2022 Avid Investor Day

FINANCIAL STRATEGY & DIRECTION

KEN GAYRON
Chief Financial Officer

BUILDING PROFITABLE GROWTH

Rapidly expanding subscription and maintenance revenue

Improving margins and Free Cash Flow while investing for growth

Long-term model intact with accretive capital allocation priorities

DELIVERED OUR 2021 TARGETS AND REMAIN ON-TRACK WITH 5-YEAR MODEL

2021 Revenue	2021 Subscription and Maintenance Revenue	2021 Adjusted EBITDA	2021 Non-GAAP EPS	2021 Free Cash Flow
$410M Actual vs. $382-$402M Range	$231M Actual vs. $217-$225M Range	$75.5M Actual vs. $69M-$79M Range	$1.25 Actual vs. $1.05-$1.27 Range	$56M Actual vs. $47M-$55M Range
EXCEEDED guidance	**EXCEEDED** guidance	**MIDPOINT** of guidance	**HIGH-END** of guidance	**EXCEEDED** guidance

GOALS AND PROGRESS

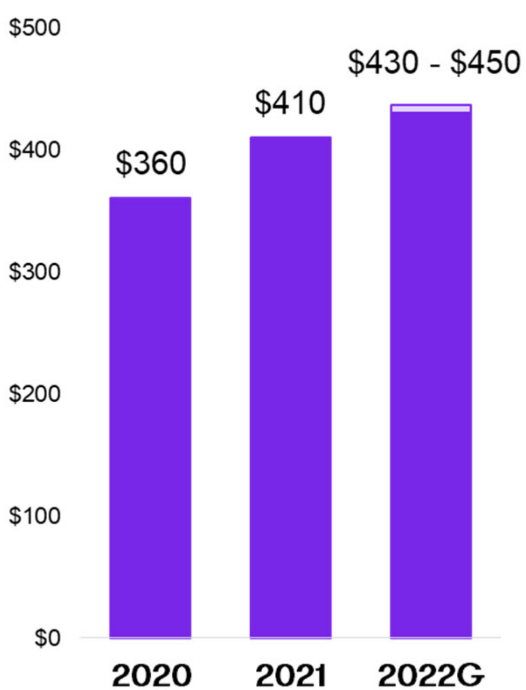
- Key technology investments drive favorable software and subscription growth
- New enterprise subscription model drives second stage of profitable growth
- Investment in customer success management enhances customer satisfaction and retention
- Efficient go-to-market model creates valuable and profitable relationships with customers
- Continued focus on managing costs and improving business processes yields strong profitability & Free Cash Flow

STRONG MOMENTUM IN KEY METRICS

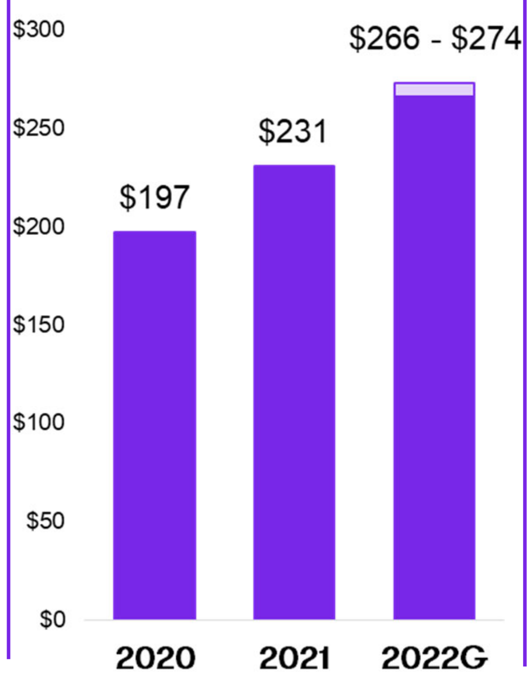
Strong overall growth and rapidly expanding subscription revenue drives significant improvement in profitability metrics

($M, except for per share)
CAGR % represents 2020 to the midpoint of 2022G

Total Revenue
CAGR 10.5%



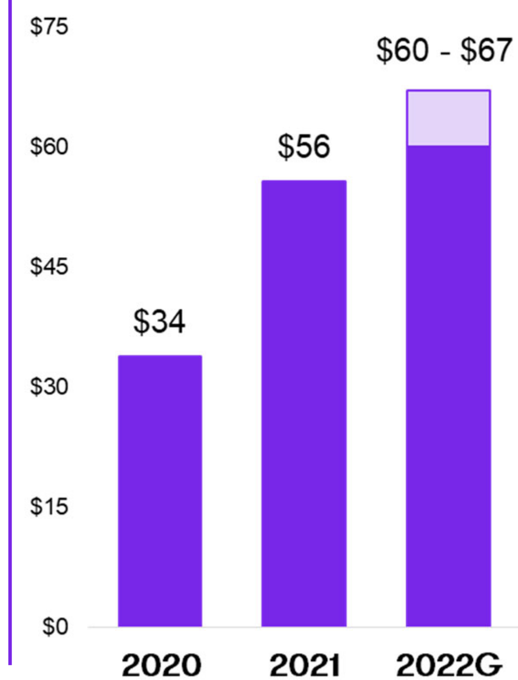
Subscription & Maintenance Revenue
CAGR 17.1%



