

COMPANY UPDATE

Avid Technology (Nasdaq: AVID)

November 2022

Pro Tools 2022.9

Makes music creation fast and fluid,
providing the GRAMMY® winning DAW
toolset and plugins the pros use.





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
- Annual Contract Value (“ACV”)
- 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 Q3 2022 results published and filed as an exhibit to our 8-K filed with the SEC on November 8, 2022, and definitions of the operational metrics used in this presentation are included in the supplemental financial information datasheet available on 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: 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; 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; 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.



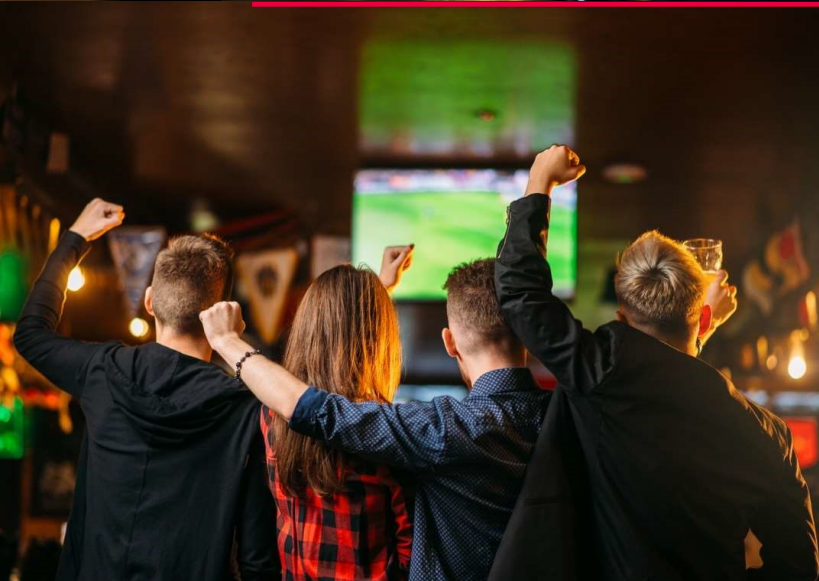
BUSINESS UPDATE



Avid NEXIS F-series

Avid's latest storage engine and most forward-thinking and intelligent virtual file system, supporting the shift to cloud.





> OUR MISSION

We're on a mission to empower media creators with innovative technology solutions to entertain, inform, educate and enlighten the world

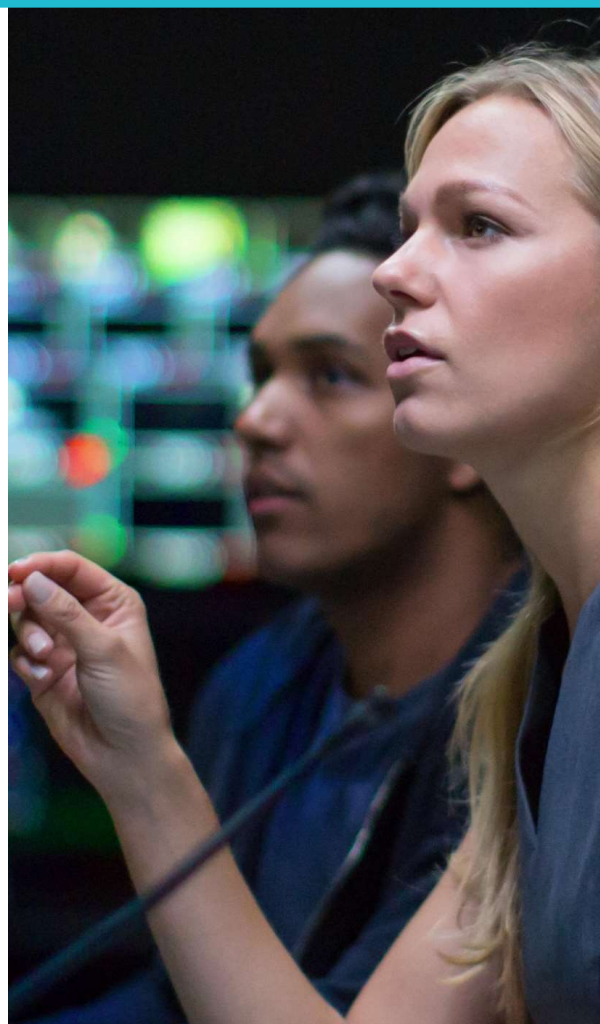
> OUR VISION

We have a vision to help make the world a better place by connecting all people everywhere through the power of media



STRATEGY ELEVATOR STATEMENTS: VIDEO & MEDIA BUSINESS

Expand position in media enterprises with unique cloud-enabled innovations that increase efficiency and creativity by enabling virtualized workflows for distributed teams, while broadening our position outside media and entertainment



TV & Film Production

Strengthen and expand our market position by widening across the production lifecycle with unique cloud-enabled innovations that realize our virtualized production vision, while growing and optimizing the overall business opportunity

News & Sports

Leverage our strong market position and widely adopted platform to deliver needed innovations that redefine market solutions with an emphasis on hybrid-cloud deployment and digital-first approaches that can grow share of wallet

Video Creation

Build on our strong market position in high-end editorial to expand our opportunity by uniquely addressing today's needs for video creatives and the pro video market with innovative solutions that enable better team collaboration and concurrent creation



STRATEGY ELEVATOR STATEMENTS: AUDIO & MUSIC BUSINESS

Maximize the growth opportunities and optimize the business in our core markets while pursuing the large down-market opportunity to capture the fast-growing music creators' opportunity



Audio Production

Driven by expected sustained growth in content production, continue to optimize the business and maximize our growth opportunity with unique capabilities that can further differentiate including picture + sound workflow innovations

Music Creation

Build on our leading position to create a unique and compelling end-to-end music creation offering that captures the wider and fast-growing music creators' opportunity with the DAW serving as the creative hub

Live Sound

As the live event segments continue to recover and market demand is expected to deliver sustained growth, leverage our position as a top-tier solution while continuing to optimize our business and maximize our growth opportunity



LARGE & GROWING MARKET OPPORTUNITY

Substantial opportunity for Avid to drive sustainable and profitable growth

2021
\$234B
+7% YoY

Global video consumption
revenue (VOD, ad-based
& PayTV services)

\$25.9B
+13% CAGR
(2019-21)

Global Recorded Music
Industry Revenue
(2021E)

OVER
45M

Global Pro & Expert
Creators Producing
and Monetizing
Content (2022E)

\$15.3B

Total Avid Market
Opportunity

Software and hardware for
audio, video and media
management (2022E)

+10% CAGR
(2021-2025E)

