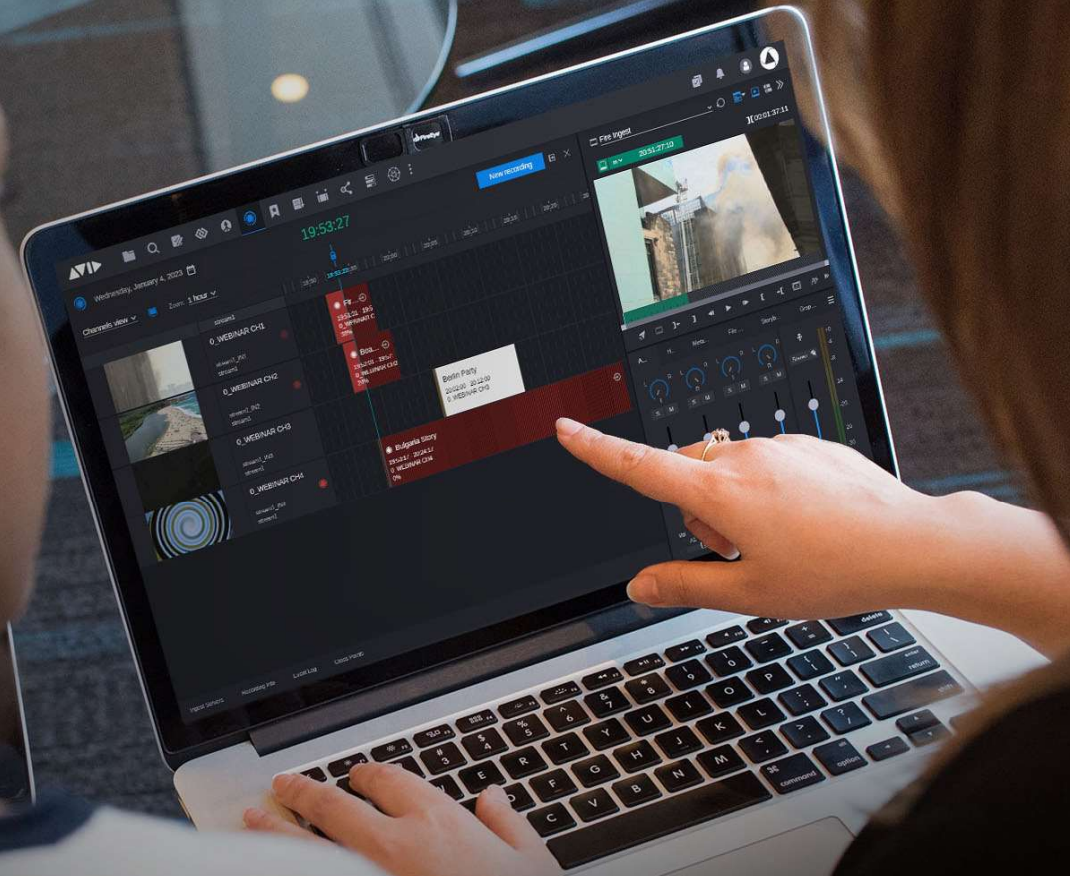


Q4 & Full-Year 2022 EARNINGS CALL

Avid Technology (Nasdaq: AVID)

March 1, 2023



MediaCentral | Acquire

Next generation ingest scheduling tool supporting
real-time preview and edit while capture





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

- Annual Recurring Revenue (“ARR”)
- Subscription ARR
- Maintenance ARR
- Cloud-Enabled 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 Q4 and FY 2022 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. 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



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: 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 impact of the ongoing coronavirus (COVID-19) pandemic and subsequent variants on our business, suppliers, consumers, customers and employees; 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; 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 interruptions, delays, complications, and other impacts related to armed conflict and/or cyber conflict and related international sanctions and reprisals and the ongoing COVID-19 pandemic and subsequent variants; the costs, disruption, and diversion of management's attention due to the ongoing COVID-19 pandemic and subsequent variants, 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 presentation which speak only as to the date of this presentation. 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 Ultimate

Record, edit, mix, and deliver sound
for film, TV, video games, and more
with proven audio production tools



Q4 2022 BUSINESS SUMMARY

- Solid overall business performance, driven by continued growth of recurring revenue streams
- Strong underlying performance, not withstanding one-time adjustment that impacted Q4'22 results
- Beginning recovery of supply chain situation resulted in strong sequential growth of integrated solutions
- Delivered another strong booking quarter across all key geographies and markets
- Ended 2022 with significant customer and partner successes, and good overall business momentum



STRONG RECURRING REVENUE PERFORMANCE

- Continued double-digit growth for both Subscription ARR & Total ARR metrics
- Solid subscription revenue growth, albeit impacted by accounting change
- Enterprise subscriptions conversions continue to outpace our expectations
- 50+ new enterprise subscription agreements secured in the quarter
- Paid subscription net adds continues to grow with 23,100 added in the quarter

\$244.9M

TOTAL ARR¹

+10.2% YoY

+13.4% YoY at C.C.

**EXCEEDED
>500,000**

**CLOUD-ENABLED
SOFTWARE
SUBSCRIPTIONS¹**

+23.2% YoY

\$141.3M

SUBSCRIPTION ARR¹

+37.1% YoY

+38.8% YoY at C.C.

84.5%

**LTM RECURRING
REVENUE AS % OF
TOTAL REVENUE¹**

**+650 bps
vs Prior Year End**



(1) As of December 31, 2022

(2) C.C. = Constant Currency growth rates using same historical budget f/x rates for both historical and current period

Avid ©2023

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FY 2022 HIGHLIGHTS

- Delivered solid revenue and earnings growth, despite numerous macro headwinds
- Strong and sustained subscription growth
- Rapid adoption of enterprise subscriptions
- Healthy market demand for Avid's solutions demonstrated by significant customer momentum
- Innovative product releases across the business
- Continued strategic capital deployment approach with significant share repurchases during the year

\$151.3M

SUBSCRIPTION
REVENUE

+39.5% yoy

+44.7% yoy
at C.C.

