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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): October 28, 2020

**Avid Technology, Inc.**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-36254**  
(Commission File Number)

**04-2977748**  
(I.R.S. Employer  
Identification No.)

**75 Network Drive**  
**Burlington Massachusetts 01803**  
Address of Principal Executive Offices, Including Zip Code

**978 640-6789**  
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$.01 par value	AVID	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## Item 2.02. Results of Operations and Financial Condition.

On October 28, 2020, Avid Technology, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended September 30, 2020 (the “Press Release”). The full text of the Press Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

## Item 7.01 Regulation FD Disclosure.

The information contained in Item 2.02 is incorporated by reference herein.

**Non-GAAP and Operational Measures.** The attached Press Release includes financial measures that are not based on generally accepted accounting principles, or GAAP. These non-GAAP financial measures, which are not based on a comprehensive set of accounting rules or principles, include the following: non-GAAP Gross Profit, non-GAAP Gross Margin, non-GAAP Operating Expenses, non-GAAP Operating Income (Loss), Adjusted EBITDA, Adjusted EBITDA Margin, non-GAAP Interest and Other Expense, non-GAAP Income Tax Provision, non-GAAP Net Income (Loss), non-GAAP Net Income (Loss) Per Share, and Free Cash Flow.

- Non-GAAP Gross Profit is defined as GAAP gross profit, excluding amortization of intangible assets and stock-based compensation expense.
- Non-GAAP Gross Margin is defined as GAAP gross margin, excluding amortization of intangible assets and stock-based compensation expense.
- Non-GAAP Operating Expenses are defined as GAAP operating expense excluding restructuring costs, stock-based compensation, amortization of intangible assets as well as other unusual items such as costs related to the restatement, M&A related activity, and efficiency program.
- Non-GAAP Operating Income (Loss) is defined as GAAP operating income (loss) excluding restructuring costs, stock-based compensation, amortization of intangible assets as well as other unusual items such as costs related to the restatement, M&A related activity, and efficiency program.
- Adjusted EBITDA is defined as non-GAAP operating income (loss) excluding depreciation expense.
- Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by GAAP Net Revenues.
- Non-GAAP Interest and Other Expense is defined as GAAP interest and other expense excluding one-time financing fees and loss on extinguishment of debt.
- Non-GAAP Income Tax Provision is defined as the provision for income taxes on non-GAAP profit (loss) before income taxes, which is non-GAAP Operating Income (Loss) excluding Non-GAAP Interest and Other Expense; additionally, the Non-GAAP Income Tax provision excludes deferred tax expense or benefit associated with the creation or release of a valuation allowance for deferred tax assets.
- Non-GAAP Net Income (Loss) is defined as Non-GAAP Operating Income (Loss) less Non-GAAP Interest and Other Expense, and Non-GAAP Income Tax Provision.
- Non-GAAP Net Income (Loss) Per Share is defined as non-GAAP Net Income (Loss) divided by weighted-average common shares outstanding.
- Free Cash Flow is defined as GAAP operating cash flow less capital expenditures.

Reconciliations of these non-GAAP financial measures to their most comparable GAAP measures are contained in the tables accompanying the Press Release. The Press Release furnished herewith also includes forward-looking non-GAAP financial measures, including Adjusted EBITDA, Free Cash Flow and Non-GAAP Net Income (Loss) Per Share. Reconciliations of these forward-looking non-GAAP financial measures are not included in the Press Release furnished herewith due to the high variability and difficulty in making accurate forecasts and projections of some of the excluded information, 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.

These non-GAAP financial measures reflect how Avid manages its businesses internally. Avid’s non-GAAP measures may vary from how other companies present non-GAAP measures. This non-GAAP information supplements, and is not

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intended to represent a measure of performance in accordance with, disclosures required by 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.

The Press Release furnished herewith also includes the operational metrics of Cloud-enabled software subscriptions, Recurring Revenue, Annual Contract Value and Revenue Backlog. Definitions of these operational metrics are included in the supplemental financial and operational data sheet available on our investor relations webpage at [ir.avid.com](http://ir.avid.com).

