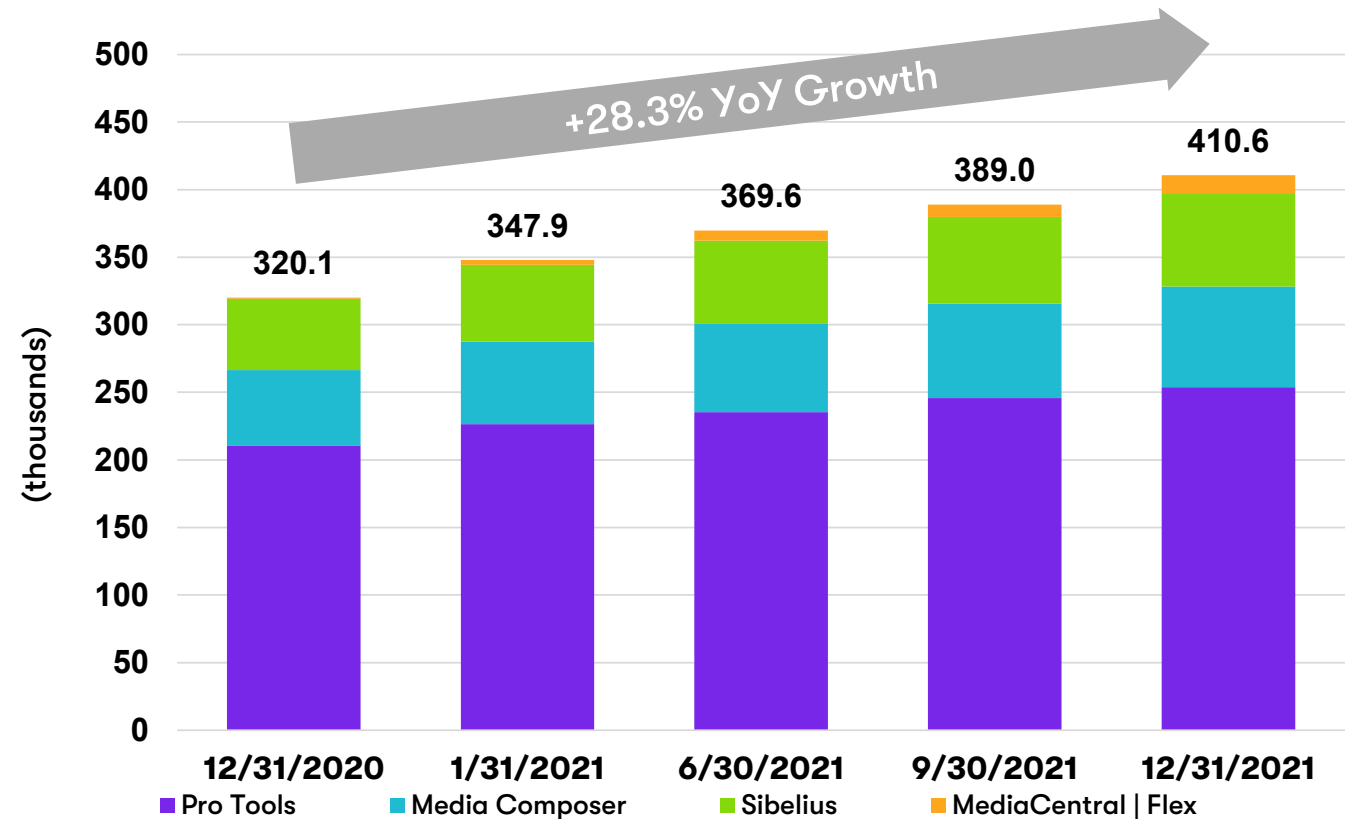
Adobe Creative Cloud Suite creators can now take advantage of MediaCentral workflow tools and collaborate with other Avid and Adobe creators.



# SUBSCRIPTION GROWTH PROGRESSES

- Net increase of approx. 21,700 paid Cloud-Enabled Software Subscriptions in the fourth quarter
- Solid growth of creative software subscriptions, an increase of approx. 17,700
- Exceptional performance of enterprise MediaCentral | Flex subscriptions, which grew 4,000 to approx. 13,200