\$417.4M

TOTAL REVENUE

+1.8% yoy

+5.3% yoy
at C.C.

\$81.6M

ADJUSTED
EBITDA¹

+8.1% yoy

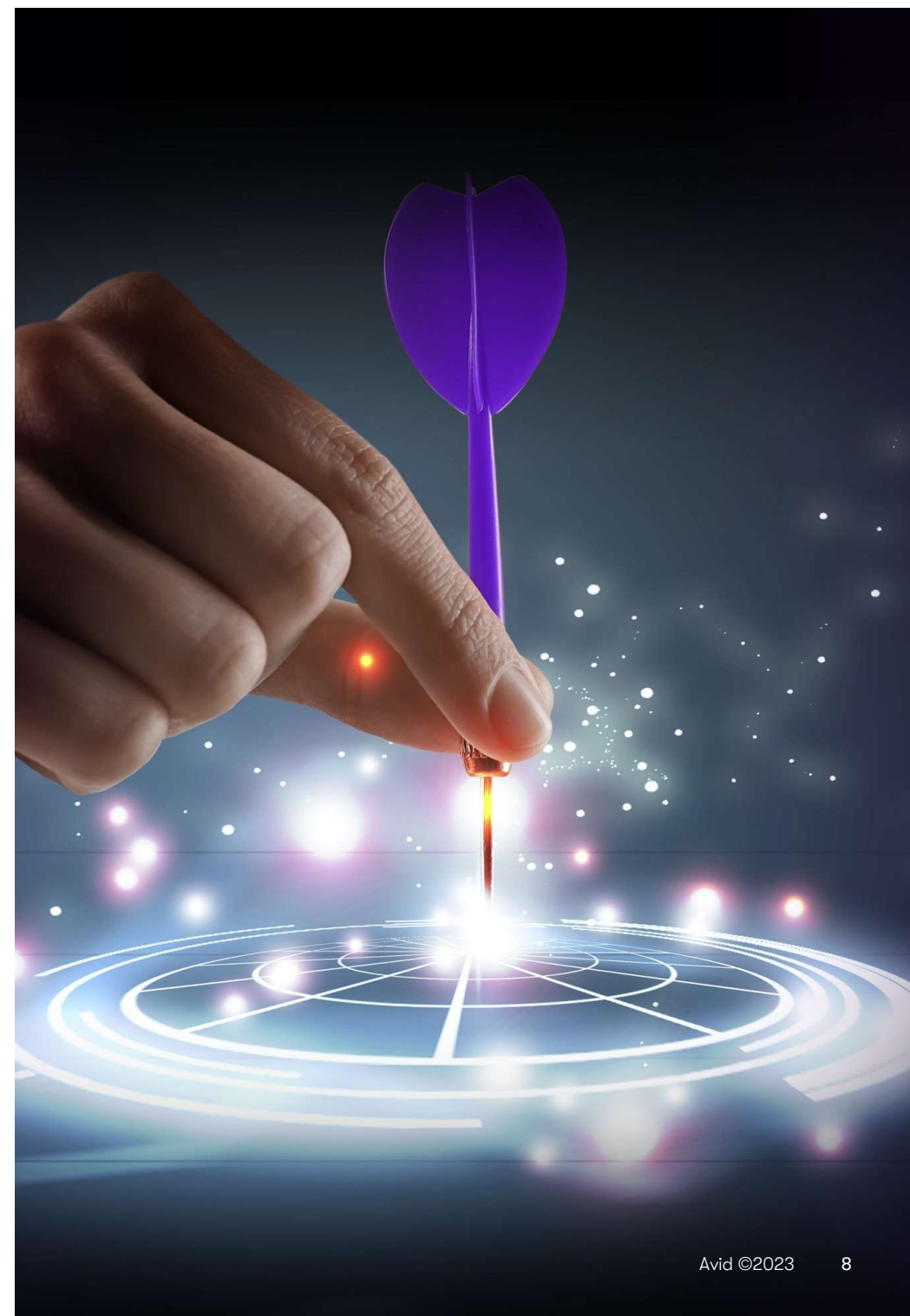
+17.9% yoy
at C.C.



(1) C.C. = Constant Currency growth rates using same historical budget f/x rates for both historical and current period

LOOKING FORWARD

- Foresee sustained healthy market demand and remain cautiously optimistic for 2023
- Anticipate continued strength in subscriptions delivering solid growth in 2023 and beyond
- Expect to deliver sustained subscription revenue growth and double-digit increase in ARR metrics
- Investing in innovation and digital transformation, while carefully managing overall cost structure
- Fully prepared to proactively manage business through any potential global macro headwinds
- The team, strategy and roadmaps are in place to drive success and are being aggressively executed