- Cloud-enabled software subscriptions as of the end of a quarter represent the number of paid subscription licenses under an active contract as of that date, excluding any licenses that may be receiving service under an active contract but that are not paid for at that time by the customer, whether due to a promotion, cancellation or otherwise. For comparison purposes, subscription numbers for previous quarters have been adjusted from previously published numbers to (i) include multi-year and multi-seat licenses, and (ii) exclude certain terminated subscription licenses.
- Recurring Revenue is defined as the sum of subscription revenue, maintenance revenue and revenue under our long-term contractual agreements.
- LTM Recurring Revenue % is Recurring Revenue divided by Total Net Revenue for the most recent four quarters.
- Annual Contract Value is defined, as of a given date, as the sum of the following three components: (i) the annual value of all long-term contractual agreements in effect on such date, calculated by dividing the total value of each contract (excluding expected maintenance revenue included in (ii) below and expected subscription revenue included in (iii) below) divided by the total number of years of such contract, (ii) maintenance revenue for the quarter ended on such date, multiplied by four, and (iii) subscription revenue for the quarter ended on such date, multiplied by four.
- Revenue Backlog consists of firm orders received and includes both (i) orders where the customer has been invoiced in advance of our performance obligations being fulfilled and (ii) orders for future product deliveries or services that have not yet been invoiced by us.

**Limitation on Incorporation by Reference.** The information furnished in Items 2.02 and 7.01, including the Press Release furnished herewith as Exhibit 99.1 shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Cautionary Note Regarding Forward-Looking Statements.** This Form 8-K, and the Press Release furnished herewith as Exhibit 99.1 contain forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. Please refer to the cautionary notes in the Press Release regarding these forward-looking statements.

#### **Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Description</u>
99.1	<a href="#">Press Release announcing financial results, dated October 28, 2020</a>

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**AVID TECHNOLOGY, INC.**  
(Registrant)

Date: October 28, 2020

By: /s/ Kenneth Gayron  
Name: Kenneth Gayron  
Title: Executive Vice President and CFO

## Avid Technology Announces Q3 2020 Results

**14.1% Sequential Revenue Growth as End Markets Begin to Recover from COVID-19 Downturn**

**73.9% Year-Over-Year Subscription Revenue Growth Driven by Net Increase of Approximately 27,000 Paid Subscriptions in the Quarter**

**Operating Income Increased 56.1% Year-Over-Year Driven by Improved Gross Margin and Significantly Reduced Operating Expenses**

**\$18.0 million in Net Cash Provided by Operating Activities Leading to Free Cash Flow of \$15.5 million in the Quarter**

BURLINGTON, Mass., October 28, 2020 -- Avid® (NASDAQ: AVID), a leading technology provider that powers the media and entertainment industry, today announced its financial results for the third quarter ended September 30, 2020.

Total revenue increased 14.1% sequentially in the third quarter, while declining slightly year-over-year, as many of Avid's end markets showed initial signs of recovery from the COVID-19 pandemic. During the third quarter, the Recurring Revenue components of the Company's business remained strong. The Company reported record subscription revenue of \$17.9 million, up 73.9% year-over-year, resulting in 6.5% year-over-year growth in Annual Contract Value. Also, in the third quarter, Avid significantly improved its profitability as a result of a 250 basis point year-over-year improvement in gross margin coupled with a (\$4.3) million reduction in operating expenses that yielded a 56.1% year-over-year improvement in operating income and an Adjusted EBITDA Margin of 21.4%. The strong operating results for the third quarter resulted in Free Cash Flow of \$15.5 million.

The non-Recurring Revenue portions of the Company's business related to product and professional services showed strong signs of sequential recovery during the third quarter, although they continued to be negatively impacted year-over-year by weaker demand as a result of the COVID-19 pandemic. Product revenue from perpetual software licenses and integrated solutions increased 29.5% sequentially to \$35.8 million in the third quarter.

During the third quarter, the Company repaid the \$22.0 million balance on its revolving credit facility using available cash. As of September 30, 2020, the Company had \$49.1 million in cash and cash equivalents. The Company's leverage ratio under its financing agreement decreased to 3.4x as of September 30, 2020 as a result of the repayment of borrowings under the revolving credit facility using the Company's strong Free Cash Flow generation in the quarter, and the year-over-year increase in Adjusted EBITDA in the quarter.

### Third Quarter 2020 Financial and Business Highlights

- Subscription revenue was \$17.9 million, up 73.9% year-over-year.
- Paid Cloud-enabled software subscriptions increased by approximately 27,000 during the quarter, to approximately 269,000 at September 30, 2020, an increase of 58.1% year-over-year in total paid subscriptions.
- Subscription and Maintenance revenue was \$48.7 million, up 11.6% year-over-year.
- Total revenue was \$90.4 million, up 14.1% sequentially, and down (3.2%) year-over-year.
- Gross margin was 64.4%, up 250 basis points year-over-year. Non-GAAP Gross Margin was 64.9%, up 280 basis points year-over-year.
- Operating expenses were \$45.1 million, a decrease of (8.7%) year-over-year. Non-GAAP Operating Expenses were \$41.4 million, a decrease of (12.6%) year-over-year.
- Operating income was \$13.1 million, an increase of 56.1% year-over-year. Non-GAAP Operating Income was \$17.3 million, an increase of 61.3% year-over-year.