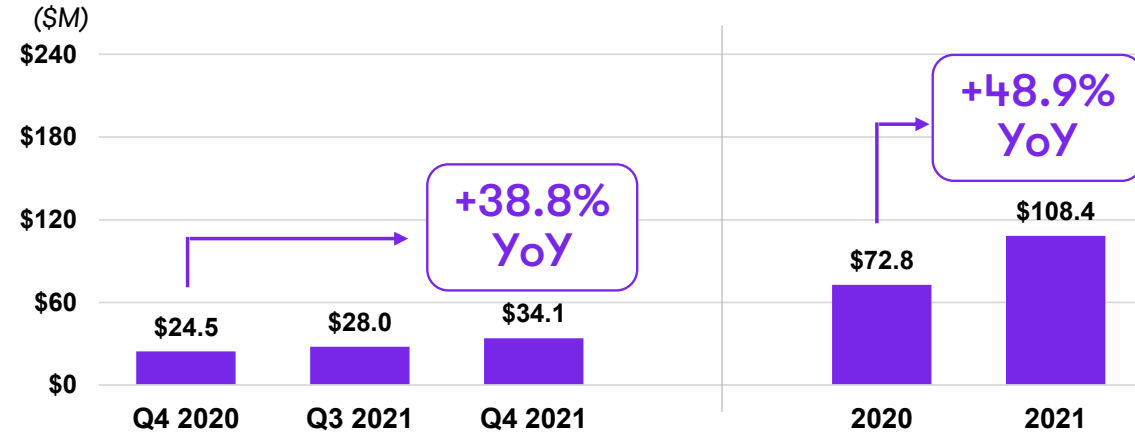
Cloud-Enabled Software Subscriptions



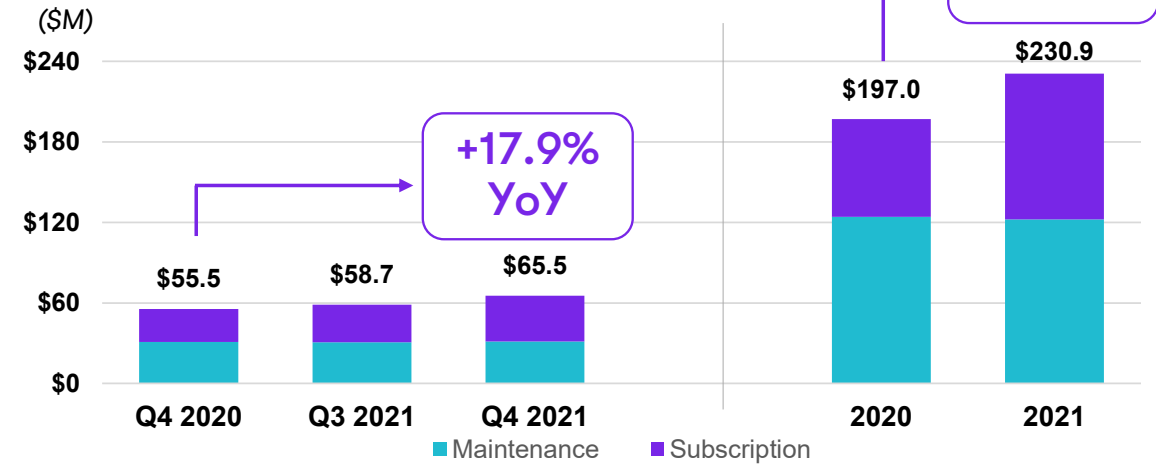
# REVENUE BY TYPE

Strong growth in enterprise subscription driving increase in revenue

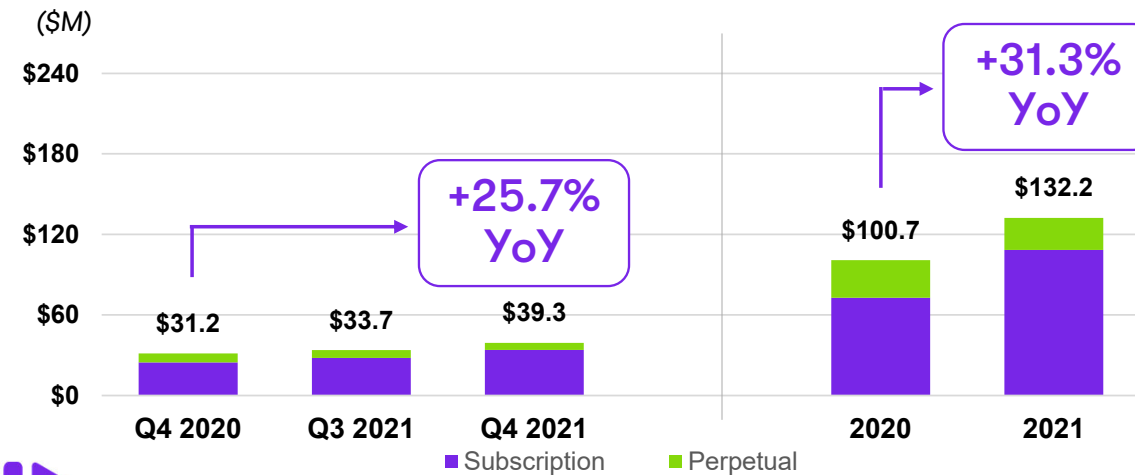
### Subscription Revenue



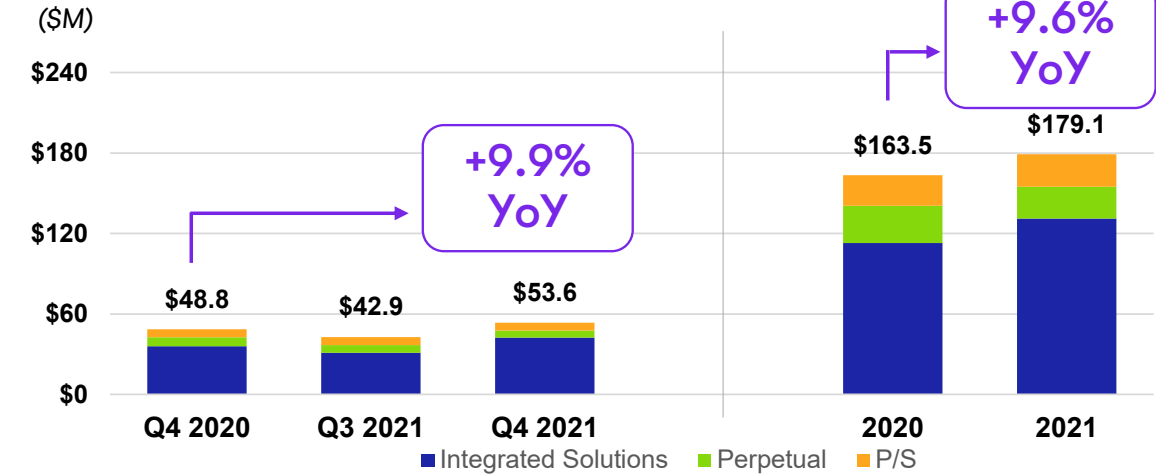
### Subscription + Maintenance Revenue



### Software (Subscription & Perpetual) Revenue



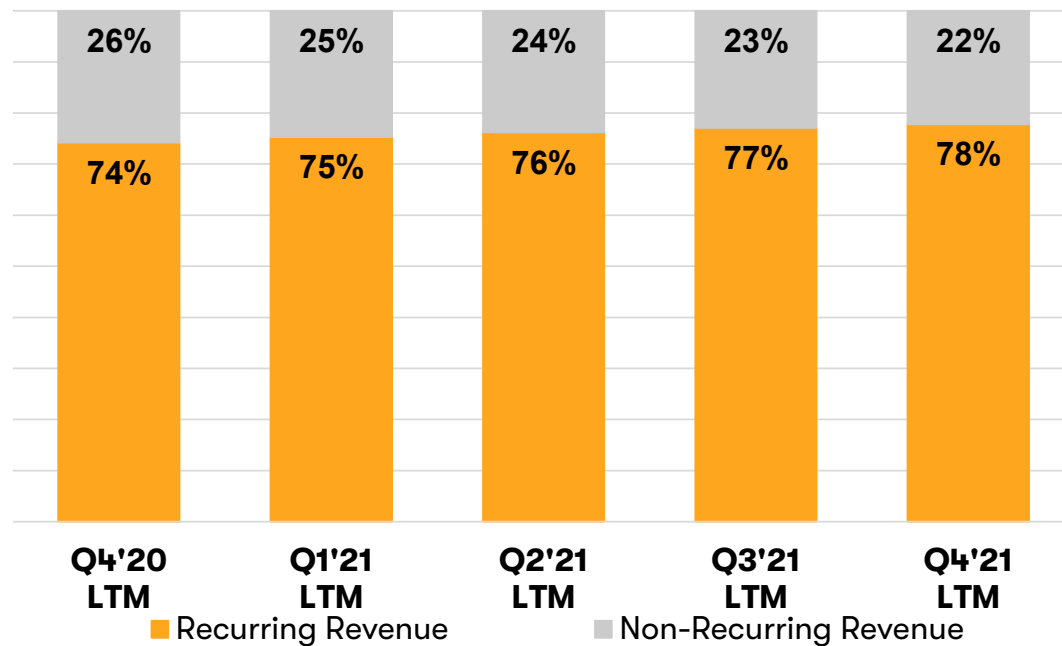