40M+

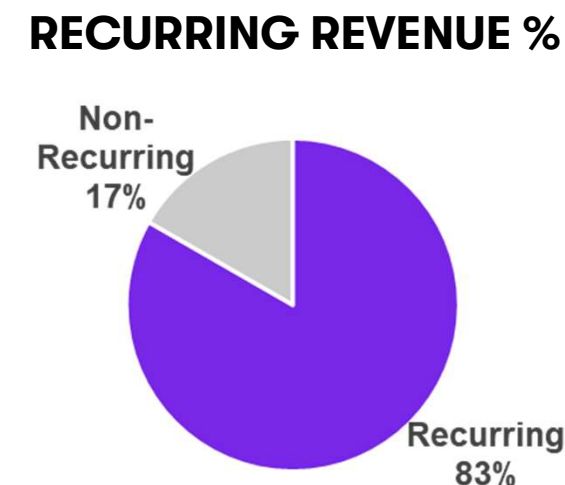
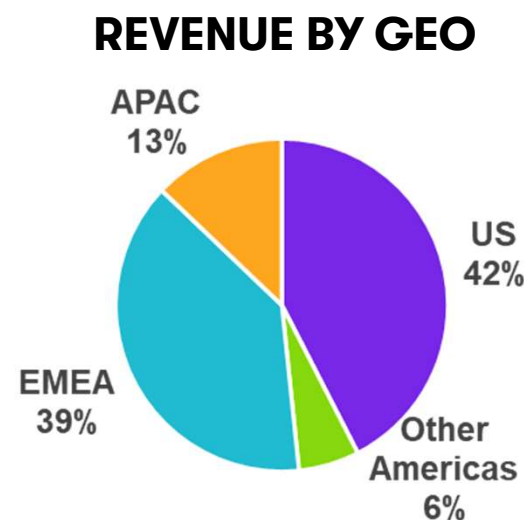
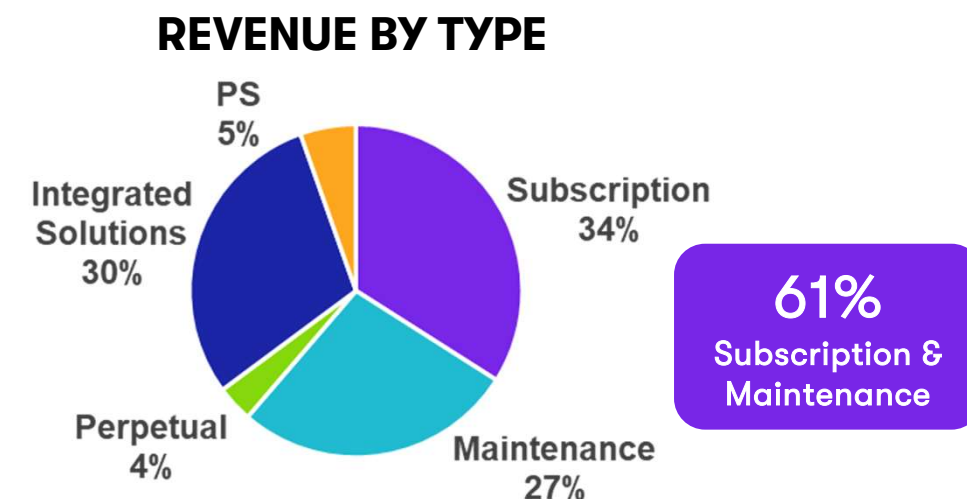
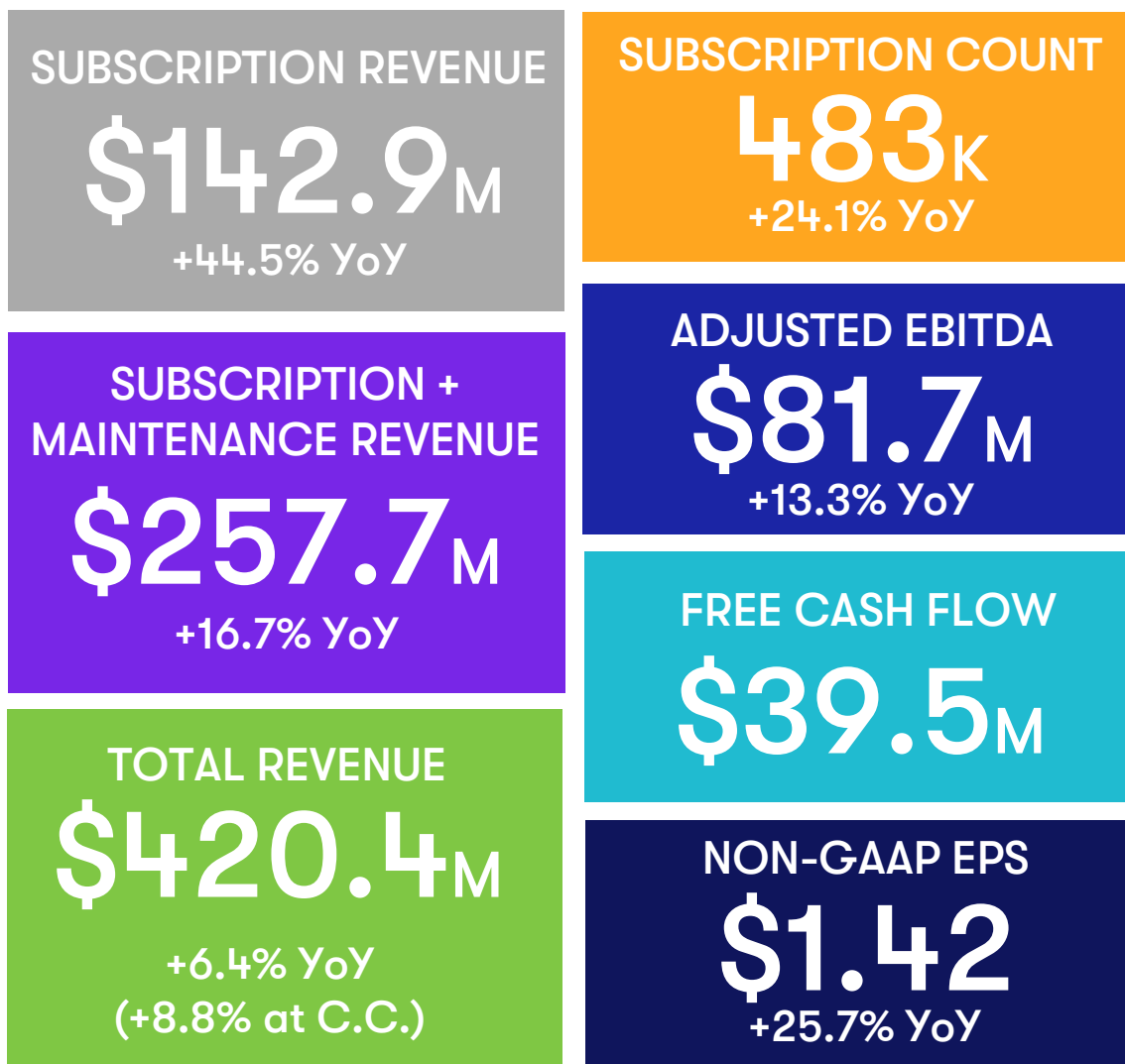
Total Avid Creative
Users Opportunity

Audio and
Video Creator Tools
(2022E)



Sources: Activate, IFPI, LinkTree, MIDiA Research, IABM-DC, Coughlan Associates, Avid

AVID BY THE NUMBERS



All data are for LTM (Last 12 Months) period ending Q3'2022, with YoY comparison to 12 months ending Q3'2021, except Subscription count which is paid Cloud-enabled software subscriptions as of September 30, 2022. "C.C." is constant currency, using same budget FX rates in historical and current periods.

INVESTMENT THESIS

- 1 Market leading media technology provider of **innovative software and solutions** with **sticky customer relationships**
- 2 **Big shifts in media markets** driving technology refreshes and new customer business requirements that **play well into Avid's unique strengths**
- 3 **Significant opportunity** to drive continued **strong growth of subscriptions** driven by both the creative and enterprise segments
- 4 Early stages of the media industry's **transition to SaaS & cloud**, with Avid in a strong competitive position and first-mover advantage
- 5 Solid business fundamentals with a continued positive performance trajectory delivering **improved revenue growth, profitability and Free Cash Flow**
- 6 Strong expected cash generation yields significant opportunities for **strategic capital allocation** to help **optimize long term shareholder returns**



Q3 2022 FINANCIAL RESULTS

Avid Maestro

Next-gen subscription-based software solution
for real-time broadcast television graphics.