- Adjusted EBITDA was \$19.3 million, an increase of 51.2% year-over-year. Adjusted EBITDA Margin was 21.4%, up 770 basis points year-over-year.
- Net income per common share was \$0.18, up from \$0.07 in the third quarter of 2019. Non-GAAP Net Income per Share was \$0.27, up from \$0.10 in the third quarter of 2019.
- Net cash provided by operating activities was \$18.0 million in the quarter, an increase of \$20.5 million compared to Net cash (used in) operating activities of (\$2.6) million in the third quarter of 2019.
- Free Cash Flow was \$15.5 million in the quarter, an increase of \$20.2 million compared to Free Cash Flow of negative (\$4.6) million in the third quarter of 2019.
- LTM Recurring Revenue % was 71.2% of the Company's revenue for the 12 months ended September 30, 2020, up from 59.4% for the 12 months ended September 30, 2019.
- Annual Contract Value was \$271.9 million as of September 30, 2020, up 6.5% from \$255.3 million as of September 30, 2019.

Jeff Rosica, Avid's CEO and President, stated, "We are pleased with the beginning of the demand turnaround we saw in our non-recurring business during the third quarter, and with the strength of the recurring revenue elements of our business driven by the continued growth of our creative software subscription business and the introduction of enterprise subscription. COVID-19 continued to have some temporary impact on customer demand for parts of our non-recurring product business, but we expect demand to continue the gradual recovery that started in Q3." Mr. Rosica added, "We have adjusted our strategy and investments to quickly respond to the changes in the market we're seeing, focusing even more sharply on the parts of the business that we believe will drive more profitable growth. We also remain focused on ensuring we have the right cost structure moving forward so that Avid enters 2021 as a stronger and more profitable company."

Ken Gayron, Executive Vice President and Chief Financial Officer of Avid, said, "We continued to make substantial progress in driving our higher margin revenue streams and improving our cost structure in the third quarter, yielding strong growth in profitability." Mr. Gayron continued, "The improvement in profitability resulted in third quarter Free Cash Flow of \$15.5 million, enabling us to fully repay the balance on our revolving credit facility and reduce our accounts payable, further strengthening our balance sheet. As we head into our seasonally highest Free Cash Flow generating quarter and with the improvements we achieved in our profitability during the third quarter, we believe Avid will generate strong Free Cash Flow as we conclude fiscal year 2020, which should enable us to improve our cost of capital and reduce our interest costs."

### **Conference Call to Discuss Third Quarter 2020 Results on October 28, 2020**

Avid will host a conference call to discuss its financial results for the third quarter of 2020 on Wednesday, October 28, 2020 at 5:30 p.m. ET. Participants may join the webcast in listen-only mode and access the presentation slides using the link on the Avid Investor Relations website, which can be found on the events tab at [ir.avid.com](http://ir.avid.com). Participants who would like to ask a question, can access the call by dialing +1 323-289-6576 and referencing confirmation code 4778505. Please connect at least 15 minutes in advance to ensure a timely connection to the call. A replay of the call will also be available for a limited time on the Avid Investor Relations website shortly after the completion of the call.

### **Non-GAAP Financial Measures and Operational Metrics**

Avid includes non-GAAP financial measures in this press release, including Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Non-GAAP Gross Margin, Non-GAAP Operating Expenses, Non-GAAP Operating Income, and Non-GAAP Net Income (Loss) per Share. The Company also includes the operational metrics of Cloud-enabled software subscriptions, Recurring Revenue, LTM Recurring Revenue % and Annual Contract Value in this release. Avid believes the non-GAAP financial measures and operational metrics provided in this release provide helpful information to investors with respect to evaluating the Company's performance. Unless noted, all financial and operating information is reported based on actual exchange rates. Definitions of the non-GAAP financial measures and the operational metrics are included in our Form 8-K filed today. Reconciliations of the

non-GAAP financial measures presented in this press release to the Company's comparable GAAP financial measures for the periods presented are set forth below and are also included in the supplemental financial and operational data sheet available on our Investor Relations website at [ir.avid.com](http://ir.avid.com), which also includes definitions of all operational metrics.