Adjusted EBITDA
CAGR 22.8%

Non-GAAP Net Income per Share
CAGR 49.6%

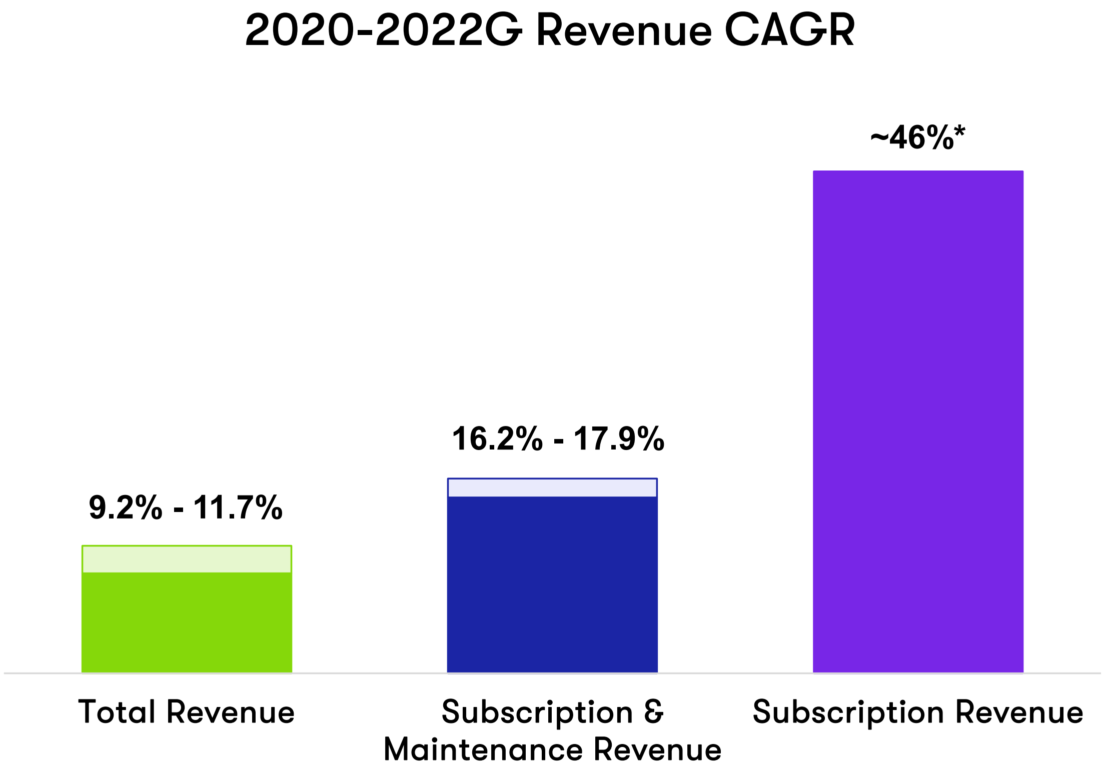
Free Cash Flow
CAGR 36.9%

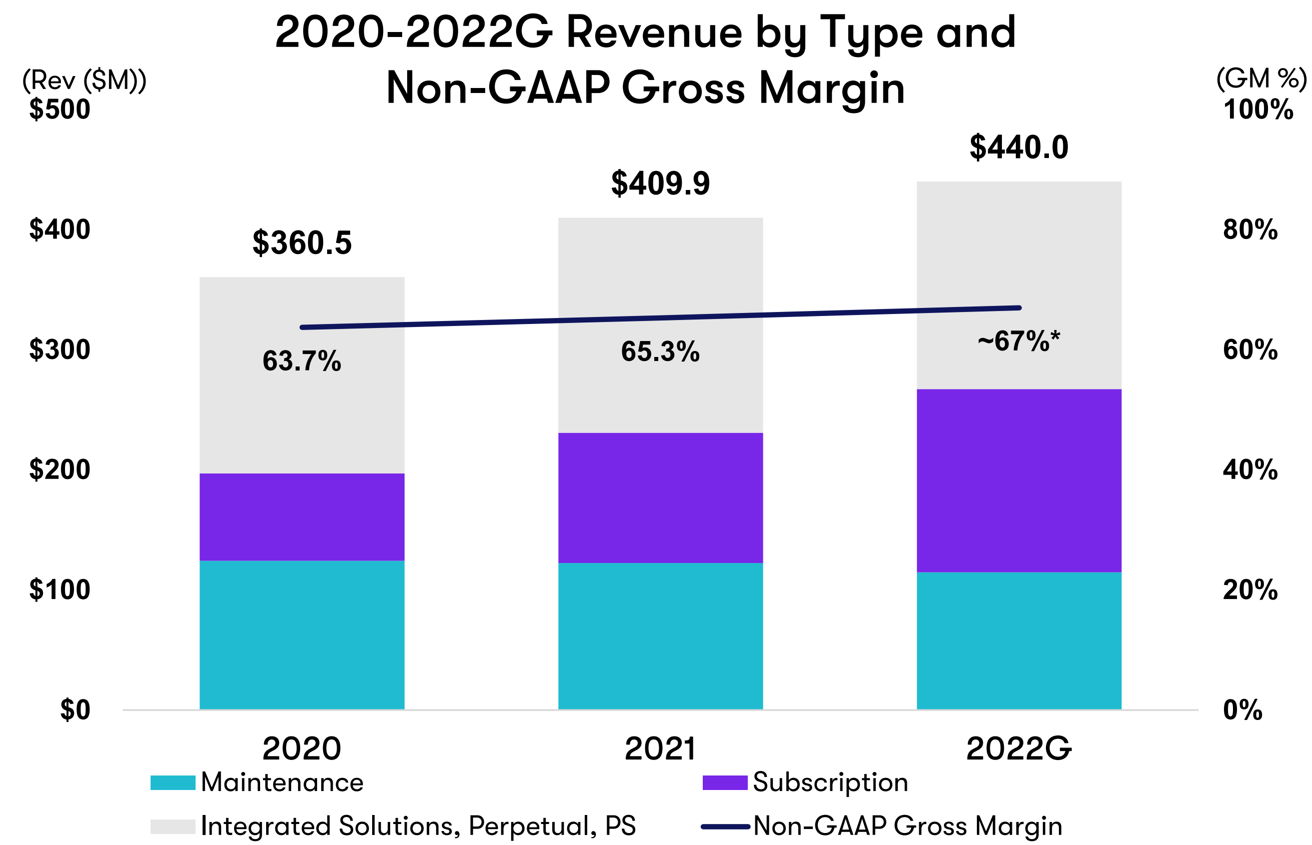


2022G = 2022 guidance range. See Appendix for non-GAAP reconciliations

Notes: 1. In January 2021, Avid refinanced its bank debt in order to decrease total debt outstanding, significantly reduce cost of debt, extend maturities, and provide additional financial flexibility and liquidity. In addition, the refinancing provided a significant interest rate reduction and therefore reduction in annual interest expense