Q3 2022 EXECUTIVE SUMMARY



1

Subscription growth driven by record net adds in Q3 with strength in both creative and enterprise



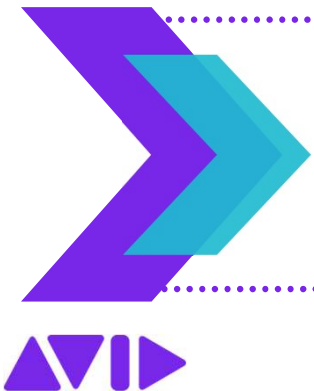
2

Demand for integrated solutions remained healthy, but slower progress resolving current supply chain challenges



3

Continued improving profitability and business performance, despite near-term headwinds



Strong subscription growth fueled 40% YoY Non-GAAP Earnings per Share growth, in the face of challenging macro-conditions

Q3 2022 RESULTS – BY THE NUMBERS

+10.0% yoy

TOTAL ARR (+13.2% C.C.)

+ 33.2% yoy

SUBSCRIPTION ARR (+36.9% C.C.)

+ 24.1% yoy

CLOUD-ENABLED
SOFTWARE SUBSCRIPTIONS

482,900 TOTAL AT SEPT 30

ALL-TIME RECORD

+32,600

CLOUD-ENABLED SOFTWARE
SUBSCRIPTIONS ADDED IN Q3

+ 49.2% yoy

SUBSCRIPTION REVENUE
(+56.2% C.C.)

\$41.8M

+17.6% yoy

SUBSCRIPTION + MAINTENANCE
REVENUE (+22.3% C.C.)

\$69.1M

\$103.0M

TOTAL REVENUE

+1.3% yoy
(+6.0% C.C.)

>\$25M

EXCESS UNSHIPPED ORDERS DUE TO
SUPPLY CHAIN CONSTRAINTS

\$26.3M

INTEGRATED SOLUTIONS REVENUE
-15.7% YoY

20.4%

ADJUSTED EBITDA MARGIN

+360bps yoy

\$0.38

NON-GAAP EPS

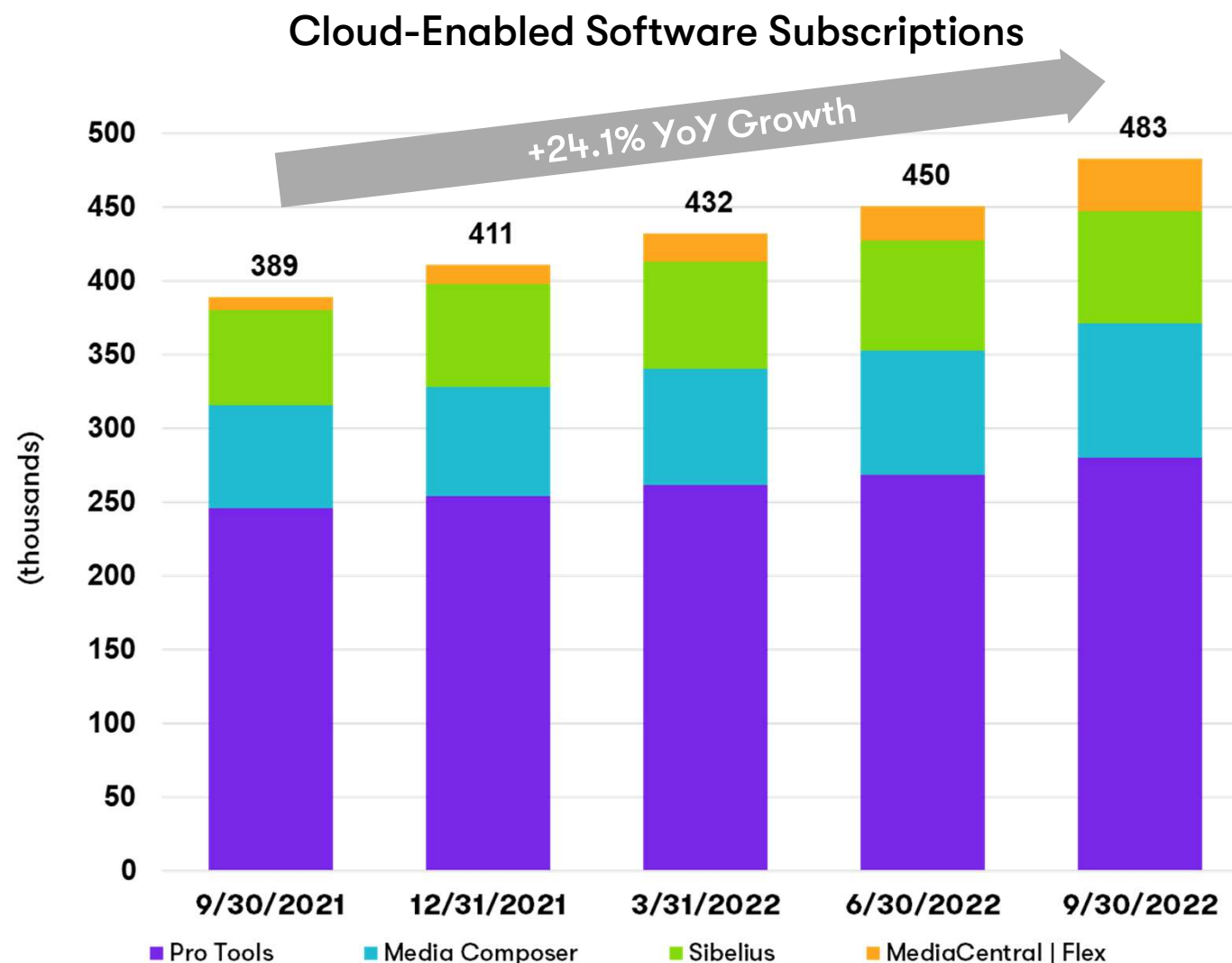
+40.7% yoy



“C.C.” is constant currency, using same budget FX rates in historical and current periods.

SUBSCRIPTION GROWTH PROGRESSES

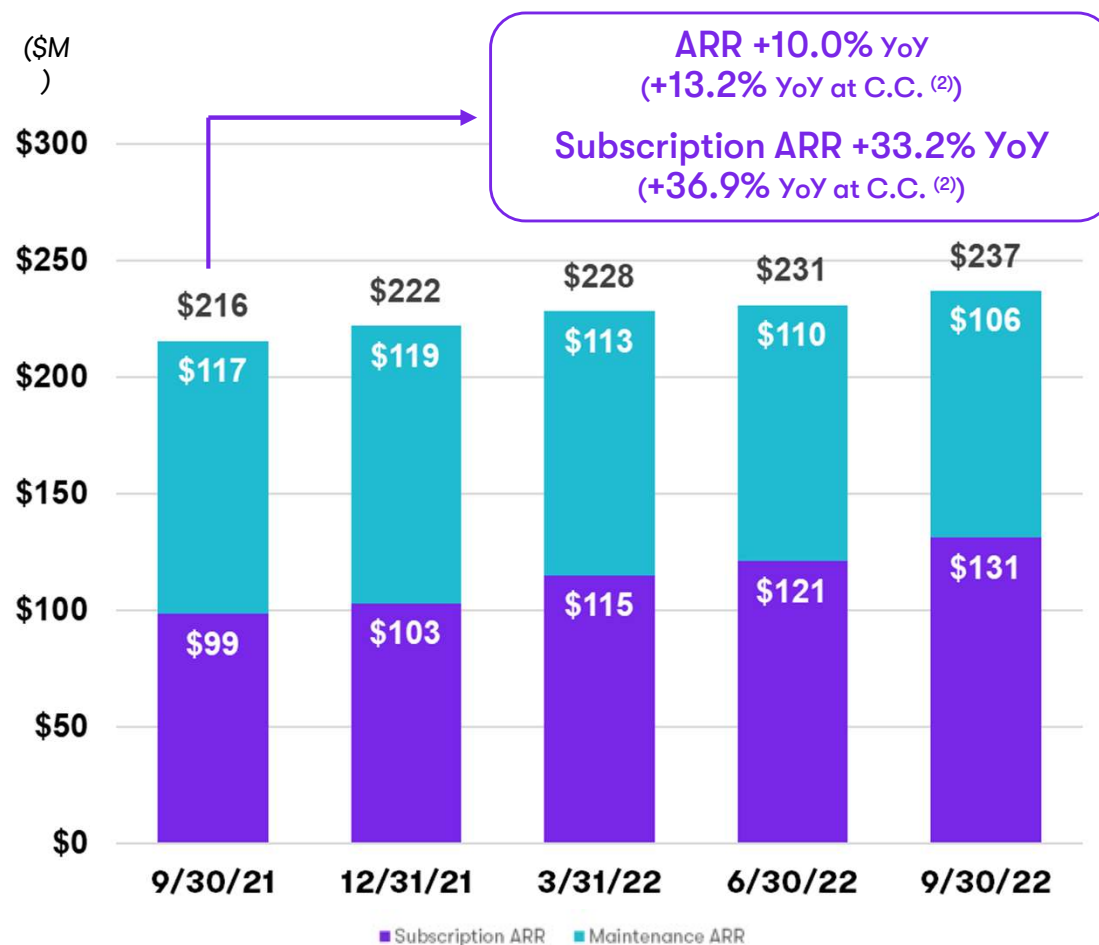
- All-time record net adds of 32,600 paid Cloud-Enabled Software Subscriptions in Q3, a 76% sequential increase
- Improved sequential growth of creative software subscriptions, with 20,000 net adds in Q3, the largest net adds in 6 quarters
- Strong performance of enterprise MediaCentral | Flex subscriptions, with 12,500 net adds in Q3