### Integrated Solutions, Perpetual, P/S Revenue



# LTM RECURRING REVENUE % AND ACV

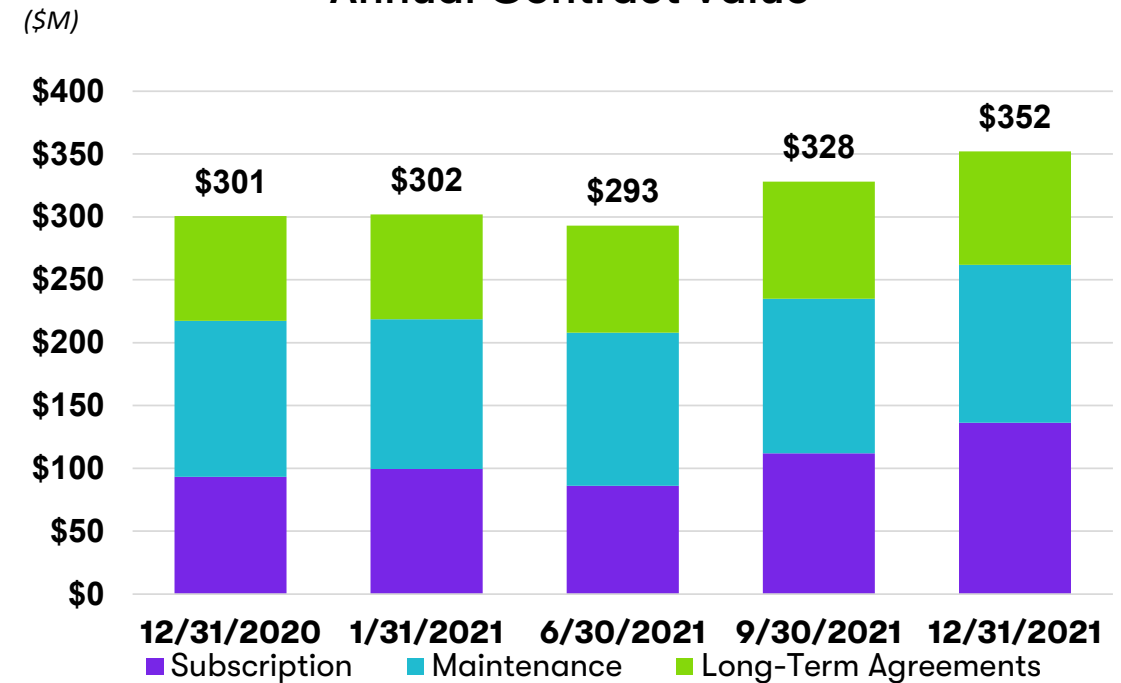
LTM Recurring Revenue % increased 380 bps YoY to 78.0% and Annual Contract Value increased +17.1% YoY

LTM Recurring Revenue %



Strong subscription revenue and growing contribution from LTAs is driving increasing LTM Recurring Revenue %

Annual Contract Value



Annual Contract Value improved YoY due to enterprise and creative subscription growth and Long-Term Agreements