SUBSCRIPTION & MAINTENANCE GAINING MOMENTUM

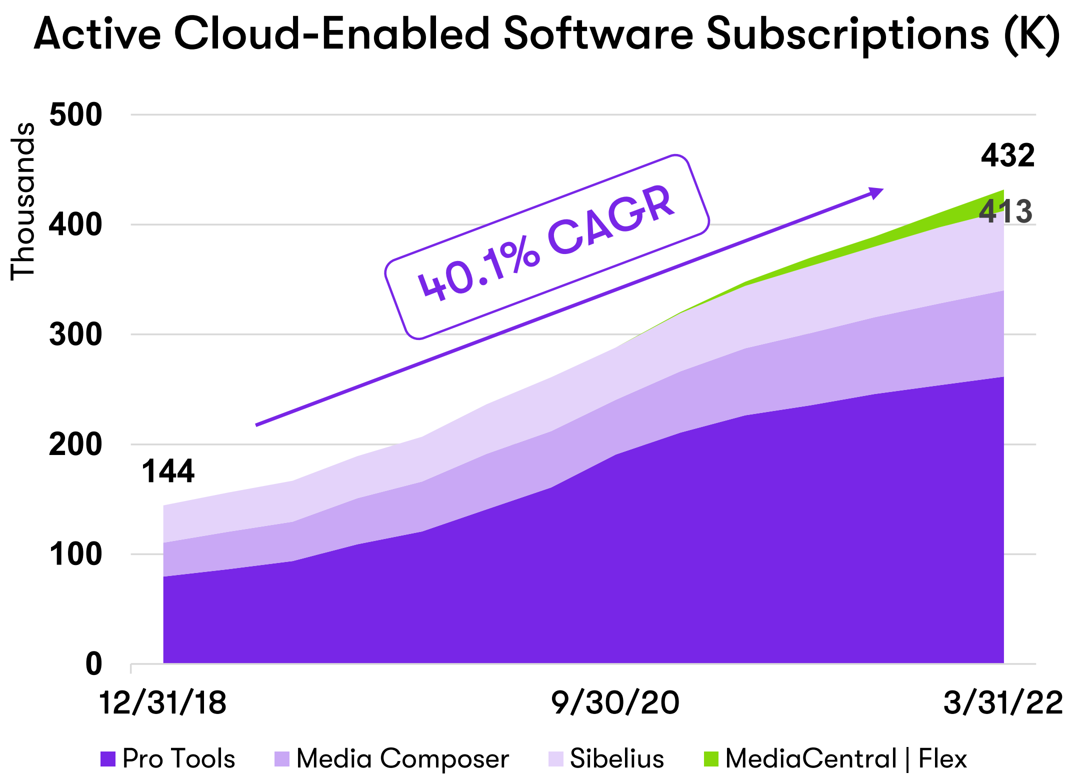


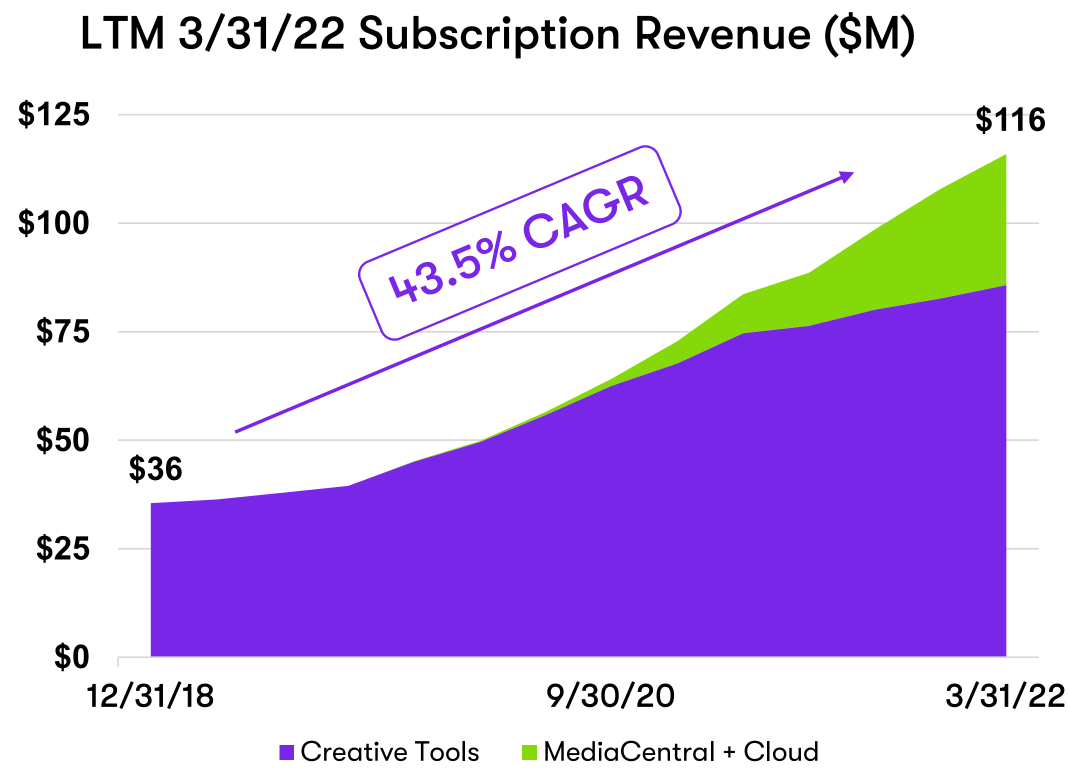


Rapidly expanding subscription business continues to drive consistent growth of our Recurring Revenue % and overall gross profit margin

Notes: 2022G Revenue shown is mid-point of 2022 Revenue guidance. *2022 Subscription Revenue and 2022 Non-GAAP Gross Margin are per forecast