Q4 & FY 2022 FINANCIAL RESULTS

Ken Gayron

Executive Vice President
& Chief Financial Officer

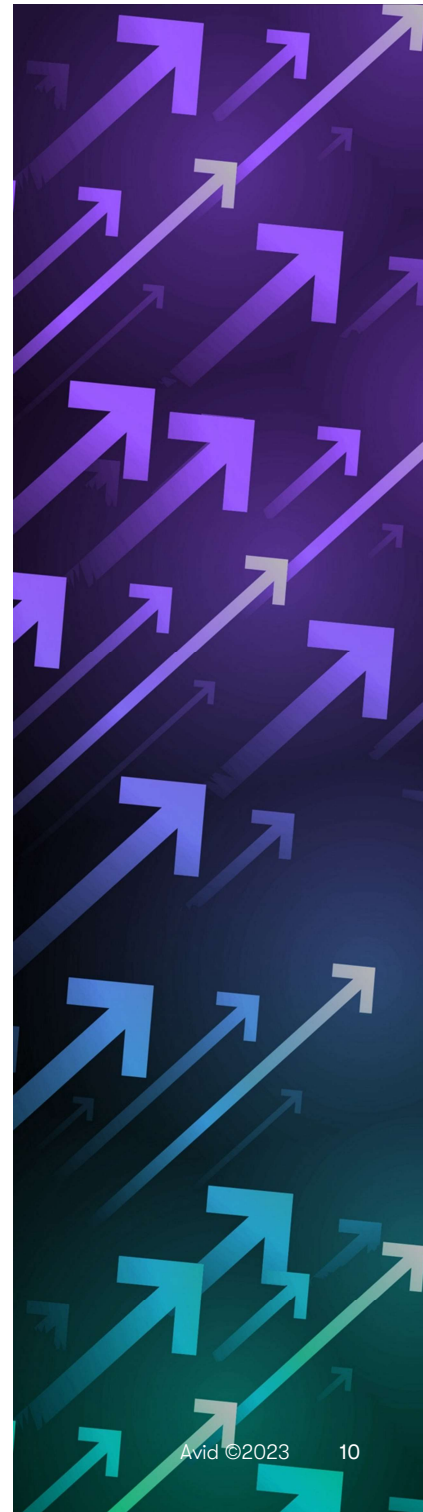
Media Composer | Enterprise

A complete media production solution that connects on-premises and remote video editing workflows together into a powerful, collaborative environment