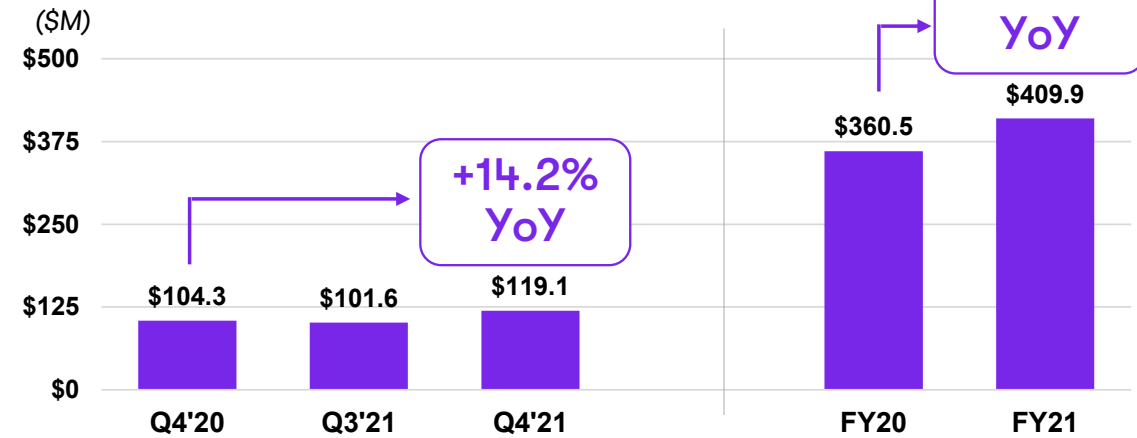


Note: Long-Term Agreement contribution to ACV excludes maintenance and subscription portion.