ENTERPRISE SUBSCRIPTION IS DRIVING SECOND STAGE OF GROWTH



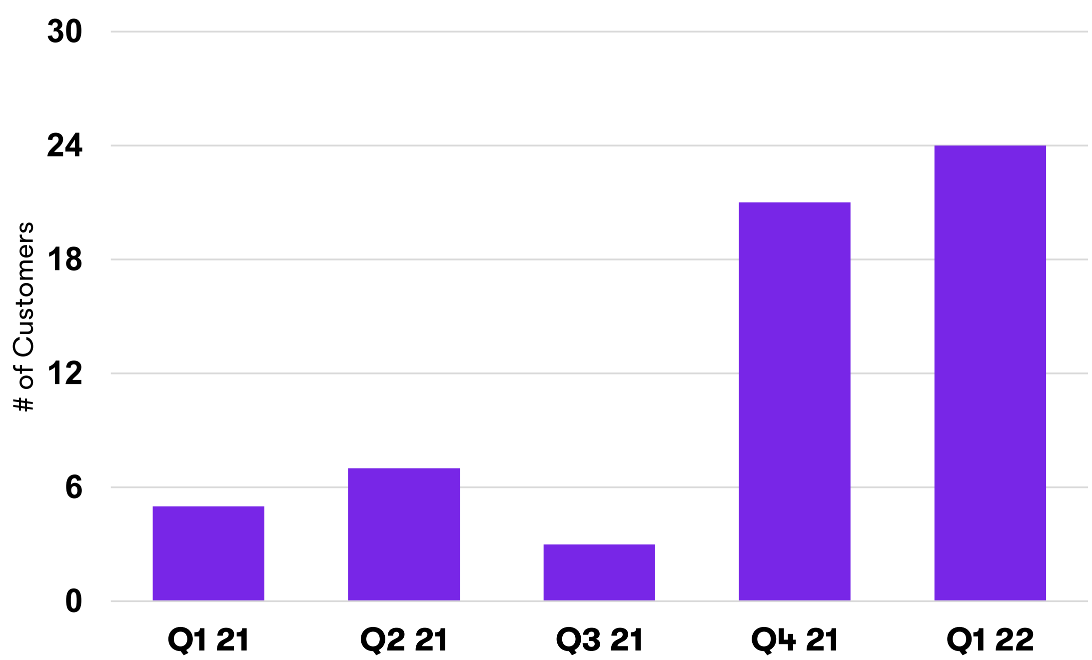


Creative subscriptions were the bulk of the growth through 2020 (413k at 03/31/22)
Recently launched MediaCentral enterprise subscriptions remain the next stage of growth (19k at 03/31/22)
MediaCentral enterprise subscriptions benefit from higher pricing per driving favorable growth

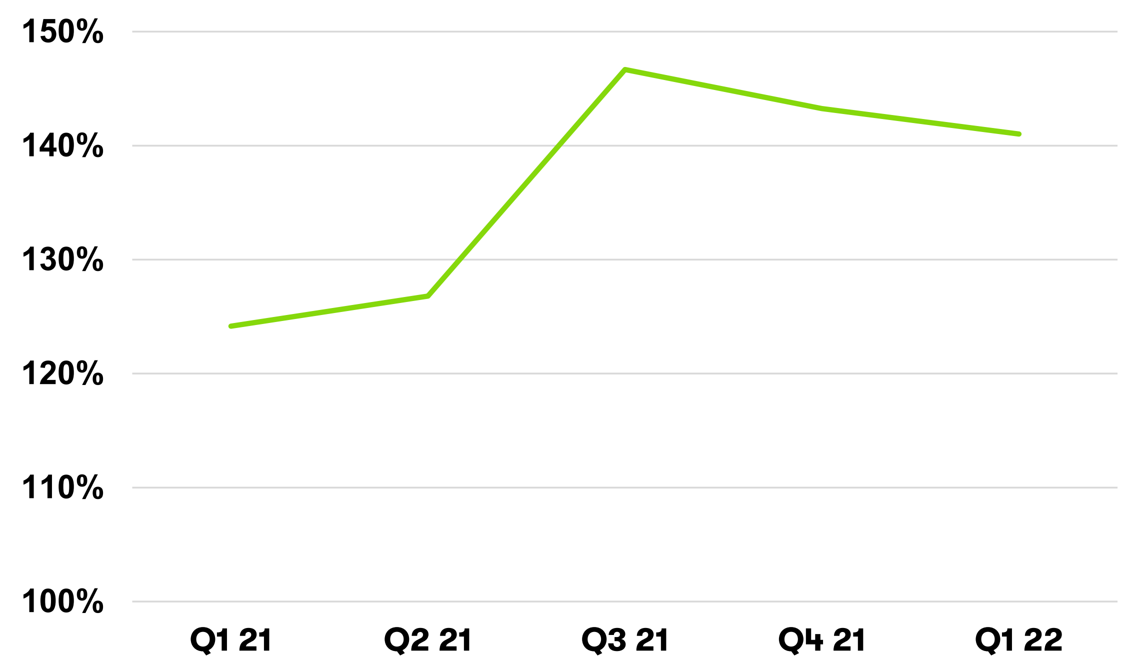
Note: Starting in the third quarter of 2021, reported subscriptions counts were revised to more correctly show multi-seat subscriptions, which added between 19k – 23k to previously reported totals for Q3'20 – Q3'21; 19k added to each quarter prior to Q3'20 for comparison

MOVE TO ENTERPRISE SUBSCRIPTION DRIVES FAVORABLE ECONOMICS

Maintenance Customer Conversion Trend



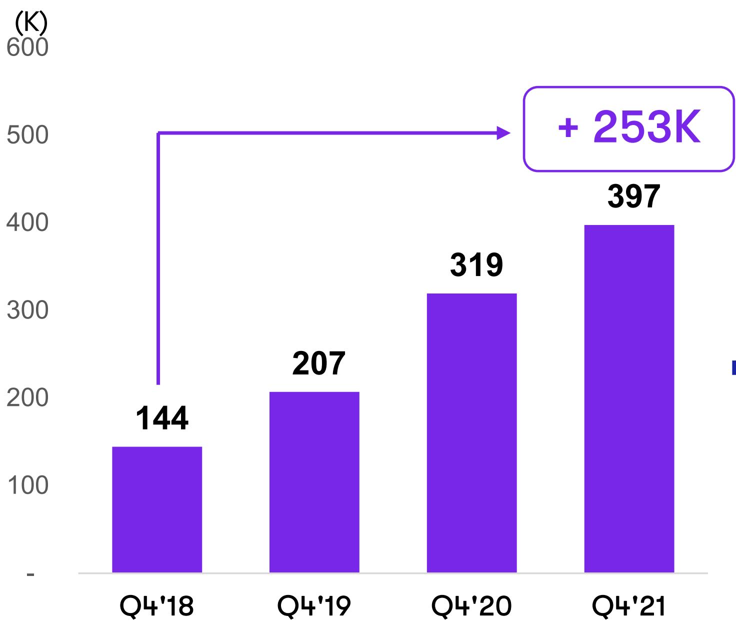
Cumulative Uplift in Annual Value on Conversion