## **Forward-Looking Statements**

Certain information provided in this press release 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 press release 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 on our business, suppliers, consumers, customers and employees; 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, weather conditions, or health pandemics; disruptions or inefficiencies in our supply chain and/or operations, including from 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.

## **About Avid**

Avid delivers the most open and efficient media platform, connecting content creation with collaboration, asset protection, distribution, and consumption. Avid's preeminent customer community uses Avid's comprehensive tools and workflow solutions to create, distribute and monetize the most watched, loved and listened to media in the world—from prestigious and award-winning feature films to popular television shows, news programs and televised sporting events, and celebrated music recordings and live concerts. With the most flexible deployment and pricing options, Avid's industry-leading solutions include Media Composer®, Pro Tools®, Avid NEXIS®, MediaCentral®, iNEWS®, AirSpeed®, Sibelius®, Avid VENUE™, Avid FastServe™, Maestro™, and PlayMaker™.



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**AVID TECHNOLOGY, INC.**  
**Consolidated Statements of Operations**  
(unaudited - in thousands except per share data)

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Net revenues:</b>				
Products	\$ 35,775	\$ 42,911	\$ 98,121	\$ 147,633
Services	54,656	50,550	158,044	147,848
Total net revenues	<u>90,431</u>	<u>93,461</u>	<u>256,165</u>	<u>295,481</u>
<b>Cost of revenues:</b>				
Products	20,957	23,877	58,873	79,535
Services	11,217	11,726	34,322	36,408
Amortization of intangible assets	—	—	—	3,738
Total cost of revenues	<u>32,174</u>	<u>35,603</u>	<u>93,195</u>	<u>119,681</u>
<b>Gross profit</b>	<u>58,257</u>	<u>57,858</u>	<u>162,970</u>	<u>175,800</u>
<b>Operating expenses:</b>				
Research and development	13,623	14,860	42,116	46,325
Marketing and selling	19,998	22,334	64,977	73,341
General and administrative	10,796	12,034	34,144	38,543
Amortization of intangible assets	—	—	—	695
Restructuring costs, net	723	229	1,008	518
Total operating expenses	<u>45,140</u>	<u>49,457</u>	<u>142,245</u>	<u>159,422</u>
<b>Operating income</b>	13,117	8,401	20,725	16,378
Interest and other expense, net	(4,423)	(5,519)	(15,204)	(23,994)
<b>Income (loss) before income taxes</b>	<u>8,694</u>	<u>2,882</u>	<u>5,521</u>	<u>(7,616)</u>
Provision for income taxes	707	(283)	1,546	155
<b>Net income (loss)</b>	<u>\$ 7,987</u>	<u>\$ 3,165</u>	<u>\$ 3,975</u>	<u>\$ (7,771)</u>
Net income (loss) per common share – basic and diluted	<u>\$ 0.18</u>	<u>\$ 0.07</u>	<u>\$ 0.09</u>	<u>\$ (0.18)</u>
Weighted-average common shares outstanding – basic	44,019	42,913	43,665	42,510
Weighted-average common shares outstanding – diluted	44,758	43,674	44,498	42,510