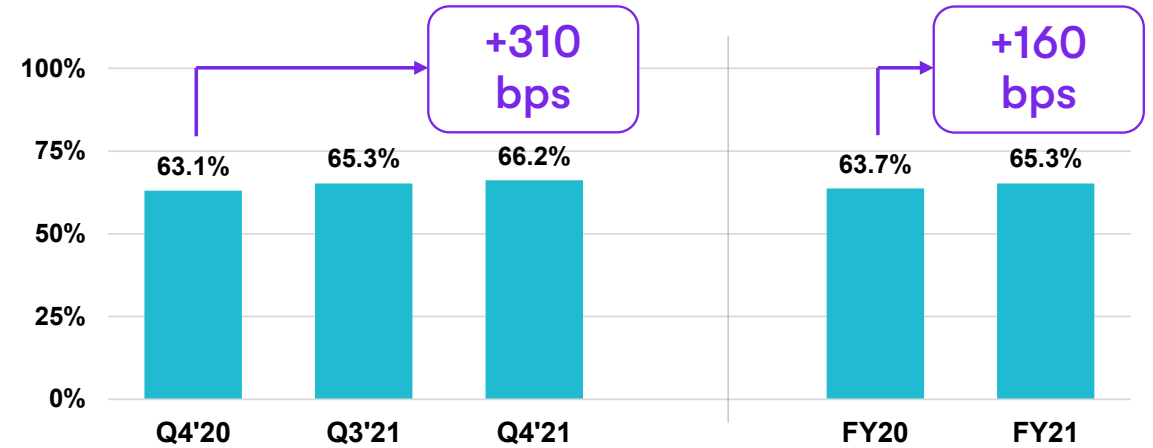
# OPERATING RESULTS

Growth in revenue yielded continued healthy profitability

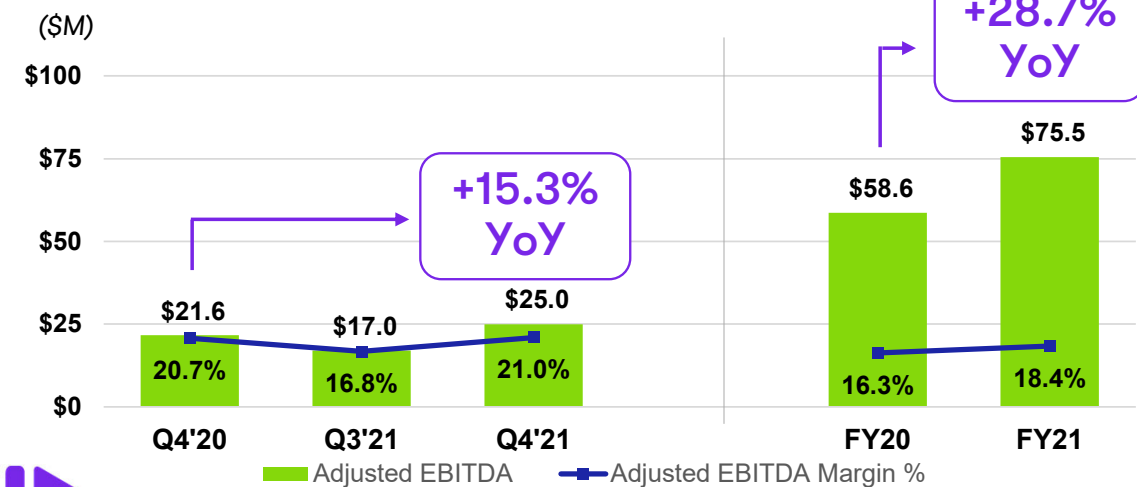
## Total Revenue



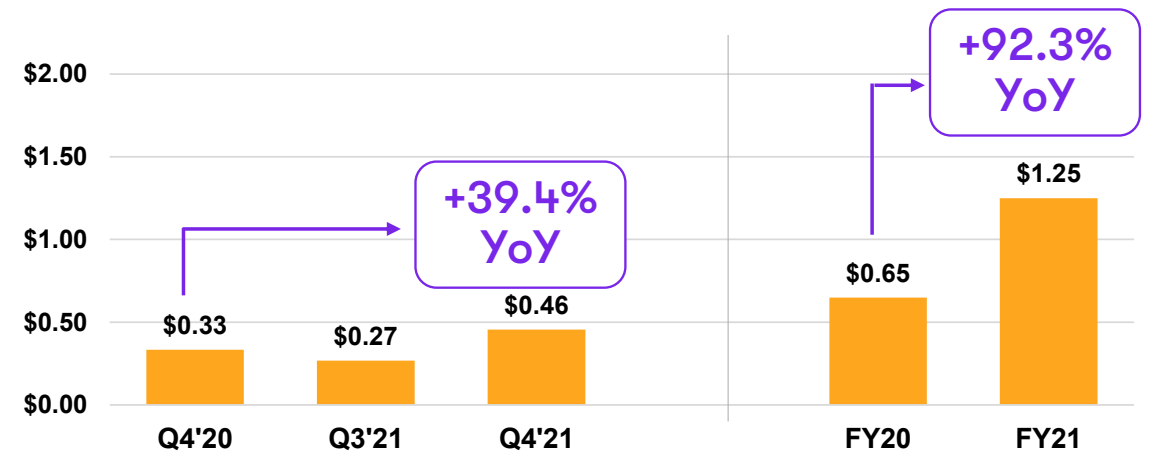
## Non-GAAP Gross Margin



## Adjusted EBITDA



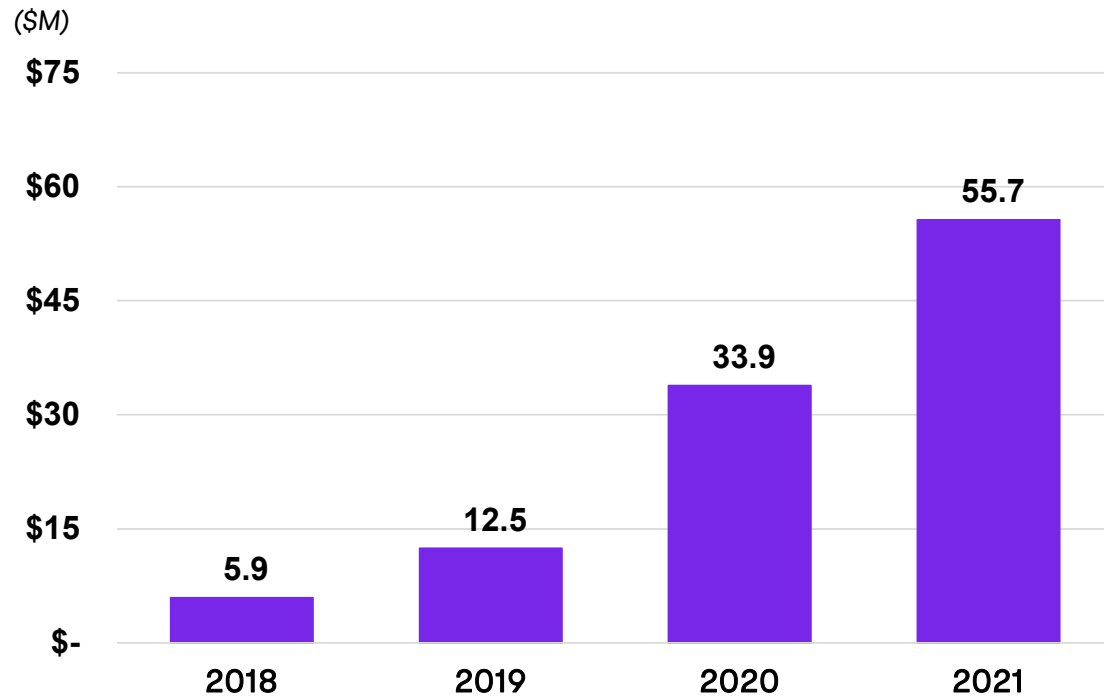
## Non-GAAP Earnings per Share



# FREE CASH FLOW & LEVERAGE

Continued growth in Free Cash Flow contributing to continued reduction in leverage

### Free Cash Flow



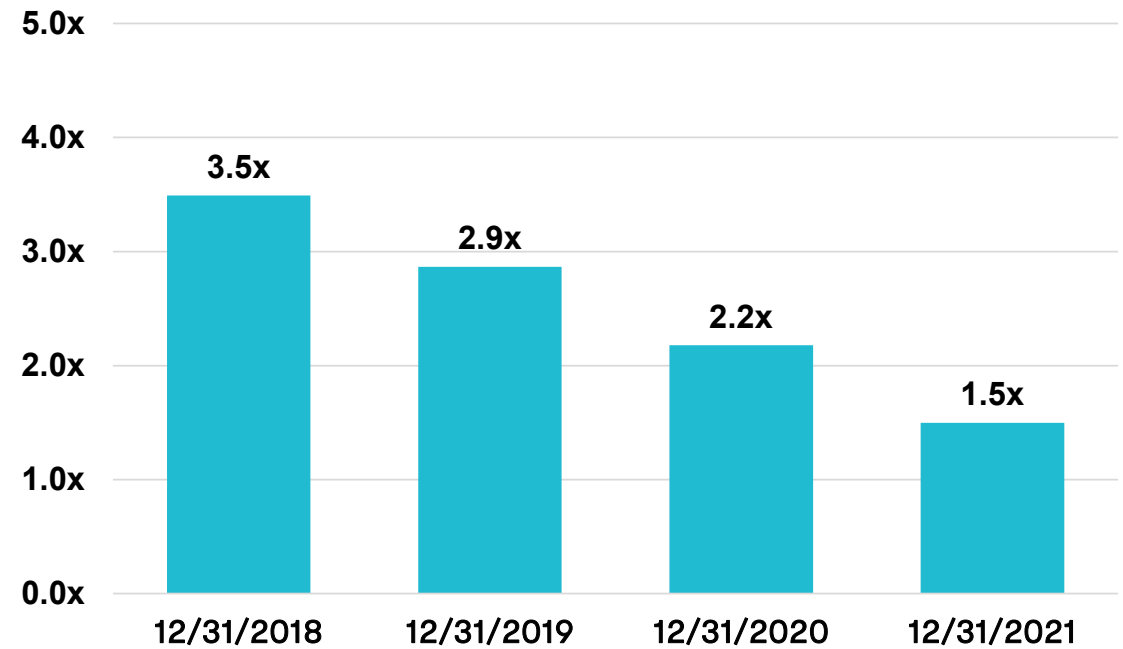
Free Cash Flow / Adjusted EBITDA

12%      23%      58%      74%

Free Cash Flow / Non-GAAP Net Income

56%      56%      116%      96%

### Net Leverage (Net Debt<sup>1</sup> / LTM Adjusted EBITDA)



Net Debt (\$M)