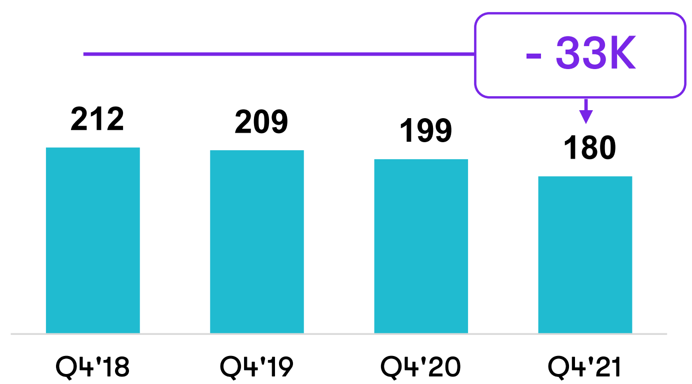
Notes: A. New deals and subscription to subscription deals excluded from the calculation;
B. Includes maintenance conversions only; new deals and subscription renewals have been excluded from the calculations

CREATIVE SUBSCRIPTIONS & ACTIVE MAINTENANCE CONTRACTS

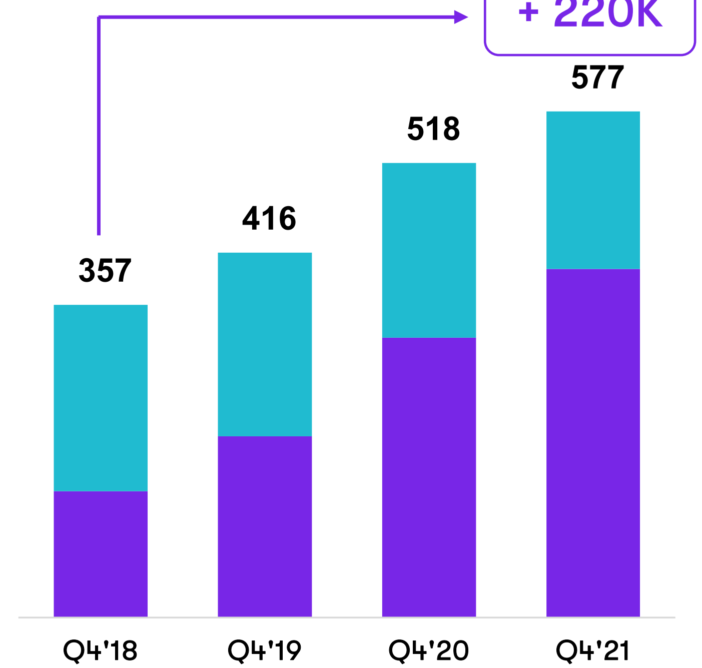
Creative Subscriptions
+40% CAGR



Active Maintenance Contracts
(5%) CAGR



Creative Subscriptions & Active Maintenance Contracts
+17% CAGR

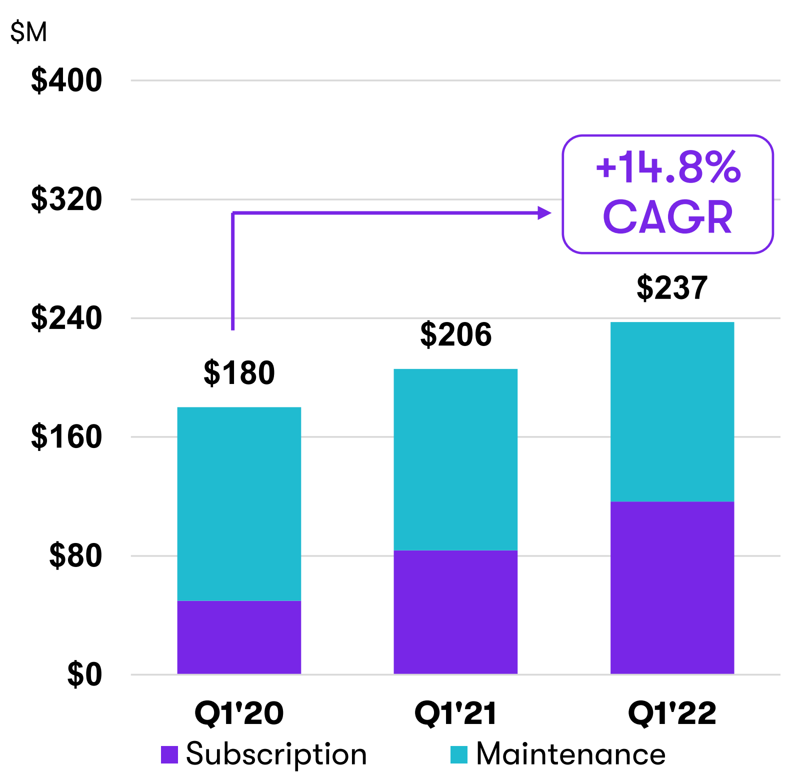


Strong creative subscription net adds of 253k in the past 3 years
7.7:1 ratio of creative subscription net adds to maintenance contract reductions

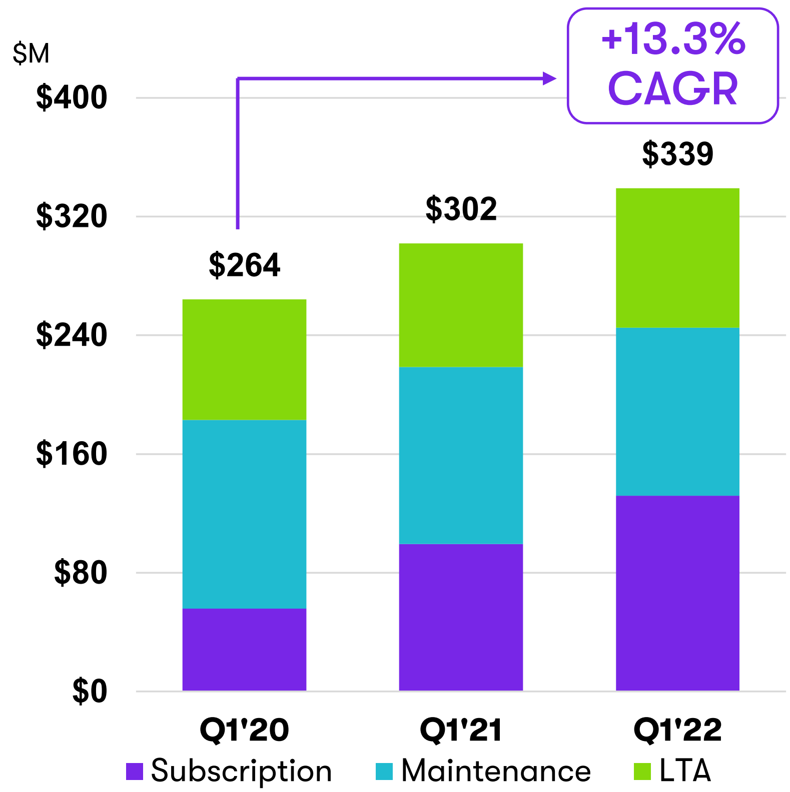
Note: Starting in the third quarter of 2021, reported subscriptions counts were revised to more correctly show multi-seat subscriptions, which added between 19k – 23k to previously reported totals for Q3'20 – Q3'21; 19k added to each quarter prior to Q3'20 for comparison