**AVID TECHNOLOGY, INC.**
**Reconciliations of GAAP financial measures to Non-GAAP financial measures**

(unaudited - in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
<b><u>GAAP revenue</u></b>				
GAAP revenue	\$ 90,431	\$ 93,461	\$ 256,165	\$ 295,481
<b><u>Non-GAAP Gross Profit</u></b>				
GAAP gross profit	\$ 58,257	\$ 57,858	\$ 162,970	\$ 175,800
Amortization of intangible assets	—	—	—	3,738
Stock-based compensation	433	185	908	420
<b>Non-GAAP Gross Profit</b>	<b>\$ 58,690</b>	<b>\$ 58,043</b>	<b>\$ 163,878</b>	<b>\$ 179,958</b>
<b>Non-GAAP Gross Margin</b>	<b>64.9 %</b>	<b>62.1 %</b>	<b>64.0 %</b>	<b>60.9 %</b>
<b><u>Non-GAAP Operating Expenses</u></b>				
GAAP operating expenses	\$ 45,140	\$ 49,457	\$ 142,245	\$ 159,422
Less Amortization of intangible assets	(105)	—	(306)	(695)
Less Stock-based compensation	(2,865)	(1,860)	(7,224)	(5,368)
Less Restructuring costs, net	(723)	(229)	(1,008)	(518)
Less Restatement costs	—	—	—	2
Less Acquisition, integration and other costs	—	(32)	183	(458)
Less Efficiency program costs	(79)	(33)	(445)	(191)
Less COVID-19 related expenses	(3)	—	(251)	—
<b>Non-GAAP Operating Expenses</b>	<b>\$ 41,365</b>	<b>\$ 47,303</b>	<b>\$ 133,194</b>	<b>\$ 152,194</b>
<b><u>Non-GAAP Operating Income</u></b>				
GAAP operating income	\$ 13,117	\$ 8,401	\$ 20,725	\$ 16,378
Amortization of intangible assets	105	—	306	4,433
Stock-based compensation	3,297	2,045	8,132	5,788
Restructuring costs, net	723	229	1,008	518
Restatement costs	—	—	—	(2)
Acquisition, integration and other costs	—	32	(183)	458
Efficiency program costs	79	33	445	191
COVID-19 related expenses	3	—	251	—
<b>Non-GAAP Operating Income</b>	<b>\$ 17,324</b>	<b>\$ 10,740</b>	<b>\$ 30,684</b>	<b>\$ 27,764</b>
<b><u>Adjusted EBITDA</u></b>				
Non-GAAP Operating Income (from above)	\$ 17,324	\$ 10,740	\$ 30,684	\$ 27,764
Depreciation	2,004	2,045	6,317	7,037
<b>Adjusted EBITDA</b>	<b>\$ 19,328</b>	<b>\$ 12,785</b>	<b>\$ 37,001</b>	<b>\$ 34,801</b>
<b>Adjusted EBITDA Margin</b>	<b>21.4 %</b>	<b>13.7 %</b>	<b>14.4 %</b>	<b>11.8 %</b>

**Non-GAAP Net Income**

<b>Non-GAAP Operating Income (from above)</b>	\$ 17,324	\$ 10,740	\$ 30,684	\$ 27,764
Less Non-GAAP Interest and other expense	(4,423)	(5,519)	(15,204)	(16,623)
Less Non-GAAP Income Tax	(702)	(663)	(1,581)	(1,119)
<b>Non-GAAP Net Income</b>	<b>\$ 12,199</b>	<b>\$ 4,558</b>	<b>\$ 13,899</b>	<b>\$ 10,022</b>
<b>Weighted-average common shares outstanding - basic</b>	<b>44,019</b>	<b>42,913</b>	<b>43,665</b>	<b>42,510</b>
<b>Weighted-average common shares outstanding - diluted</b>	<b>44,758</b>	<b>43,674</b>	<b>44,498</b>	<b>42,510</b>
<b>Non-GAAP Earnings Per Share - basic</b>	<b>\$ 0.28</b>	<b>\$ 0.11</b>	<b>\$ 0.32</b>	<b>\$ 0.24</b>
<b>Non-GAAP Earnings Per Share - diluted</b>	<b>\$ 0.27</b>	<b>\$ 0.10</b>	<b>\$ 0.31</b>	<b>\$ 0.24</b>

**Free Cash Flow**

<b>GAAP net cash (used in) provided by operating activities</b>	\$ 17,955	\$ (2,551)	\$ 8,843	\$ 1,112
Capital expenditures	(2,407)	(2,052)	(5,619)	(5,629)
<b>Free Cash Flow</b>	<b>\$ 15,548</b>	<b>\$ (4,603)</b>	<b>\$ 3,224</b>	<b>\$ (4,517)</b>
<b>Free Cash Flow conversion of Adjusted EBITDA</b>	<b>80.4 %</b>	<b>(36.0)%</b>	<b>8.7 %</b>	<b>(13.0)%</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.

**AVID TECHNOLOGY, INC.****Consolidated Balance Sheets**

(unaudited - in thousands, except per share data)