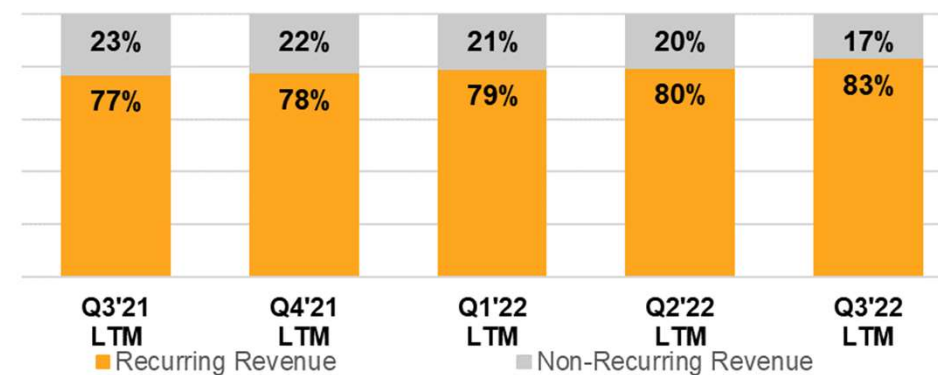
(1) Subscriptions rounded to nearest 100; (2) Avid NEXIS | FLEX subscriptions are not reflected in the count

ANNUAL RECURRING REVENUE (ARR), LTM RECURRING REVENUE % AND ACV

Annual Recurring Revenue (ARR)



LTM Recurring Revenue %



Annual Contract Value from Long-Term Agreements¹



(1) Annual Contract Value from Long-Term Agreements excludes the subscription and maintenance portion, which is included in ARR.
 (2) C.C. = Constant Currency, using same budget FX rates in historical and current periods.

LOOKING FORWARD

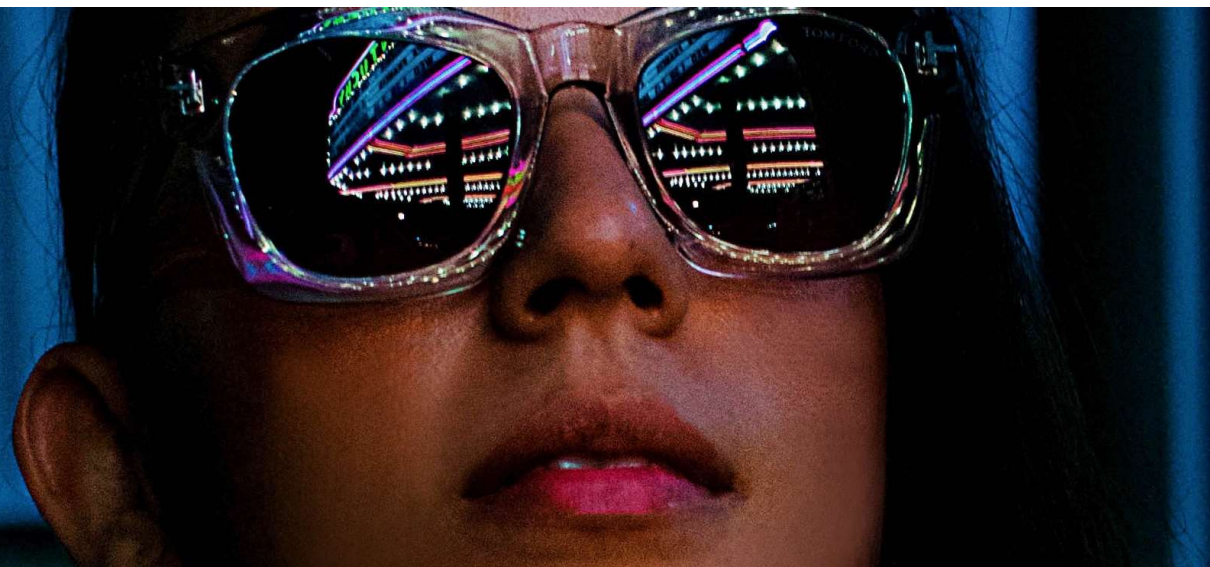


Despite near-term macro conditions, we see healthy market demand and our long-term outlook remains positive

Supply availability and production expected to continue improving in Q4 but not expected to fully recover this year

Continued new product innovations and valuable software releases expected to help drive demand

Continuing to prudently manage the business through current headwinds while delivering solid profitability



FY 2022 GUIDANCE



	Prior Guidance ⁽¹⁾ Full-Year 2022		New Guidance Full-Year 2022		Implied Guidance ⁽²⁾ Q4 2022	
(\$M, except per share)	Low	High	Low	High	Low	High
Revenue	\$425	\$455	\$412	\$424	\$111	\$123
<i>Reflects negative impact from F/X ⁽³⁾</i>			~ (\$13)		~ (\$7)	
<i>YoY growth excluding F/X impact at mid-point ⁽³⁾</i>			+5.1%		+3.8%	
Subscription & Maintenance Revenue	\$266	\$274	\$260	\$268	\$68	\$76
<i>Reflects negative impact from F/X ⁽³⁾</i>			~ (\$6)		~ (\$3)	
<i>YoY growth excluding F/X impact at mid-point ⁽³⁾</i>			+17.0%		+14.2%	
Adjusted EBITDA	\$83	\$95	\$83	\$87	\$26	\$30
Non-GAAP Earnings per Share ⁽⁴⁾	\$1.37	\$1.53	\$1.40	\$1.50	\$0.44	\$0.54
Free Cash Flow	\$45	\$59	\$38	\$43	\$23	\$29