\$165.9      \$160.5      \$127.8      \$113.1

LTM Adjusted EBITDA (\$M)

\$47.5      \$56.0      \$58.6      \$75.5



(1) Net Debt = Total Debt – Cash and Cash Equivalents



# Q1 AND FULL YEAR 2022 GUIDANCE

(\$M, except per share)	Q1 2022		Full-Year 2022	
	Low	High	Low	High
<b>Revenue</b>	\$100	\$106	\$430	\$450
<b>Subscription &amp; Maintenance Revenue</b>	\$60	\$64	\$266	\$274
<b>Non-GAAP Earnings per Share <sup>(1)</sup></b>	\$0.30	\$0.38	\$1.40	\$1.51
<b>Adjusted EBITDA</b>	\$18.5	\$22.5	\$84	\$94
<b>Free Cash Flow</b>			\$60	\$67



(1) Assumes 46.0M shares for Q1 2022 and 46.2M shares for FY 2022.

# Q&A



# REVENUE & NON-GAAP GROSS MARGIN BY TYPE

(\$M)	Q4 2020	Q3 2021	Q4 2021	Q4 2021 Q/Q %	Q4 2021 Y/Y %	2020	2021	2021 Y/Y %
<b>Revenue</b>								
Subscriptions	\$24.5	\$28.0	\$34.1	21.6%	38.8%	\$72.8	\$108.4	48.9%
Maintenance	31.0	30.7	\$31.4	2.3%	1.4%	\$124.2	\$122.4	(1.4%)
<b>Subscriptions and Maintenance</b>	<b>\$55.5</b>	<b>\$58.7</b>	<b>\$65.5</b>	<b>11.5%</b>	<b>17.9%</b>	<b>\$197.0</b>	<b>\$230.9</b>	<b>17.2%</b>
Perpetual Licenses	6.7	5.7	5.2	(8.5%)	(22.3%)	27.9	23.8	(14.6%)
<b>SW Licenses and Maintenance</b>	<b>\$62.2</b>	<b>\$64.4</b>	<b>\$70.7</b>	<b>9.8%</b>	<b>13.6%</b>	<b>\$224.9</b>	<b>\$254.6</b>	<b>13.2%</b>
Integrated Solutions	35.9	31.2	42.4	35.9%	17.9%	112.9	131.1	16.1%
Professional Services & Training	6.1	6.1	6.0	(1.0%)	(1.9%)	22.7	24.2	6.7%
<b>Total Revenue</b>	<b>\$104.3</b>	<b>\$101.6</b>	<b>\$119.1</b>	<b>17.1%</b>	<b>14.2%</b>	<b>\$360.5</b>	<b>\$409.9</b>	<b>13.7%</b>
<b>Software Revenue (Subscriptions + Perpetual Licenses)</b>	<b>\$31.2</b>	<b>\$33.7</b>	<b>\$39.3</b>	<b>16.5%</b>	<b>25.7%</b>	<b>\$100.7</b>	<b>\$132.2</b>	<b>31.3%</b>
<b>Non-GAAP Gross Margin</b>								
SW Licenses and Maintenance	84.2%	82.5%	83.2%	70 bps	(100 bps)	85.0%	82.1%	(290 bps)
Integrated Solutions	34.2%	40.7%	45.6%	490 bps	1140 bps	31.2%	42.4%	1120 bps
Professional Services & Training	18.5%	9.2%	11.5%	230 bps	(700 bps)	14.5%	11.7%	(280 bps)
<b>Total Non-GAAP Gross Margin %</b>	<b>63.1%</b>	<b>65.3%</b>	<b>66.2%</b>	<b>90 bps</b>	<b>310 bps</b>	<b>63.7%</b>	<b>65.3%</b>	<b>160 bps</b>



Note: Non-GAAP Gross Margin by revenue type excludes stock-based compensation and amortization of intangible assets



# Q4 & FY 2021 FINANCIAL RESULTS

Growth in revenue and strong business fundamentals yielded continued healthy profitability

(\$M, except per share)

	<u>Q4'20</u>	<u>Q3'21</u>	<u>Q4'21</u>	<u>YoY change Fav/(Unfav)</u>	<u>FY20<sup>2</sup></u>	<u>FY21</u>	<u>Change Fav/(Unfav)</u>
<b>Revenue</b>	\$104.3	\$101.6	\$119.1	14.2%	\$360.5	\$409.9	13.7%
<b>Subscription &amp; Maintenance Revenue</b>	55.5	58.7	65.5	17.9%	197.0	230.9	17.2%
<b>Non-GAAP Gross Profit</b>	65.8	66.3	78.8	19.8%	229.7	267.6	16.5%
<i>Non-GAAP Gross Margin</i>	<i>63.1%</i>	<i>65.3%</i>	<i>66.2%</i>	<i>310 bps</i>	<i>63.7%</i>	<i>65.3%</i>	<i>160 bps</i>
<b>Non-GAAP Operating Expenses</b>	\$46.3	\$51.3	\$55.8	(20.4%)	\$179.5	\$200.4	(11.6%)
<i>Non-GAAP Operating Expenses Margin %</i>	<i>44.4%</i>	<i>50.5%</i>	<i>46.8%</i>	<i>(240 bps)</i>	<i>49.8%</i>	<i>48.9%</i>	<i>90 bps</i>
<b>Non-GAAP Net Income</b>	15.2	12.4	20.9	37.0%	29.1	57.9	98.8%
<i>Non-GAAP Earnings per Share</i>	<i>\$0.33</i>	<i>\$0.27</i>	<i>\$0.46</i>	<i>\$0.13</i>	<i>\$0.65</i>	<i>\$1.25</i>	<i>\$0.60</i>
<b>Adjusted EBITDA</b>	21.6	17.0	25.0	15.3%	58.6	75.5	28.7%
<i>Adjusted EBITDA Margin %</i>	<i>20.7%</i>	<i>16.8%</i>	<i>21.0%</i>	<i>30 bps</i>	<i>16.3%</i>	<i>18.4%</i>	<i>210 bps</i>
<b>Free Cash Flow</b>	\$30.6	\$14.0	\$25.0	(\$5.6)	\$33.9	\$55.7	\$21.8
<b>Change in Working Capital<sup>1</sup></b>	\$13.1	\$2.9	\$6.4	(\$6.8)	(\$3.1)	\$2.7	\$5.7
<b>Capital Expenditures</b>	(\$0.1)	(\$2.5)	(\$2.1)	(\$2.0)	(\$5.7)	(\$6.8)	(\$1.1)