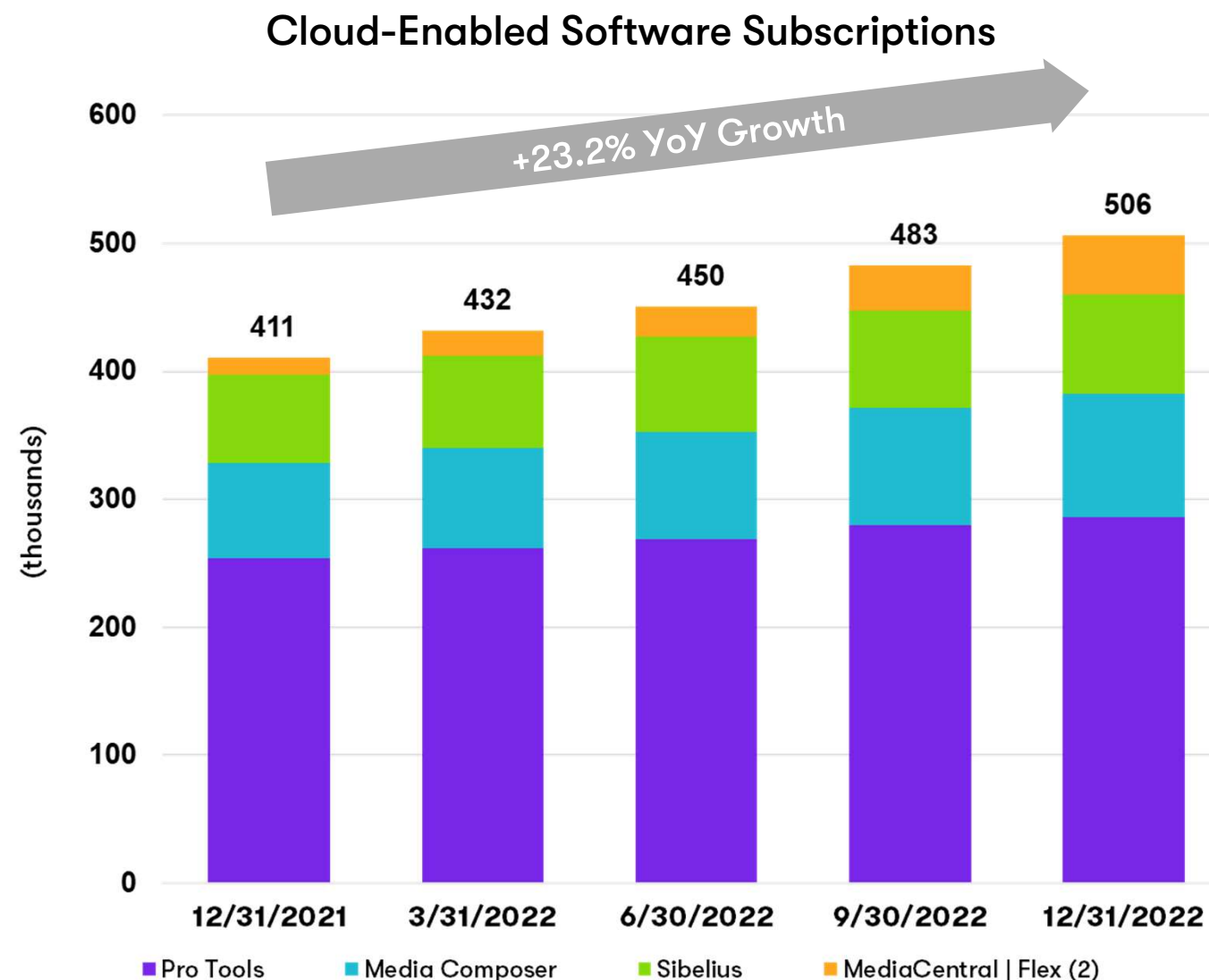
EXECUTIVE SUMMARY

- Solid quarter with 37.1% YoY growth in subscription ARR and 10.2% YoY growth in our total ARR
 - At constant currency, Subscription ARR increased 38.8% YoY and total ARR grew 13.4% YoY
- Booked a (\$3.3M) one-time, non-cash adjustment to revenue in Q4'22
- Adjustment due to corrective change in SSP methodology which caused a one-time adjustment in Q4'22 related to the periods FY20-Q3'22
 - Adjustment represents 0.3% of revenue for FY20-FY22 and was related to the following periods: \$0.1M benefit in FY20, (\$2.1M) in FY21, and (\$1.3M) related to the 9 months ended September 30, 2022
 - Adjustment to the new SSP methodology expected to have immaterial impact on FY23 results
- As reported, we were at the low end of guidance for revenue and Non-GAAP EPS, but when you exclude this one-time, non-cash revenue adjustment and associated bonus reduction, we would have delivered revenue and Non-GAAP EPS at the high-end of guidance
- It is easier to fully appreciate the year-over-year trends in the business when excluding the one-time, non-cash adjustment
- Introducing ARR guidance, which is a better reflection of the true recurring health of our subscription and maintenance business



SUBSCRIPTION GROWTH PROGRESSES

- Net adds of 23,100 paid Cloud-Enabled Software Subscriptions⁽¹⁾ in Q4 and 95,400 in 2022
- Steady growth of creative software subscriptions, with 12,800 net adds in Q4, with weakness in Sibelius
- Strong performance of enterprise MediaCentral | Flex subscriptions, with 10,300 net adds in Q4

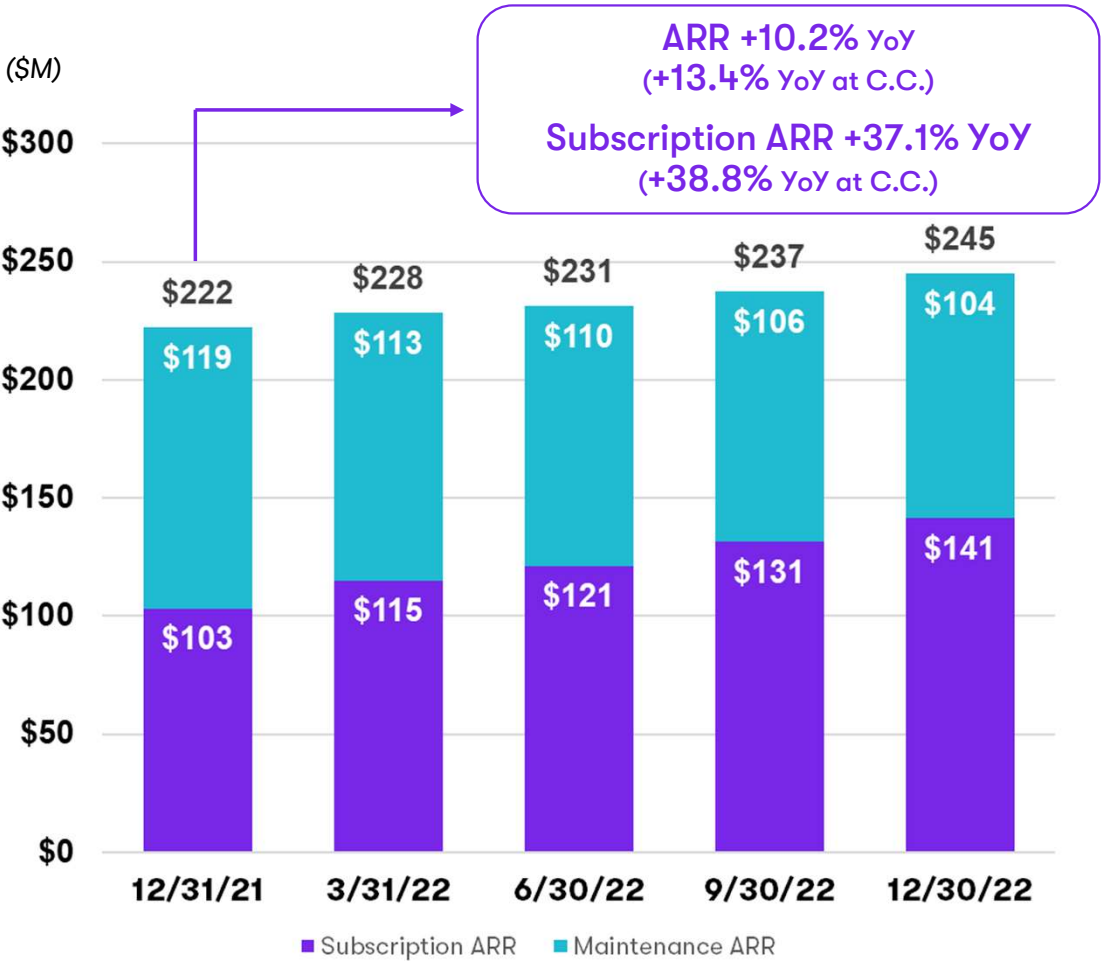


(1) Subscriptions rounded to nearest 100.