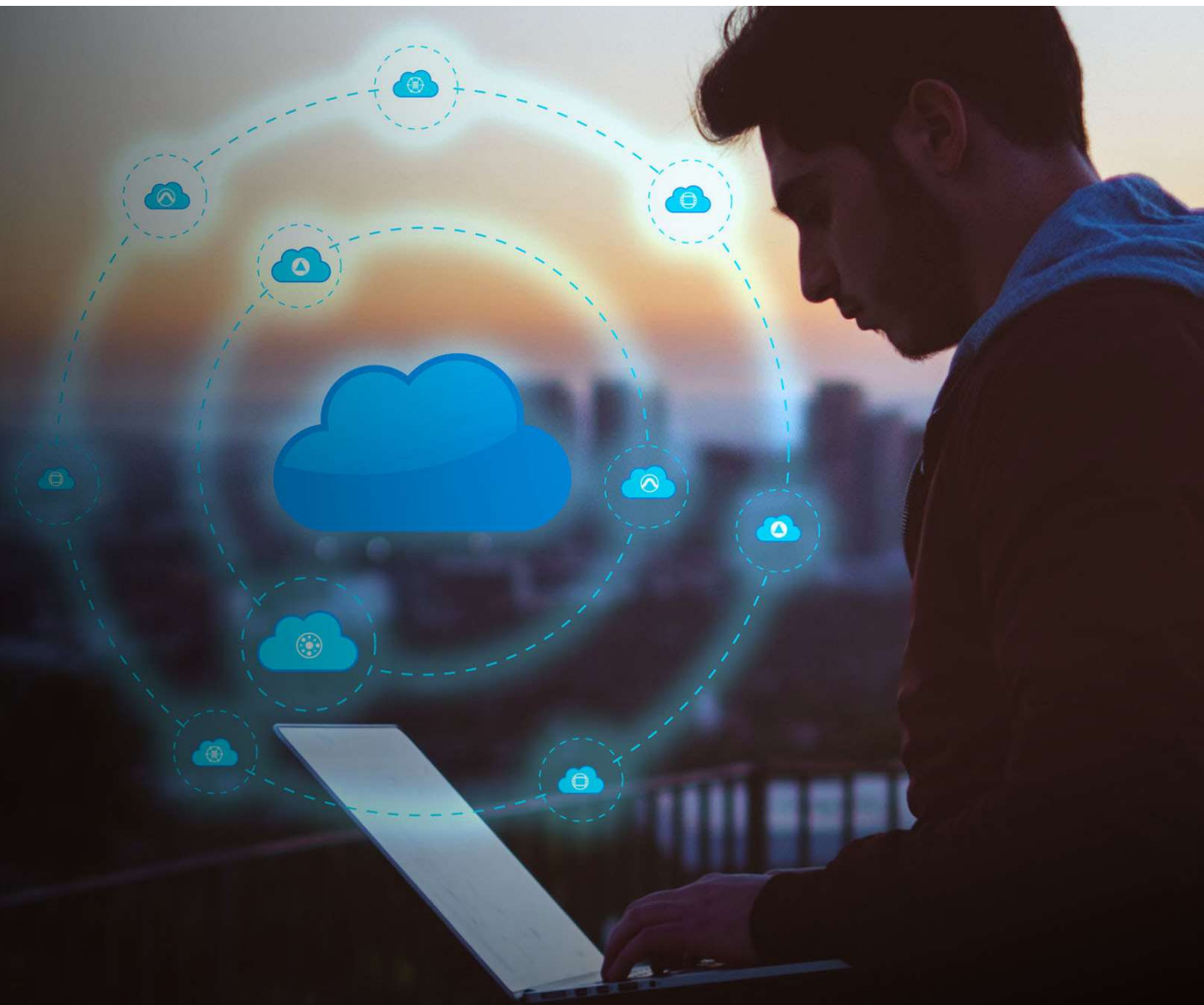
(1) Prior guidance given on August 2, 2022

(2) Implied Q4 guidance is Full-Year 2022 Guidance less actual results for 9-months ending September 30, 2022

(3) Included for illustrative purposes only

(4) Assumes 45.2M shares for FY 2022 in prior guidance and 44.8M shares for FY 2022 in new guidance

SUPPLEMENTAL MATERIALS



REVENUE & NON-GAAP GROSS MARGIN BY TYPE

(\$M)	<u>Q3 2021</u>	<u>Q2 2022</u>	<u>Q3 2022</u>	<u>Q3 2022 Q/Q %</u>	<u>Q3 2022 Y/Y %</u>
Revenue					
Subscriptions	\$28.0	\$34.1	\$41.8	22.4%	49.2%
Maintenance	30.7	27.8	27.3	(1.8%)	(11.1%)
Subscriptions and Maintenance	\$58.7	\$61.9	\$69.1	11.5%	17.6%
Perpetual Licenses	5.7	2.7	1.8	(34.7%)	(68.5%)
SW Licenses and Maintenance	\$64.4	\$64.7	70.9	9.6%	10.0%
Integrated Solutions	31.2	28.0	26.3	(6.2%)	(15.7%)
Professional Services & Training	6.1	5.0	5.9	17.1%	(3.5%)
Total Revenue	\$101.6	\$97.7	\$103.0	5.4%	1.3%
Software Revenue (Subscriptions + Perpetual Licenses)	\$33.7	\$36.9	\$43.6	18.1%	29.3%
Non-GAAP Gross Margin					
SW Licenses and Maintenance	82.5%	82.1%	83.8%	170 bps	130 bps
Integrated Solutions	40.7%	39.6%	38.1%	(150 bps)	(260 bps)
Professional Services & Training	9.2%	(4.5%)	16.5%	2100 bps	730 bps
Total Non-GAAP Gross Margin %	65.3%	65.5%	68.3%	280 bps	300 bps

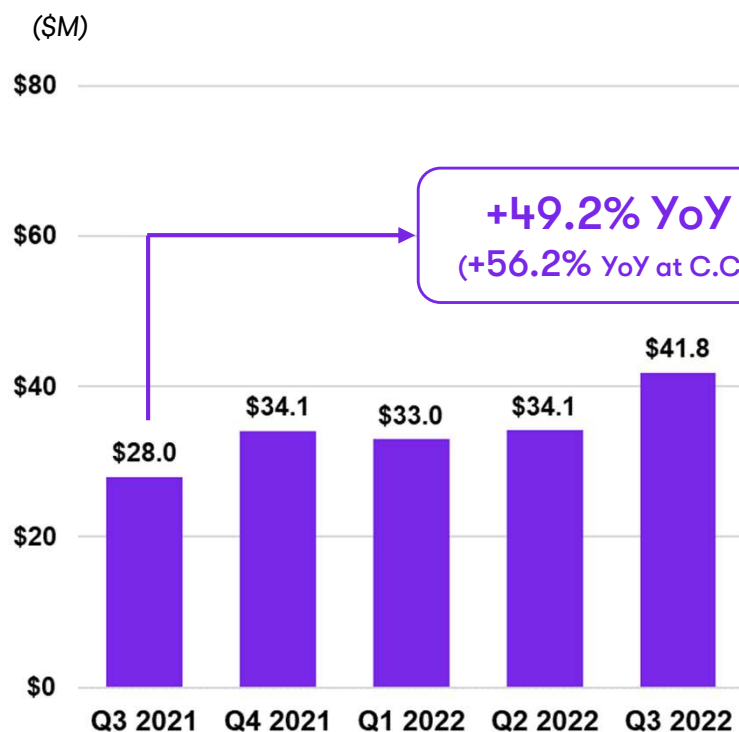


Note: Non-GAAP Gross Margin by revenue type excludes stock-based compensation expense