	<u>September 30,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 49,142	\$ 69,085
Restricted cash	1,664	1,663
Accounts receivable, net of allowances of \$1,522 and \$958 at September 30, 2020 and December 31, 2019, respectively	59,683	73,773
Inventories	28,378	29,166
Prepaid expenses	10,526	9,425
Contract assets	15,276	19,494
Other current assets	2,608	6,125
<b>Total current assets</b>	<u>167,277</u>	<u>208,731</u>
Property and equipment, net	18,884	19,580
Goodwill	32,643	32,643
Right of use assets	30,408	29,747
Long-term deferred tax assets	6,539	7,479
Other long-term assets	5,651	6,113
<b>Total assets</b>	<u>\$ 261,402</u>	<u>\$ 304,293</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 13,450	\$ 39,888
Accrued compensation and benefits	30,452	19,524
Accrued expenses and other current liabilities	34,758	36,759
Income taxes payable	1,946	1,945
Short-term debt	4,135	30,554
Deferred revenue	70,858	83,589
<b>Total current liabilities</b>	<u>155,599</u>	<u>212,259</u>
Long-term debt	204,074	199,034
Long-term deferred revenue	10,306	14,312
Long-term lease liabilities	29,473	28,127
Other long-term liabilities	6,162	5,646
<b>Total liabilities</b>	<u>405,614</u>	<u>459,378</u>
<b>Stockholders' deficit:</b>		
Common stock	439	430
Additional paid-in capital	1,033,599	1,027,824
Accumulated deficit	(1,175,434)	(1,179,409)
Accumulated other comprehensive loss	(2,816)	(3,930)
<b>Total stockholders' deficit</b>	<u>(144,212)</u>	<u>(155,085)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 261,402</u>	<u>\$ 304,293</u>

**AVID TECHNOLOGY, INC.**  
**Consolidated Statements of Cash Flows**  
(unaudited - in thousands)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ 3,975	\$ (7,771)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	6,317	11,469
Allowance for (recovery from) doubtful accounts	1,349	(156)
Stock-based compensation expense	8,132	5,788
Non-cash provision for restructuring	653	—
Non-cash interest expense	3,408	7,054
Loss on extinguishment of debt	—	2,878
Unrealized foreign currency transaction losses	219	237
Benefit from (provision for) deferred taxes	997	(886)
Changes in operating assets and liabilities:		
Accounts receivable	12,741	14,192
Inventories	788	788
Prepaid expenses and other assets	1,390	(3,526)
Accounts payable	(26,440)	(3,661)
Accrued expenses, compensation and benefits and other liabilities	7,752	(13,035)
Income taxes payable	81	372
Deferred revenue and contract assets	(12,519)	(12,631)
<b>Net cash provided by operating activities</b>	<b>8,843</b>	<b>1,112</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(5,619)	(5,629)
<b>Net cash used in investing activities</b>	<b>(5,619)</b>	<b>(5,629)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving line of credit	22,000	—
Repayment on revolving line of credit	(22,000)	—
Proceeds from long-term debt	7,800	79,286
Repayment of debt	(1,474)	(1,113)
Payments for repurchase of outstanding notes	(28,867)	(76,269)
Proceeds from the issuance of common stock under employee stock plans	252	309
Common stock repurchases for tax withholdings for net settlement of equity awards	(2,610)	(3,444)
Unwind capped call cash receipt	875	27
Payments for credit facility issuance costs	(289)	(5,979)
<b>Net cash used in financing activities</b>	<b>(24,313)</b>	<b>(7,183)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,394	(615)
Net decrease in cash, cash equivalents and restricted cash	(19,695)	(12,315)
Cash, cash equivalents and restricted cash at beginning of period	72,575	68,094
Cash, cash equivalents and restricted cash at end of period	<u>\$ 52,880</u>	<u>\$ 55,779</u>
<b>Supplemental information:</b>		
Cash and cash equivalents	\$ 49,142	\$ 52,289
Restricted cash	1,664	1,664
Restricted cash included in other long-term assets	2,074	1,826
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 52,880</u>	<u>\$ 55,779</u>

**AVID TECHNOLOGY, INC.**  
**Supplemental Revenue Information**  
(unaudited - in millions)

Backlog Disclosure for Quarter Ended September 30, 2020

	<u>September 30,</u> <u>2020</u>	<u>June 30,</u> <u>2020</u>	<u>September 30,</u> <u>2019</u>
<b>Revenue Backlog*</b>			
Deferred Revenue	\$81.2	\$85.7	\$85.0
Other Backlog	321.7	337.9	358.6
Total Revenue Backlog	<b>\$402.9</b>	<b>\$423.6</b>	<b>\$443.6</b>

The expected timing of recognition of revenue backlog as of September 30, 2020 is as follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>	<u>Total</u>
Deferred Revenue	\$31.9	\$41.3	\$4.8	\$3.2	\$81.2
Other Backlog	39.6	123.1	79.9	79.1	321.7
Total Revenue Backlog	<b>\$71.5</b>	<b>\$164.4</b>	<b>\$84.7</b>	<b>\$82.3</b>	<b>\$402.9</b>

\*A definition of Revenue Backlog is included in the supplemental financial and operational data sheet available on our investor relations webpage at [ir.avid.com](http://ir.avid.com).