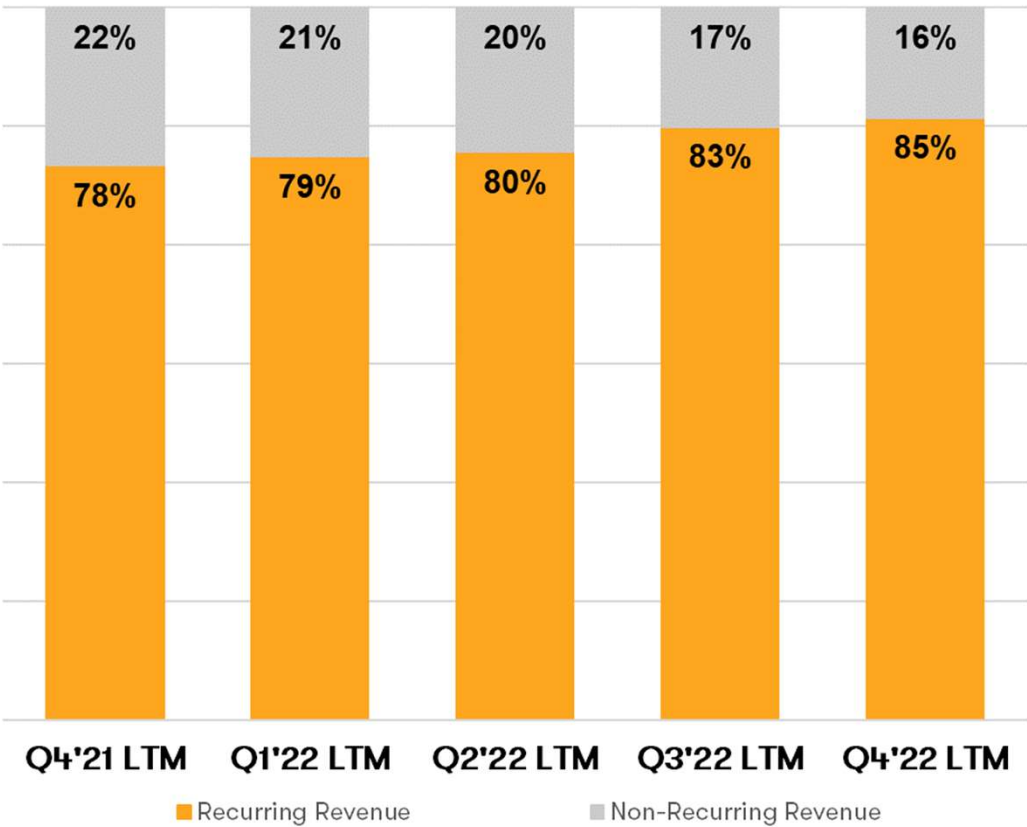
(2) Avid NEXIS | Flex and Maestro subscriptions are not reflected in the count

ANNUAL RECURRING REVENUE (ARR) AND LTM RECURRING REVENUE %

Annual Recurring Revenue (ARR)



LTM Recurring Revenue %



(1) C.C. = Constant Currency growth rates using same historical budget f/x rates for both historical and current period.



Q4 FINANCIAL RESULTS

(\$M, except per share)

	Q4'21	Q3'22	Q4'22	YoY Change Fav/(Unfav)	C.C. ¹ YoY change Fav/(Unfav)	Q4'22 Adjustment ²	Q4'22 Excluding Q4'22 Adjustment	YoY Change Excl. Q4'22 Adjustment Fav/(Unfav)	C.C. ¹ YoY Change Excl. Q4'22 Adjustment Fav/(Unfav)
Subscription ARR, end of period	\$103.1	\$131.3	\$141.3	37.1%	38.8%	-	\$141.3	37.1%	38.8%
Total ARR, end of period	222.1	237.2	244.9	10.2%	13.4%	-	244.9	10.2%	13.4%
Subscription Revenue	34.1	41.8	42.5	24.6%	29.6%	3.3	45.7	34.3%	39.2%
Subscription & Maintenance Revenue	65.5	69.1	68.9	5.3%	9.3%	3.3	72.2	10.3%	14.3%
Total Revenue	119.1	103.0	116.1	(2.5%)	1.7%	3.3	119.4	0.3%	4.4%
Non-GAAP Gross Profit	78.8	70.4	75.0	(4.8%)	1.2%	3.1	78.1	(0.8%)	5.2%
Non-GAAP Gross Margin	66.2%	68.3%	64.6%	(160 bps)	(30 bps)		65.4%	(80 bps)	40 bps
Non-GAAP Operating Expenses	55.8	51.5	52.5	5.9%	(1.1%)	0.7	53.2	4.6%	(0.2%)
Non-GAAP Operating Expenses Margin %	46.8%	50.0%	45.2%	160 bps	(120 bps)		44.5%	230 bps	(190 bps)
Non-GAAP Net Income	20.9	16.8	19.9	(4.5%)	5.4%	2.4	22.4	7.1%	17.3%
Non-GAAP Earnings per Share	\$0.46	\$0.38	\$0.45	(\$0.01)	\$0.04	\$0.06	\$0.51	\$0.05	\$0.10
Adjusted EBITDA	25.0	21.0	24.8	(0.6%)	8.0%	2.4	27.2	9.2%	17.9%
Adjusted EBITDA Margin %	21.0%	20.4%	21.4%	40 bps	130 bps		22.8%	180 bps	260 bps
Free Cash Flow	25.0	6.6	18.3	(\$6.7)		-	18.3		
Change in Working Capital ³	6.4	(7.3)	(1.1)	(\$7.4)		(2.4)	(3.5)		
Capital Expenditures	(2.1)	(3.7)	(4.2)	(\$2.1)		-	(4.2)		



(1) C.C. = Constant Currency growth rates using same historical budget f/x rates for both historical and current period.

(2) Q4 2022 (\$3.3M) adjustment to revenue resulting from updated SSP methodology related to periods FY 2020 to FY 2022 and the drop through impact on bonus accrual.

(3) (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.