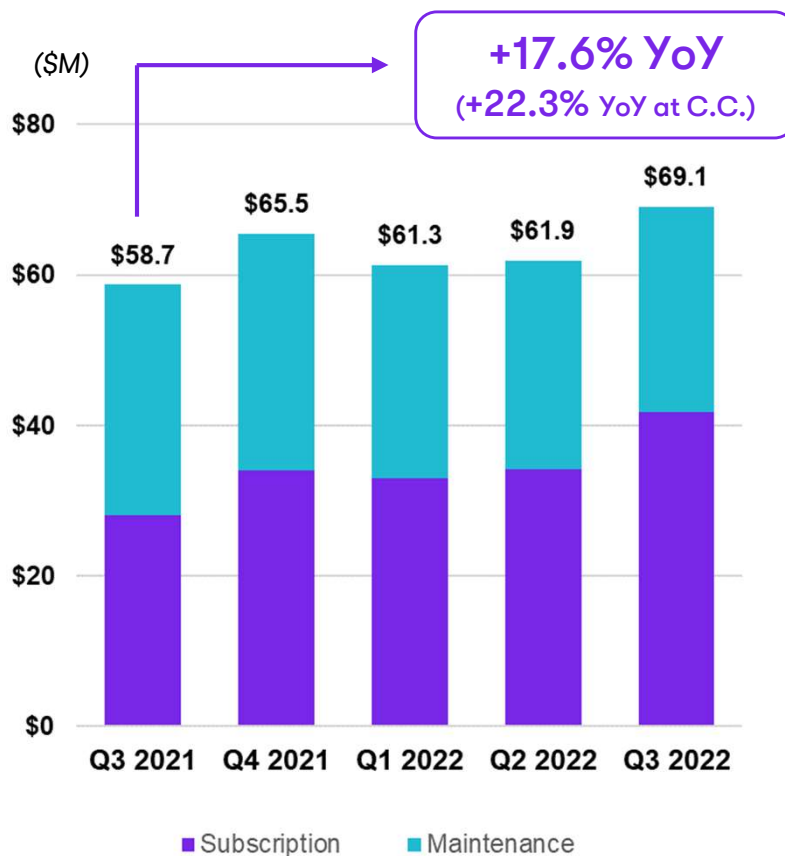
REVENUE BY TYPE

Strong growth in subscription driving YoY increase in revenue and profitability

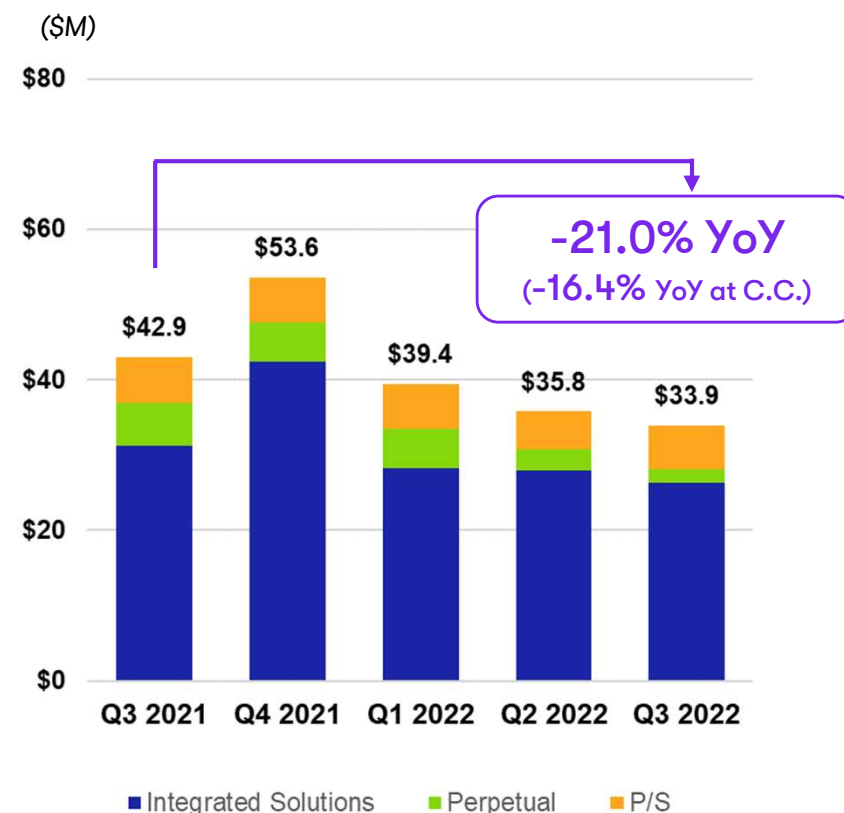
Subscription



Subscription + Maintenance

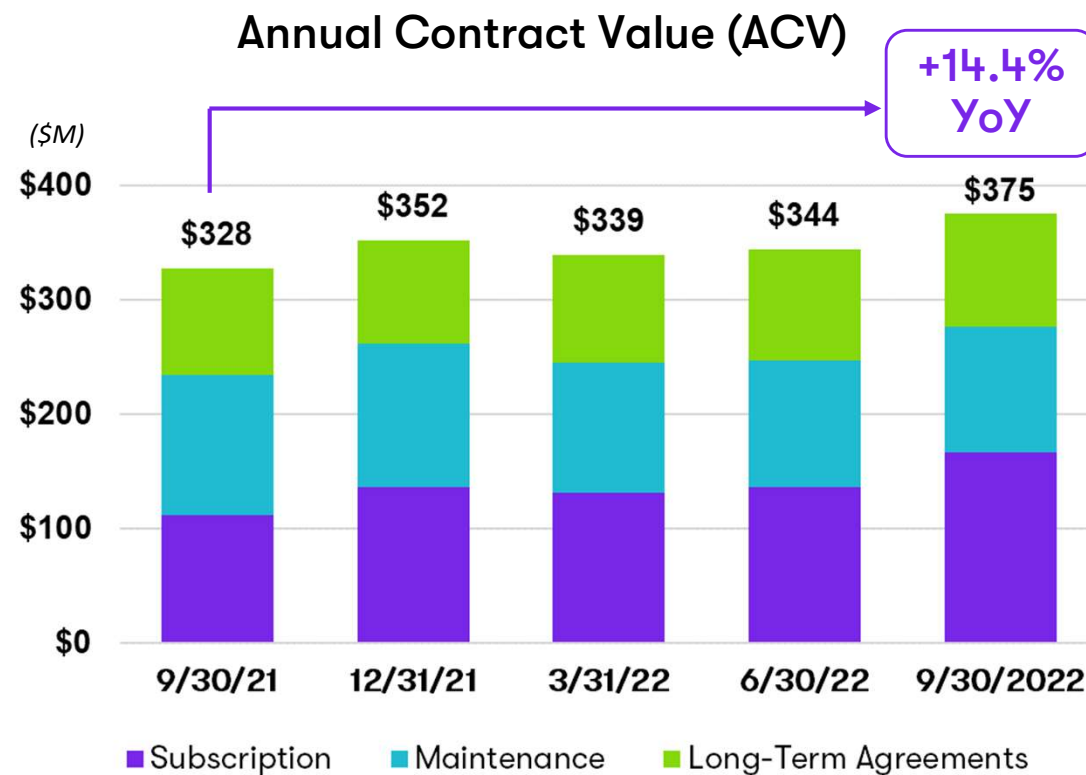


Integrated Solutions, Perpetual, P/S



Note: C.C. = Constant Currency

ANNUAL CONTRACT VALUE



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

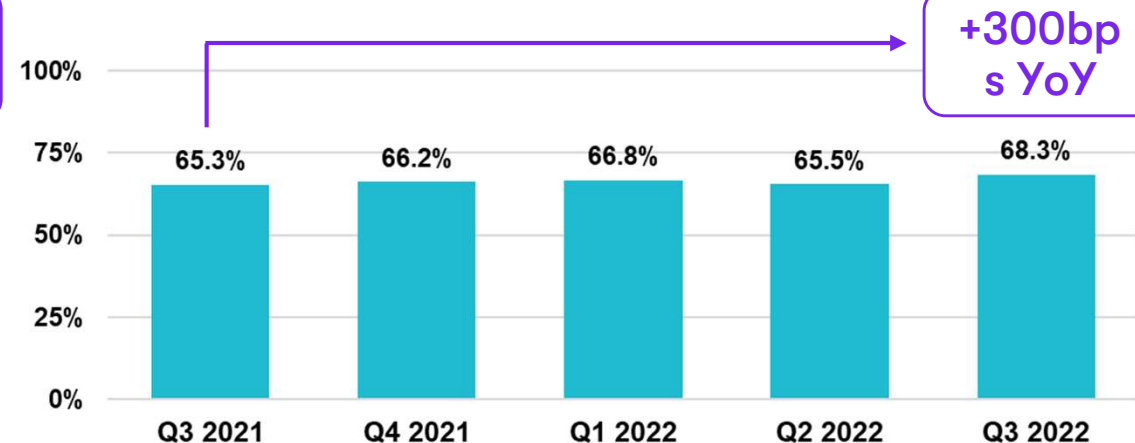
OPERATING RESULTS

Growth in revenue and gross margin yielded continued healthy profitability

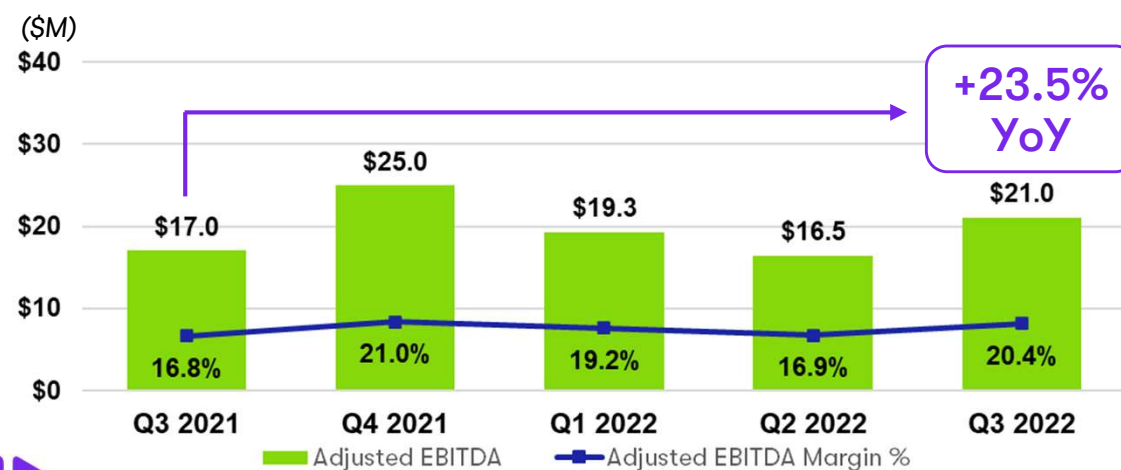
Total Revenue



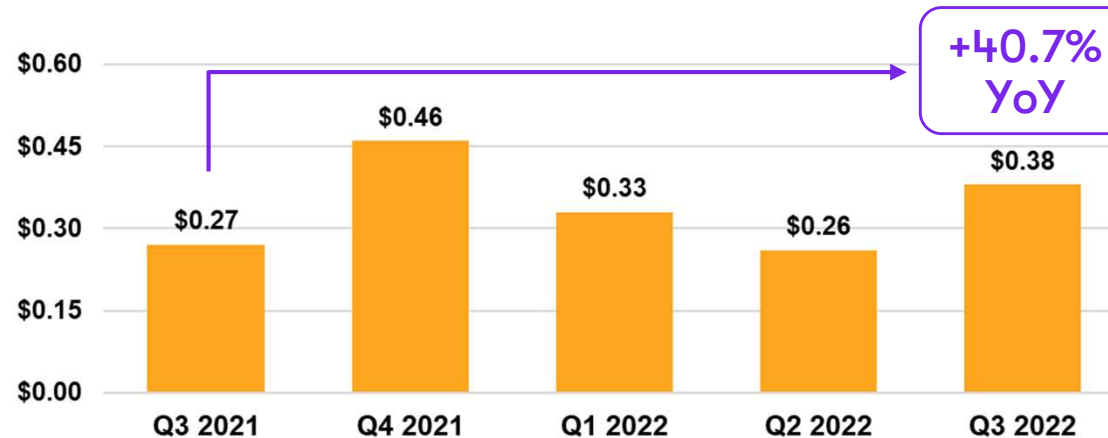
Non-GAAP Gross Margin



Adjusted EBITDA



Non-GAAP Earnings per Share



Note: C.C. = Constant Currency

Q3 2022 FINANCIAL RESULTS

Growth in strategic revenue and strong business fundamentals yielded continued healthy profitability

(\$M, except per share)

	Q3'21	Q2'22	Q3'22	YoY change Fav/(Unfav)	C.C. ² YoY change Fav/(Unfav)	9-months 2021	9-months 2022	Change Fav/(Unfav)	C.C. ² YoY change Fav/(Unfav)
Revenue	\$101.6	\$97.7	\$103.0	1.3%	6.0%	\$290.9	\$301.3	3.6%	6.8%
Subscription & Maintenance Revenue	58.7	61.9	69.1	17.6%	22.3%	165.4	192.3	16.3%	19.2%
Non-GAAP Gross Profit	66.3	64.0	70.4	6.1%		188.8	201.5	6.7%	
Non-GAAP Gross Margin	65.3%	65.5%	68.3%	300 bps		64.9%	66.9%	200 bps	
Non-GAAP Operating Expenses	51.3	49.6	51.5	(0.3%)		144.6	150.8	(4.3%)	