GROWING SUBSCRIPTION + MAINTENANCE REVENUE DRIVING RECURRING REVENUE

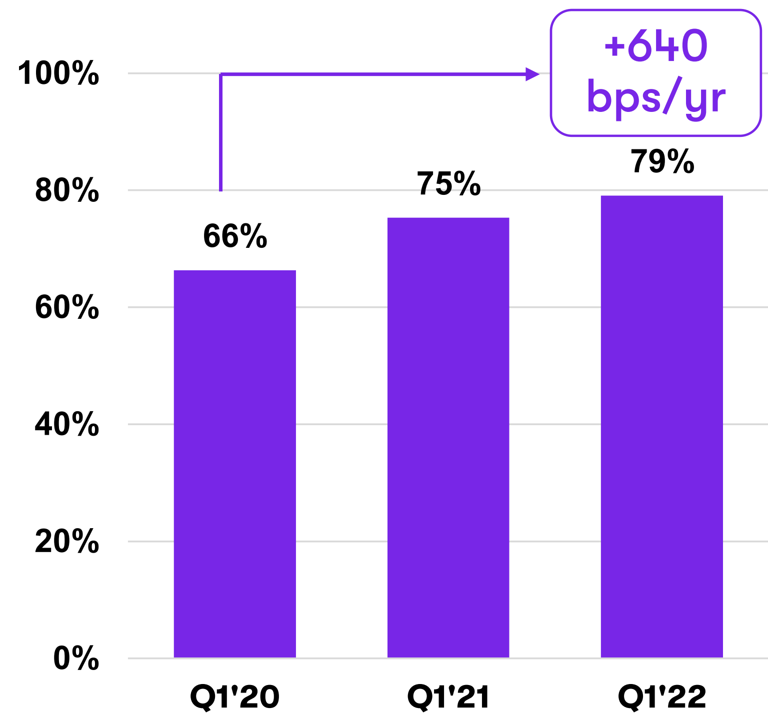
LTM Subscription + Maintenance Revenue



Annual Contract Value



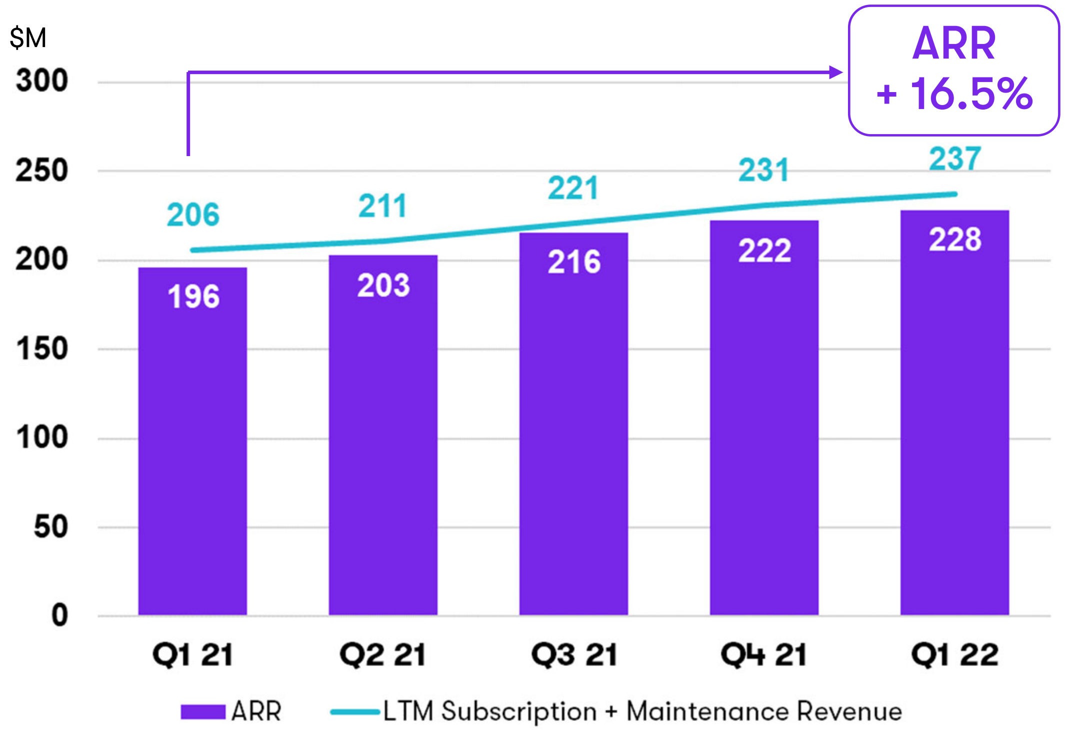
LTM Recurring Revenue %



Note: CAGR % represents 2020 to the midpoint of 2022G

ANNUAL RECURRING REVENUE (ARR)

ARR and LTM Subscription & Maintenance Revenue



We expect ARR will converge with Revenue over time

- We are introducing ARR in our reporting to provide an additional metric for investors that helps eliminate the unevenness caused by revenue recognition under ASC 606
- Every dollar of ARR generates a dollar of Revenue, so over the term of every subscription, ARR converges with revenue
- ASC 606 impacts the timing of subscription revenue recognition and can cause some unevenness as roughly 70%-80% of the booking value of the subscription is recognized in the quarter it is delivered with the remaining portion over the term of the subscription
- The overall YoY growth in ARR of 16.5% is in line with the growth in LTM subscription and maintenance revenue