FY 2022 FINANCIAL RESULTS

(\$M, except per share)

	FY21	FY22	YoY Change Fav/(Unfav)	C.C. ¹ YoY Change Fav/(Unfav)	Q4'22 Adjustment ²	FY22 Excluding Q4'22 Adjustment	YoY Change Excl. Q4'22 Adjustment Fav/(Unfav)	C.C. ¹ YoY Change Excl. Q4'22 Adjustment Fav/(Unfav)
Subscription ARR, end of period	\$103.1	\$141.3	37.1%	38.8%	-	\$141.3	37.1%	38.8%
Total ARR, end of period	222.1	244.9	10.2%	13.4%	-	244.9	10.2%	13.4%
Subscription Revenue	108.4	151.3	39.5%	44.7%	3.3	154.6	42.6%	47.7%
Subscription & Maintenance Revenue	230.9	261.2	13.1%	16.4%	3.3	264.5	14.6%	17.8%
Total Revenue	409.9	417.4	1.8%	5.3%	3.3	420.7	2.6%	6.1%
Non-GAAP Gross Profit	267.6	276.5	3.3%	8.6%	3.1	279.6	4.5%	9.8%
Non-GAAP Gross Margin	65.3%	66.2%	90 bps	210 bps		66.5%	120 bps	230 bps
Non-GAAP Operating Expenses	200.4	203.3	(1.4%)	4.9%	0.7	203.9	1.8%	(5.3%)
Non-GAAP Operating Expenses Margin %	48.9%	48.7%	20 bps	(10 bps)		48.5%	40 bps	(30 bps)
Non-GAAP Net Income	57.9	63.3	9.3%	22.0%	2.4	65.8	13.5%	26.4%
Non-GAAP Earnings per Share	\$1.25	\$1.41	\$0.16	\$0.31	\$0.06	\$1.47	\$0.22	\$0.37
Adjusted EBITDA	75.5	81.6	8.1%	17.9%	2.4	84.0	11.3%	21.3%
Adjusted EBITDA Margin %	18.4%	19.5%	110 bps	210 bps		20.0%	160 bps	260 bps
Free Cash Flow	55.7	32.8	(\$22.9)		-	32.8		
Change in Working Capital ³	2.7	(23.3)	(\$26.0)		(2.4)	(25.7)		
Capital Expenditures	(6.8)	(15.3)	(\$8.4)		-	(15.3)		



(1) C.C. = Constant Currency growth rates using same historical budget f/x rates for both historical and current period.

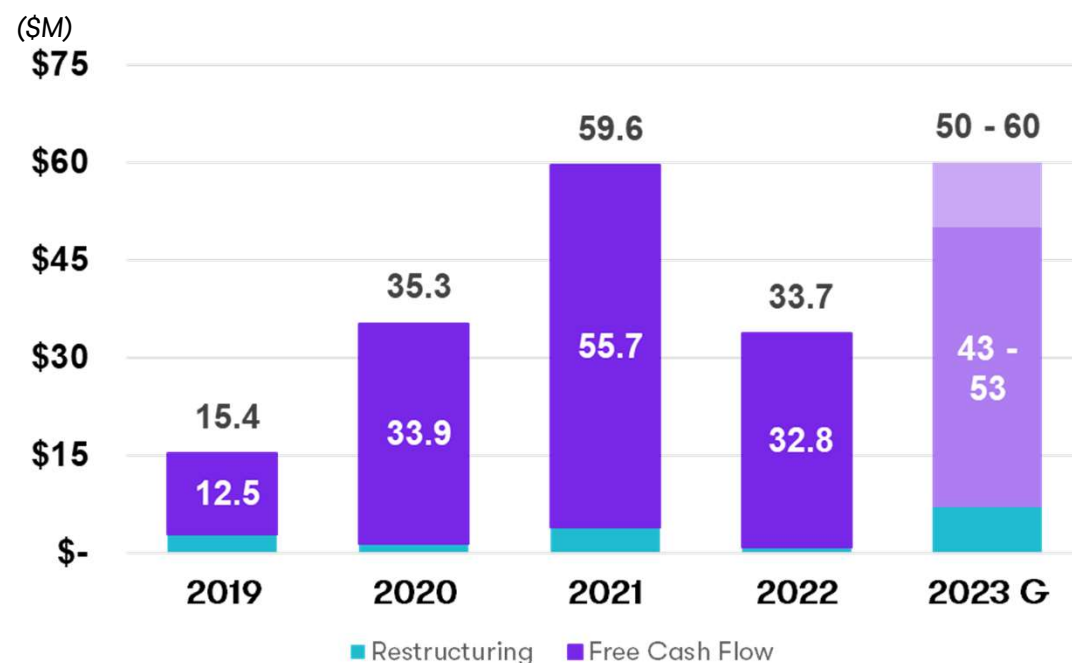
(2) Q4 2022 (\$3.3M) adjustment to revenue resulting from updated SSP methodology related to periods FY 2020 to FY 2022 and the drop through impact on bonus accrual.

(3) (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.

FREE CASH FLOW

Enterprise subscription revenue growth impacts timing of Free Cash Flow

Free Cash Flow, as adjusted



Free Cash Flow – Bridge

- FCF Bridge 2021 – 2022, primary drivers
 - Higher Adjusted EBITDA from strength in enterprise subscription offset by unfavorable foreign exchange rates
 - Greater use of cash in working capital in 2022, primarily from timing of cash collections related to multi-year enterprise subscriptions
 - Higher capital expenditures and prepaid expenses due to temporary Digital Transformation Initiative investments and capitalized software development
- FCF Bridge 2022 – 2023G, primary drivers
 - Higher expected Adjusted EBITDA
 - Lower expected working capital impacts than in 2022
 - Higher expected cash interest expense
 - Higher expected cash taxes

Free Cash Flow / Adjusted EBITDA

22% 58% 74% 40% 48%⁽²⁾

Free Cash Flow, as adjusted / Adjusted EBITDA ⁽¹⁾

28% 60% 79% 41% 55% ⁽²⁾

(1) Free Cash Flow, as adjusted, excludes cash costs for restructuring, see reconciliation tables in the Appendix

(2) At mid-point of FY2023 guidance range



Q1 AND FULL YEAR 2023 GUIDANCE

(\$M, except per share)	Q1 2023		Full-Year 2023	
	Low	High	Low	High
ARR, at end of period	\$247	\$251	\$270	\$280
Revenue	\$97	\$105	\$447	\$472
Subscription & Maintenance Revenue	\$63	\$67	\$292	\$302
Adjusted EBITDA	\$16	\$20	\$95	\$105
Non-GAAP Earnings per Share ⁽¹⁾	\$0.21	\$0.29	\$1.53	\$1.75
Free Cash Flow, as adjusted ⁽²⁾			\$50	\$60



(1) Assumes 44.2M shares for Q1 2023 and 43.5M shares for FY 2023.