Non-GAAP Operating Expenses Margin %	50.5%	50.7%	50.0%	50 bps		49.7%	50.0%	(30 bps)	
Non-GAAP Net Income	12.4	11.8	16.8	35.2%		37.0	43.4	17.2%	
Non-GAAP Earnings per Share	\$0.27	\$0.26	\$0.38	\$0.11		\$0.80	\$0.96	\$0.16	
Adjusted EBITDA	17.0	16.5	21.0	23.5%		50.5	56.8	12.4%	
Adjusted EBITDA Margin %	16.8%	16.9%	20.4%	360 bps		17.4%	18.8%	140 bps	
Free Cash Flow	\$14.0	\$3.2	\$6.6	(\$7.4)		\$30.7	\$14.5	(\$16.2)	
Change in Working Capital¹	\$2.9	(\$5.5)	(\$7.3)	(\$10.3)		(\$3.7)	(\$22.2)	(\$18.5)	
Capital Expenditures	(\$2.5)	(\$4.1)	(\$3.7)	(\$1.2)		(\$4.8)	(\$11.1)	(\$6.3)	



(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) C.C. = Constant Currency, using same budget FX rates in historical and current periods.



BALANCE SHEET AS OF SEPTEMBER 30, 2022

(\$M)

	<u>9/30/21</u>	<u>12/31/21</u>	<u>9/30/22</u>
Cash and Cash Equivalents	\$50.5	\$56.8	\$31.3
Accounts Receivable	58.1	77.0	55.3
Contract Asset, current and long-term	22.6	25.4	29.4
Net Inventory	22.2	19.9	22.0
Accounts Payable	22.4	26.9	34.9
Deferred Revenue, current and long-term	86.8	98.1	76.7
Total Debt	172.1	170.0	184.4
Net Debt ¹	121.7	113.1	153.0
Net Leverage ²	1.7x	1.5x	1.9x
Share Repurchases during the year ending 12/31/21 and nine months ending 9/30/22		\$25.1	\$43.6
Cumulative Share Repurchases as of 12/31/21 and 9/30/22		\$25.1	\$68.7



(1) Net Debt = Total Debt – Cash and Cash Equivalents; (2) Net Leverage = Net Debt / LTM Adjusted EBITDA



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)