(1) (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.  
 (2) Q2'20 and Q3'20 periods included significant temporary cost savings measures due to COVID-19, including ~(\$6.0M)/qtr. savings from employee furloughs.



# BALANCE SHEET AS OF DECEMBER 31, 2021

(\$M)	<u>12/31/20</u>	<u>12/31/21</u>
Cash and Cash Equivalents	\$79.9	\$56.8
Accounts Receivable	78.6	77.0
Contract Assets	18.6	18.9
Net Inventory	26.6	19.9
Accounts Payable	21.8	26.9
Deferred Revenue	99.3	98.1
Total Debt	207.7	170.0
Net Debt <sup>1</sup>	127.8	113.1
Net Debt / LTM Adjusted EBITDA	2.2x	1.5x
Share Repurchases <sup>2</sup>	-	\$25.1



(1) Net Debt = Total Debt – Cash and Cash Equivalents  
 (2) During the twelve months ending

# NEW INCOME STATEMENT PRESENTATION

## Prior GAAP Income Statement presentation in Financial Statements (2020 10-K)<sup>(1)</sup>

	Year Ended December 31,	
	2020	2019
<b>Net revenues:</b>		
Products	\$140,762	\$207,445
Services	219,704	204,343
Total net revenues	360,466	411,788

## Supplemental revenue presentation in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (2021 10-K)<sup>(2)</sup>

	Year Ended December 31,		
	2021	2020	2019
Subscriptions	\$ 108,443	\$ 72,831	\$ 45,181
Maintenance	122,411	124,175	130,443
Subscriptions and Maintenance	230,854	197,006	175,624
Perpetual Licenses	23,793	27,858	34,932
Software Licenses and Maintenance	254,647	224,864	210,556
Integrated Solutions	131,073	112,904	172,513
Professional Services and Training	24,224	22,698	28,719
Total Revenue	\$ 409,944	\$ 360,466	\$ 411,788

## New GAAP Income Statement presentation in Financial Statements (starting with 2021 10-K)<sup>(3)</sup>

	Year Ended December 31,		
	2021	2020	2019
<b>Net revenues:</b>			
Subscription	\$108,443	\$72,831	\$45,181
Maintenance	122,411	124,175	130,443
Integrated solutions & other	179,090	163,460	236,164
Total net revenues	409,944	360,466	411,788

- Starting with the 10-K for 2021, Avid is changing the revenue breakout on the GAAP Income Statement to better reflect current business
- Avid will continue to provide the supplemental revenue by type presentation in the MD&A



Sources: (1) 10-K for fiscal year ended December 31, 2020, filed March 9, 2021, page 52, this presentation was used through the 10-Q for quarter ended September 30, 2021; (2) 10-K for fiscal year ended December 31, 2021, filed March 1, 2022, page 29, this supplemental presentation is not changed from prior periods; (3) 10-K for fiscal year ended December 31, 2021, filed March 1, 2022, page 49.

# 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)

	Q4 2021	Q3 2021	Q4 2020	2021	2020
<b>GAAP Revenue</b>					
GAAP Revenue	\$119,064	\$ 101,640	\$104,301	\$ 409,944	\$ 360,466
<b>Non-GAAP Gross Profit</b>					
GAAP Gross Profit	78,347	65,903	65,350	265,804	228,320
Stock-based compensation	439	444	431	1,801	1,339
Non-GAAP Gross Profit	<u>\$ 78,786</u>	<u>\$ 66,347</u>	<u>\$ 65,781</u>	<u>\$ 267,605</u>	<u>\$ 229,659</u>
GAAP Gross Margin	65.8%	64.8%	62.7%	64.8%	63.3%
Non-GAAP Gross Margin	66.2%	65.3%	63.1%	65.3%	63.7%
<b>Non-GAAP Operating Expenses</b>					
GAAP Operating Expenses	61,176	56,355	54,508	219,541	196,753
Less Amortization of intangible assets	(73)	(105)	(105)	(388)	(411)
Less Stock-based compensation	(3,208)	(3,337)	(2,101)	(12,681)	(9,325)
Less Restructuring costs, net	(115)	88	(4,038)	(1,116)	(5,046)
Less Acquisition, integration and other costs	(985)	(876)	(1,015)	(3,068)	(832)
Less Efficiency program costs	-	-	(886)	(48)	(1,331)
Less Digital Transformation costs	(1,028)	(808)	-	(1,836)	-
Less COVID-19 related expenses	-	-	(27)	(22)	(278)
Non-GAAP Operating Expenses	<u>\$ 55,767</u>	<u>\$ 51,317</u>	<u>\$ 46,336</u>	<u>\$ 200,382</u>	<u>\$ 179,530</u>

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)