(2) Free Cash Flow, as adjusted, excludes \$7.0M expected cash costs restructuring, see reconciliation tables in the Appendix for historical periods.

Q&A



REVENUE & NON-GAAP GROSS MARGIN BY TYPE

(\$M)	Q4 2021	Q3 2022	Q4 2022	Q4 2022 Q/Q %	Q4 2022 Y/Y %	2021	2022	2022 Y/Y %
Revenue								
Subscriptions	\$34.1	\$41.8	\$42.5	1.6%	24.6%	\$108.4	\$151.3	39.5%
Maintenance	31.4	27.3	26.5	(3.0%)	(15.8%)	122.4	109.8	(10.3%)
Subscriptions and Maintenance	\$65.5	\$69.1	\$68.9	(0.2%)	5.3%	\$230.9	\$261.2	13.1%
Perpetual Licenses	5.2	1.8	1.4	(23.9%)	(73.8%)	23.8	11.1	(53.4%)
SW Licenses and Maintenance	\$70.7	\$70.9	70.3	(0.8%)	(0.6%)	\$254.6	\$272.3	6.9%
Integrated Solutions	42.4	26.3	40.8	55.3%	(3.8%)	131.1	123.3	(5.9%)
Professional Services & Training	6.0	5.9	5.0	(14.1%)	(16.3%)	24.2	21.9	(9.7%)
Total Revenue	\$119.1	\$103.0	\$116.1	12.7%	(2.5%)	\$409.9	\$417.4	1.8%
Software Revenue (Subscriptions + Perpetual Licenses)	\$39.3	\$43.6	\$43.8	0.6%	11.6%	\$132.2	\$162.4	22.8%
Non-GAAP Gross Margin								
SW Licenses and Maintenance	83.2%	83.8%	84.9%	110 bps	170 bps	82.1%	83.3%	120 bps
Integrated Solutions	45.6%	38.1%	36.6%	(150 bps)	(900 bps)	42.4%	38.8%	(360 bps)
Professional Services & Training	11.5%	16.5%	7.2%	(930 bps)	(430 bps)	11.7%	9.2%	(250 bps)
Total Non-GAAP Gross Margin %	66.2%	68.3%	64.6%	(370 bps)	(160 bps)	65.3%	66.2%	90 bps



Notes: 1. Non-GAAP Gross Margin by revenue type excludes stock-based compensation.



BALANCE SHEET AS OF DECEMBER 31, 2022

(\$M)

	<u>12/31/21</u>	<u>9/30/22</u>	<u>12/31/22</u>
Cash and Cash Equivalents	\$56.8	\$31.3	\$35.2
Accounts Receivable	77.0	55.3	76.8
Contract Asset, current and long-term	25.4	29.4	37.8
Net Inventory	19.9	22.0	21.0
Accounts Payable	26.9	34.9	45.9
Deferred Revenue, current and long-term	98.1	76.7	94.2
Total Debt	170.0	184.4	182.7
Net Debt ¹	113.1	153.0	147.4
Net Leverage ²	1.5x	1.9x	1.8x
Share Repurchases year-to-date	\$25.1	\$43.6	\$52.8
Cumulative Share Repurchases under \$115M authorization	\$25.1	\$68.7	\$77.9



(1) Net Debt = Total Debt – Cash and Cash Equivalents.
 (2) Net Leverage = Net Debt / LTM Adjusted EBITDA, LTM = last 12 months.



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			Twelve Months Ended	
	Dec. 31, 2022	Sept. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
GAAP revenue					
GAAP revenue	\$ 116,099	\$ 102,985	\$ 119,064	\$ 417,413	\$ 409,944
Non-GAAP Gross Profit					
GAAP gross profit	74,529	69,779	78,347	274,438	265,804
Stock-based compensation	461	588	439	2,064	1,801
Non-GAAP Gross Profit	<u>\$ 74,990</u>	<u>\$ 70,367</u>	<u>\$ 78,786</u>	<u>\$ 276,502</u>	<u>\$ 267,605</u>
GAAP gross margin	64.2%	67.8%	65.8%	65.7%	64.8%
Non-GAAP Gross Margin	64.6%	68.3%	66.2%	66.2%	65.3%
Non-GAAP Operating Expenses					
GAAP Operating Expenses	57,996	55,696	61,176	220,583	219,541
Less: Amortization of intangible assets	(37)	(37)	(73)	(189)	(388)
Less: Stock-based compensation	(5,029)	(3,359)	(3,208)	(14,440)	(12,681)
Less: Restructuring costs, net	2	(158)	(115)	(513)	(1,116)
Less: Acquisition, integration and other costs	(75)	(22)	(985)	(506)	(3,068)
Less: Efficiency program costs	-	-	-	-	(48)
Less: Digital Transformation costs	(371)	(626)	(1,028)	(1,685)	(1,836)
Less: COVID-19 related expenses	-	-	-	-	(22)
Non-GAAP Operating Expenses	<u>\$ 52,486</u>	<u>\$ 51,494</u>	<u>\$ 55,767</u>	<u>\$ 203,250</u>	<u>\$ 200,382</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, except per share amounts)