	Three Months Ended			Nine Months Ended		Twelve Months Ended	
	Sept. 30, 2022	Jun. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021
GAAP Revenue							
GAAP Revenue	\$ 102,985	\$ 97,680	\$ 101,640	\$ 301,314	\$ 290,880	\$ 420,378	\$ 395,181
Non-GAAP Gross Profit							
GAAP Gross Profit	69,779	63,366	65,903	199,909	187,457	278,256	252,807
Stock-based compensation	588	589	444	1,603	1,362	2,042	1,793
Non-GAAP Gross Profit	<u>\$ 70,367</u>	<u>\$ 63,955</u>	<u>\$ 66,347</u>	<u>\$ 201,512</u>	<u>\$ 188,819</u>	<u>\$ 280,298</u>	<u>\$ 254,600</u>
GAAP Gross Margin	67.8%	64.9%	64.8%	66.3%	64.4%	66.2%	64.0%
Non-GAAP Gross Margin	68.3%	65.5%	65.3%	66.9%	64.9%	66.7%	64.4%
Non-GAAP Operating Expenses							
GAAP Operating Expenses	55,696	53,402	56,355	162,587	158,365	223,763	212,873
Less Amortization of intangible assets	(37)	(57)	(105)	(152)	(315)	(225)	(420)
Less Stock-based compensation	(3,359)	(3,056)	(3,337)	(9,411)	(9,473)	(12,619)	(11,574)
Less Restructuring costs, net	(158)	(342)	88	(515)	(1,001)	(630)	(5,039)
Less Acquisition, integration and other costs	(22)	50	(876)	(431)	(2,083)	(1,416)	(3,098)
Less Efficiency program costs	-	-	-	-	(48)	-	(934)
Less Digital Transformation costs	(626)	(445)	(808)	(1,314)	(808)	(2,342)	(808)
Less COVID-19 related expenses	-	-	-	-	(22)	-	(49)
Non-GAAP Operating Expenses	<u>\$ 51,494</u>	<u>\$ 49,552</u>	<u>\$ 51,317</u>	<u>\$ 150,764</u>	<u>\$ 144,615</u>	<u>\$ 206,531</u>	<u>\$ 190,951</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)

	Three Months Ended			Nine Months Ended		Twelve Months Ended	
	Sept. 30, 2022	Jun. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021
Non-GAAP Operating Income and Adjusted EBITDA							
GAAP net income	12,022	7,373	14,775	29,981	26,172	45,197	33,259
Interest and other expense	2,726	1,865	(6,218)	6,154	1,088	7,374	5,017
Provision for income taxes	(665)	726	991	1,187	1,832	1,922	1,658
GAAP Operating Income	14,083	9,964	9,548	37,322	29,092	54,493	39,934
Amortization of intangible assets	37	57	105	152	315	225	420
Stock-based compensation	3,947	3,645	3,781	11,014	10,835	14,661	13,367
Restructuring costs, net	158	342	(88)	515	1,001	630	5,039
Acquisition, integration and other costs	22	(50)	876	431	2,083	1,416	3,098
Efficiency program costs	-	-	-	-	48	-	934
Digital Transformation costs	626	445	808	1,314	808	2,342	808
COVID-19 related expenses	-	-	-	-	22	-	49
Non-GAAP Operating Income	<u>\$ 18,873</u>	<u>\$ 14,403</u>	<u>\$ 15,030</u>	<u>\$ 50,748</u>	<u>\$ 44,204</u>	<u>\$ 73,767</u>	<u>\$ 63,649</u>
Depreciation	2,154	2,066	2,002	6,023	6,323	7,955	8,511
Adjusted EBITDA	<u>\$ 21,027</u>	<u>\$ 16,469</u>	<u>\$ 17,032</u>	<u>\$ 56,771</u>	<u>\$ 50,527</u>	<u>\$ 81,722</u>	<u>\$ 72,160</u>
GAAP net income margin	11.7%	7.5%	14.5%	10.0%	9.0%	10.8%	8.4%
Adjusted EBITDA Margin	20.4%	16.9%	16.8%	18.8%	17.4%	19.4%	18.3%

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)

	Three Months Ended			Nine Months Ended		Twelve Months Ended	
	Sept. 30, 2022	Jun. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021	Sept. 30, 2022	Sept. 30, 2021
Non-GAAP Net Income							
GAAP net income	12,022	7,373	14,775	29,981	26,172	45,197	33,259
Amortization of intangible assets	37	57	105	152	315	225	420
Stock-based compensation	3,947	3,645	3,781	11,014	10,835	14,661	13,367
Restructuring costs, net	158	342	(88)	515	1,001	630	5,039
Acquisition, integration and other costs	22	(50)	876	431	2,083	1,416	3,098
Efficiency program costs	-	-	-	-	48	-	934
Digital Transformation costs	626	445	808	1,314	808	2,342	808
Gain on forgiveness of PPP Loan	-	-	(7,800)	-	(7,800)	-	(7,800)
COVID-19 related expenses	-	-	-	-	22	-	49
Loss on Extinguishment of debt	-	-	-	-	3,748	-	3,748
Tax impact of non-GAAP adjustments	-	-	(25)	(3)	(184)	(201)	(645)
Non-GAAP Net Income	<u>\$ 16,812</u>	<u>\$ 11,812</u>	<u>\$ 12,432</u>	<u>\$ 43,404</u>	<u>\$ 37,048</u>	<u>\$ 64,270</u>	<u>\$ 52,277</u>
Weighted-average share count (Basic)	44,476	44,740	45,564	44,676	45,115	44,772	44,908
Weighted-average share count (Diluted)	44,703	45,110	46,428	45,107	46,449	45,274	46,222
Non-GAAP Earnings per Share (Basic)	\$ 0.38	\$ 0.26	\$ 0.27	\$ 0.97	\$ 0.82	\$ 1.43	\$ 1.17
Non-GAAP Earnings per Share (Diluted)	\$ 0.38	\$ 0.26	\$ 0.27	\$ 0.96	\$ 0.80	\$ 1.42	\$ 1.13
Free Cash Flow							
Net cash provided by operating activities	10,342	7,305	16,521	25,563	35,418	52,634	66,122
Capital expenditures	(3,708)	(4,115)	(2,475)	(11,067)	(4,750)	(13,136)	(4,823)
Free Cash Flow	<u>\$ 6,634</u>	<u>\$ 3,190</u>	<u>\$ 14,046</u>	<u>\$ 14,496</u>	<u>\$ 30,668</u>	<u>\$ 39,498</u>	<u>\$ 61,299</u>
Free Cash Flow conversion from Adjusted EBITDA	31.5%	19.4%	82.5%	25.5%	60.7%	48.3%	84.9%

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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)

	Nine Months Ended Sept. 30,		Year Ended December 31,	Last Twelve Months (LTM)	
	2022	2021	2021	Q3 2022	Q3 2021
	\$	\$	\$	\$	\$
GAAP revenue	301,314	290,880	409,944	420,378	395,181
<u>Non-GAAP Operating Income and Adjusted EBITDA</u>					
GAAP net income	29,981	26,172	41,388	45,197	33,259
Interest and other expense	6,154	1,088	2,308	7,374	5,017
Provision for income taxes	1,187	1,832	2,567	1,922	1,658
GAAP operating income	37,322	29,092	46,263	54,493	39,934
Amortization of intangible assets	152	315	388	225	420
Stock-based compensation	11,014	10,835	14,482	14,661	13,367
Restructuring costs, net	515	1,001	1,116	630	5,039
Acquisition, integration and other costs	431	2,083	3,068	1,416	3,098
Efficiency program costs	-	48	48	-	934
Digital Transformation	1,314	808	1,836	2,342	808
COVID-19 related expenses	-	22	22	-	49
Non-GAAP Operating Income	\$ 50,748	\$ 44,204	\$ 67,223	\$ 73,767	\$ 63,649
Depreciation	6,023	6,323	8,255	7,955	8,511
Adjusted EBITDA	\$ 56,771	\$ 50,527	\$ 75,478	\$ 81,722	\$ 72,160
GAAP net income margin	10.0%	9.0%	10.1%	10.8%	8.4%
Adjusted EBITDA Margin	18.8%	17.4%	18.4%	19.4%	18.3%
Total Debt			169,964	184,377	172,149
Less Cash and Cash Equivalents			(56,818)	(31,344)	(50,485)
Net Debt			\$ 113,146	\$ 153,033	\$ 121,664
Net Leverage (= Net Debt / LTM Adjusted EBITDA)			1.5x	1.9x	1.7x

LTM Adjusted EBITDA

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