See appendix for definition of Annual Recurring Revenue

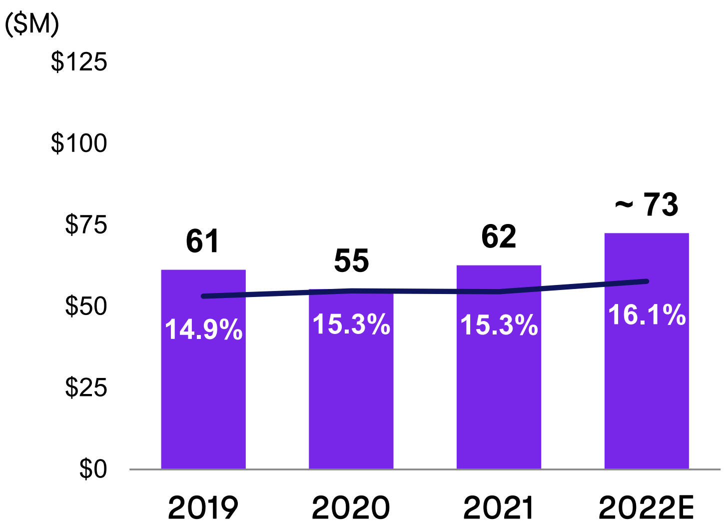
DIGITAL TRANSFORMATION INITIATIVE

FY22-FY24 investment of $25M
FY21 investment was $9.0M, bringing total planned investment to $35M

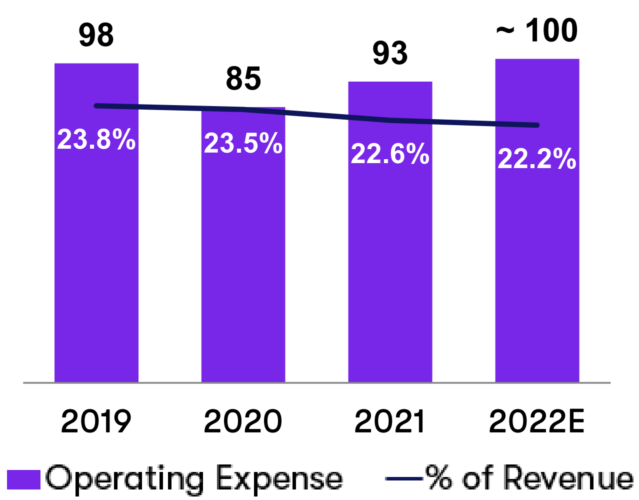
Compelling Digital Solutions	**Visionary, Innovative & Open** Cloud & Mobile ◆ Unified UX/UI ◆ Empower Collaboration ◆ Solve Problems
Modern Business Models	**Flexible, Adaptable, Subscription & SaaS Enabled** Enhance Value to Customers ◆ Increase Enterprise Value of Avid
Superior Customer Experience	**Customer-Centric, Customer Success Focused** Frictionless ◆ Transparent ◆ Digital First ◆ Omnichannel ◆ Metric Driven
More Efficient Operations	**Modernized, Digital Inside & Out** Digitally Transformed Operations ◆ Faster Clock-speed ◆ Lower Costs

OPERATING EXPENSE EFFICIENCY

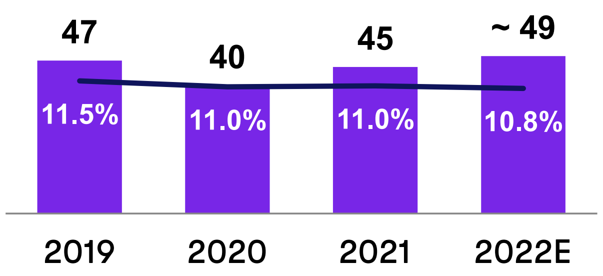
Research & Development
(Non-GAAP)



Sales & Marketing
(Non-GAAP)



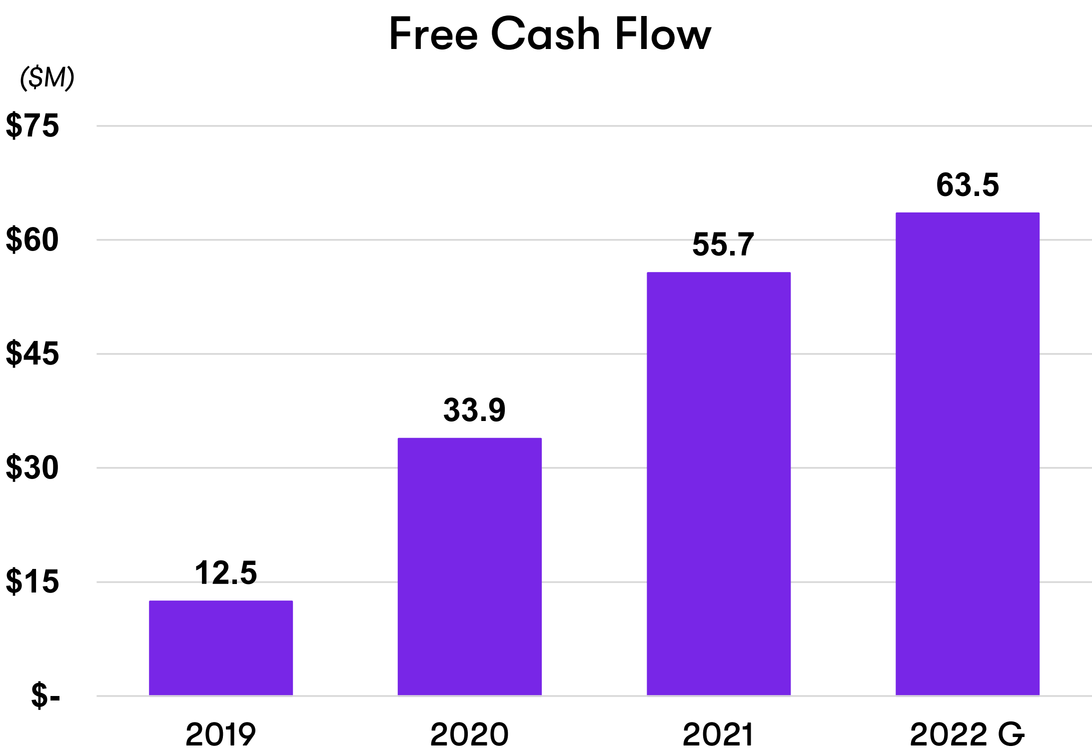
General & Administrative
(Non-GAAP)