	Three Months Ended			Twelve Months Ended	
	Dec. 31, 2022	Sept. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Non-GAAP Operating Income and Adjusted EBITDA					
GAAP net income	25,260	12,022	15,216	55,241	41,388
Interest and other expense	2,364	2,726	1,220	8,518	2,308
Provision for income taxes	(11,091)	(665)	735	(9,904)	2,567
GAAP operating income	16,533	14,083	17,171	53,855	46,263
Amortization of intangible assets	37	37	73	189	388
Stock-based compensation	5,490	3,947	3,647	16,504	14,482
Restructuring costs, net	(2)	158	115	513	1,116
Acquisition, integration and other costs	75	22	985	506	3,068
Efficiency program costs	-	-	-	-	48
Digital Transformation costs	371	626	1,028	1,685	1,836
COVID-19 related expenses	-	-	-	-	22
Non-GAAP Operating Income	\$ 22,504	\$ 18,873	\$ 23,019	\$ 73,252	\$ 67,223
Depreciation	2,301	2,154	1,932	8,324	8,255
Adjusted EBITDA	\$ 24,805	\$ 21,027	\$ 24,951	\$ 81,576	\$ 75,478
GAAP net income margin	21.8%	11.7%	12.8%	13.2%	10.1%
Adjusted EBITDA Margin	21.4%	20.4%	21.0%	19.5%	18.4%

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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			Twelve Months Ended	
	Dec. 31, 2022	Sept. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Non-GAAP Net Income					
GAAP net income	25,260	12,022	15,216	55,241	41,388
Amortization of intangible assets	37	37	73	189	388
Stock-based compensation	5,490	3,947	3,647	16,504	14,482
Restructuring costs, net	(2)	158	115	513	1,116
Acquisition, integration and other costs	75	22	985	506	3,068
Efficiency program costs	-	-	-	-	48
Digital Transformation costs	371	626	1,028	1,685	1,836
Gain on forgiveness of PPP Loan	-	-	-	-	(7,800)
COVID-19 related expenses	-	-	-	-	22
Loss on Extinguishment of debt	-	-	-	-	3,748
Non-GAAP tax adjustments	(11,313)	-	(198)	(11,316)	(382)
Non-GAAP Net Income	\$ 19,918	\$ 16,812	\$ 20,866	\$ 63,322	\$ 57,914
Weighted-average share count (basic)	43,836	44,476	45,061	44,531	45,101
Weighted-average share count (diluted)	43,991	44,703	45,773	44,856	46,303
Net income per common share (basic)	\$ 0.58	\$ 0.27	\$ 0.34	\$ 1.24	\$ 0.92
Net income per common share (diluted)	\$ 0.57	\$ 0.27	\$ 0.33	\$ 1.23	\$ 0.89
Non-GAAP Earnings per Share (basic)	\$ 0.45	\$ 0.38	\$ 0.46	\$ 1.42	\$ 1.28
Non-GAAP Earnings per Share (diluted)	\$ 0.45	\$ 0.38	\$ 0.46	\$ 1.41	\$ 1.25

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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			Twelve Months Ended			
	Dec. 31, 2022	Sept. 30, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Free Cash Flow							
Net cash provided by operating activities	22,456	10,342	27,071	48,019	62,489	39,555	19,641
Capital expenditures	(4,184)	(3,708)	(2,069)	(15,251)	(6,819)	(5,692)	(7,185)
Free Cash Flow	\$ 18,272	\$ 6,634	\$ 25,002	\$ 32,768	\$ 55,670	\$ 33,863	\$ 12,456
Adjusted EBITDA	\$ 24,805	\$ 21,027	\$ 24,951	\$ 81,576	\$ 75,478	\$ 58,634	\$ 56,005
<i>Free Cash Flow conversion from Adjusted EBITDA</i>	73.7%	31.5%	100.2%	40.2%	73.8%	57.8%	22.2%
Free Cash Flow	\$ 18,272	\$ 6,634	\$ 25,002	\$ 32,768	\$ 55,670	\$ 33,863	\$ 12,456
Restructuring, cash costs	31	184	169	948	3,947	1,461	2,964
Free Cash Flow, as adjusted	\$ 18,303	\$ 6,818	\$ 25,171	\$ 33,716	\$ 59,617	\$ 35,324	\$ 15,420
<i>Free Cash Flow, as Adjusted / Adjusted EBITDA</i>	73.8%	32.4%	100.9%	41.3%	79.0%	60.2%	27.5%

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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)

	Year Ended December 31,			LTM
	2022	2021		Q3 2022
GAAP revenue	\$ 417,413	\$ 409,944		\$ 420,378
Non-GAAP Operating Income and Adjusted EBITDA				
GAAP net income	55,241	41,388		45,197
Interest and other expense	8,518	2,308		7,374
Provision for income taxes	(9,904)	2,567		1,922
GAAP operating income	53,855	46,263		54,493
Amortization of intangible assets	189	388		225
Stock-based compensation	16,504	14,482		14,661
Restructuring costs, net	513	1,116		630
Acquisition, integration and other costs	506	3,068		1,416
Efficiency program costs	-	48		-
Digital Transformation	1,685	1,836		2,342
COVID-19 related expenses	-	22		-
Non-GAAP Operating Income	\$ 73,252	\$ 67,223		\$ 73,767
Depreciation	8,324	8,255		7,955
Adjusted EBITDA	\$ 81,576	\$ 75,478	LTM Adjusted EBITDA	\$ 81,722
GAAP net income margin	13.2%	10.1%		10.8%
Adjusted EBITDA Margin	19.5%	18.4%		19.4%
Total Debt	182,667	169,964		184,377
Less Cash and Cash Equivalents	(35,247)	(56,818)		(31,344)
Net Debt	\$ 147,420	\$ 113,146		\$ 153,033
Net Leverage (= Net Debt / LTM Adjusted EBITDA)	1.8x	1.5x		1.9x

(1) LTM Q3 2022 = Last 12 months ending 9/30/2022.

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