	Q4 2021	Q3 2021	Q4 2020	2021	2020	2019	2018
<b>Non-GAAP Operating Income and Adjusted EBITDA</b>							
GAAP net income	15,216	14,775	7,087	41,388	11,062	7,601	(10,674)
Interest and other expense	1,220	(6,218)	3,929	2,308	19,133	29,578	23,087
Provision for income taxes	735	991	(174)	2,567	1,372	(5,076)	1,271
GAAP Operating Income	17,171	9,548	10,842	46,263	31,567	32,103	13,684
Amortization of intangible assets	73	105	105	388	411	4,433	9,250
Stock-based compensation	3,647	3,781	2,532	14,482	10,664	7,958	6,258
Restructuring costs, net	115	(88)	4,038	1,116	5,046	631	5,148
Restatement costs	-	-	-	-	-	(18)	826
Acquisition, integration and other costs	985	876	1,015	3,068	832	1,446	361
Efficiency program costs	-	-	886	48	1,331	250	94
Digital Transformation costs	1,028	808	-	1,836	-	-	-
COVID-19 related expenses	-	-	27	22	278	-	-
Non-GAAP Operating Income	<u>\$ 23,019</u>	<u>\$ 15,030</u>	<u>\$ 19,445</u>	<u>\$ 67,223</u>	<u>\$ 50,129</u>	<u>\$ 46,803</u>	<u>\$ 35,621</u>
Depreciation	1,932	2,002	2,188	8,255	8,505	9,202	11,891
Adjusted EBITDA	<u>\$ 24,951</u>	<u>\$ 17,032</u>	<u>\$ 21,633</u>	<u>\$ 75,478</u>	<u>\$ 58,634</u>	<u>\$ 56,005</u>	<u>\$ 47,512</u>
GAAP net income margin	12.8%	14.5%	6.8%	10.1%	3.1%	1.8%	-2.6%
Adjusted EBITDA Margin	21.0%	16.8%	20.7%	18.4%	16.3%	13.6%	11.5%

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.

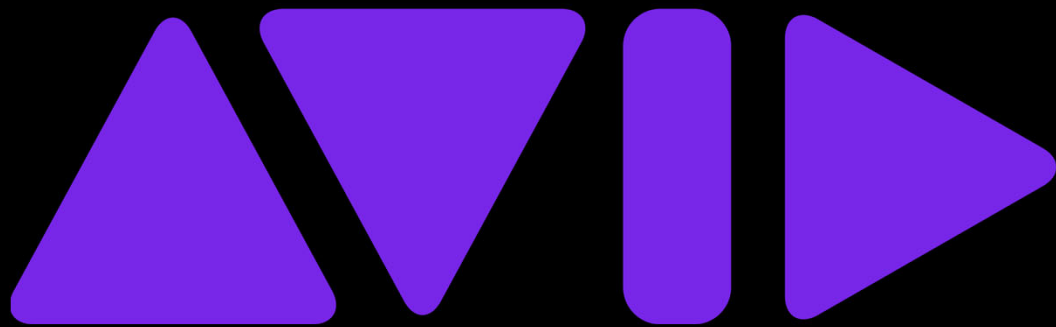
### Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures

(unaudited - in thousands)

	Q4 2021	Q3 2021	Q4 2020	2021	2020	2019	2018
<b>Non-GAAP Net Income</b>							
GAAP net income	15,216	14,775	7,087	41,388	11,062	7,601	(10,674)
Amortization of intangible assets	73	105	105	388	411	4,433	9,250
Stock-based compensation	3,647	3,781	2,532	14,482	10,664	7,958	6,258
Restructuring costs, net	115	(88)	4,038	1,116	5,046	631	5,148
Restatement costs	-	-	-	-	-	(18)	826
Acquisition, integration and other costs	985	876	1,015	3,068	832	1,446	361
Efficiency program costs	-	-	886	48	1,331	250	94
Digital Transformation costs	1,028	808	-	1,836	-	-	-
Gain on forgiveness of PPP Loan	-	(7,800)	-	(7,800)	-	-	-
COVID-19 related expenses	-	-	27	22	278	-	-
Loss on Extinguishment of debt	-	-	-	3,748	-	-	-
Tax impact of non-GAAP adjustments	(198)	(25)	(461)	(382)	(496)	(122)	(726)
<b>Non-GAAP Net Income</b>	<b>\$ 20,866</b>	<b>\$ 12,432</b>	<b>\$ 15,229</b>	<b>\$ 57,914</b>	<b>\$ 29,128</b>	<b>\$ 22,179</b>	<b>\$ 10,537</b>
Weighted-average share count (Basic)	45,061	45,564	44,288	45,101	43,822	42,649	41,662
Weighted-average share count (Diluted)	45,773	46,428	45,541	46,303	44,878	43,495	41,662
Non-GAAP Earnings per Share (Basic)	\$ 0.46	\$ 0.27	\$ 0.34	\$ 1.28	\$ 0.66	\$ 0.52	\$ 0.25
Non-GAAP Earnings per Share (Diluted)	\$ 0.46	\$ 0.27	\$ 0.33	\$ 1.25	\$ 0.65	\$ 0.51	\$ 0.25
<b>Free Cash Flow</b>							
Net cash provided by operating activities	27,071	16,520	30,704	62,489	39,555	19,641	15,822
Capital expenditures	(2,069)	(2,475)	(73)	(6,819)	(5,692)	(7,185)	(9,936)
<b>Free Cash Flow</b>	<b>\$ 25,002</b>	<b>\$ 14,045</b>	<b>\$ 30,631</b>	<b>\$ 55,670</b>	<b>\$ 33,863</b>	<b>\$ 12,456</b>	<b>\$ 5,886</b>
<i>Free Cash Flow conversion from Adjusted EBITDA</i>	<b>100.2%</b>	<b>82.5%</b>	<b>141.6%</b>	<b>73.8%</b>	<b>57.8%</b>	<b>22.2%</b>	<b>12.4%</b>

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.





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