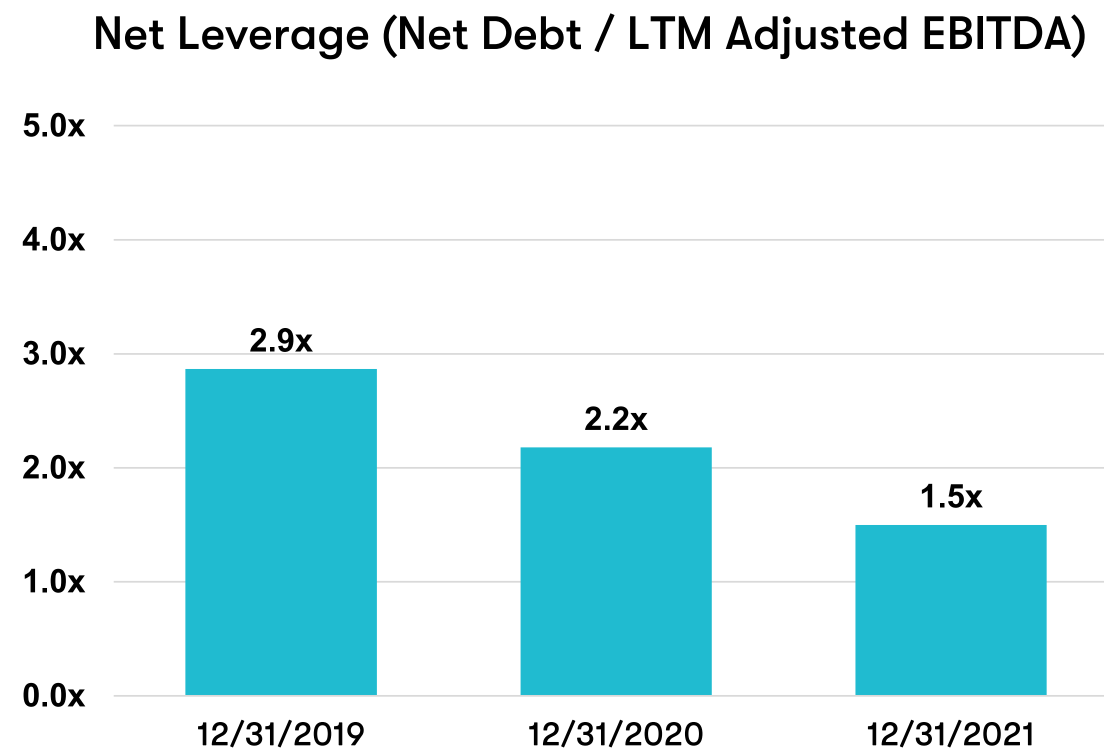


2022E = 2022 estimate consistent with the guidance range.
See Appendix for non-GAAP reconciliations

FREE CASH FLOW & LEVERAGE

Growth in Free Cash Flow contributing to continued reduction in leverage





Provides significant opportunity for enhancing shareholder value through prudent capital allocations. We believe that repurchasing shares remains a good use of capital to enhance shareholder returns given the confidence we have in our long-term business model

Note: Net Leverage 2022E assumes midpoint of 2022 guidance for Free Cash Flow and Adjusted EBITDA

Q2 2022 AND FULL YEAR 2022 GUIDANCE*

($M, except per share)	Q2 2022 Low	Q2 2022 High	Full-Year 2022 Low	Full-Year 2022 High
Revenue	$92	$104	$430	$450
Subscription & Maintenance Revenue	$60	$64	$266	$274
Non-GAAP Earnings per Share (1)	$0.19	$0.32	$1.40	$1.51
Adjusted EBITDA	$13.5	$19.5	$84	$94
Free Cash Flow			$60	$67

* As indicated during Q1 2022 Earnings Conference Call on May 4, 2022
(1) Assumes 45.5M shares for Q2 2022 and 46.2M shares for FY 2022.

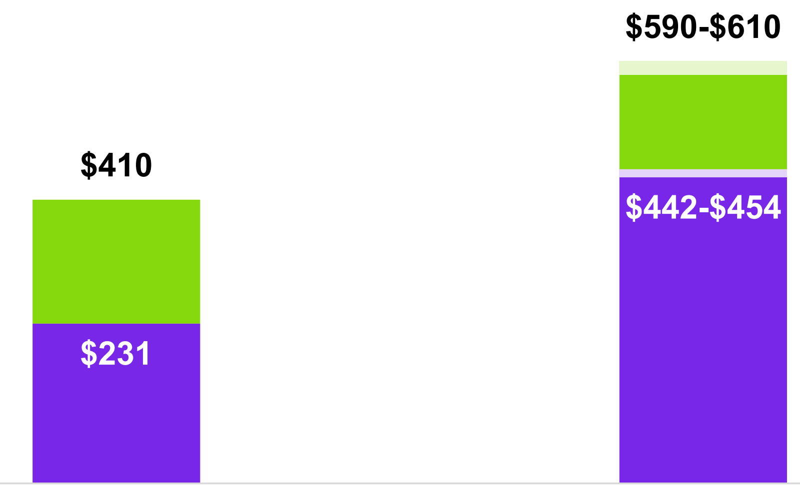
MULTIPLE DRIVERS OF SUBSCRIPTION GROWTH

	Market opportunity	Avid current results	Avid future expected path
Creative Market	40M+ total Avid creative user opportunity	413K+ creative tools users growing at a 27% CAGR (Q1 2020-Q1 2022)	Expect similar creative tools growth driven by continued product innovation, selective price increases, and optimizing digital marketing and eCommerce portal
Enterprise Growth	Media enterprises embracing subscription models	65 subscription conversions for $11M annual value at 1.4x average uplift, since Q3'20	Thousands of total enterprise customers with current maintenance annual value of >$100M that we plan to higher value subscription models
SaaS & Cloud Growth	Media enterprises at early stage of SaaS and cloud, but accelerating	Signed multi-million $ agreements at attractive economics with a few lead customers that are leading industry towards cloud & SaaS	Avid strong product innovations, customer relationships and partnership with leading cloud providers will enable significant growth with current and existing cloud customers

Note: Starting in the third quarter of 2021, reported subscriptions counts were revised to more correctly show multi-seat subscriptions, which added between 19k – 23k to previously reported totals for Q3'20 – Q3'21; 19k added to each quarter prior to Q3'20 for comparison

2025 LONG-TERM MODEL – CLEAR PATH TO GROWTH

Path to $600M revenue in 2025



($M)	2021	CAGR	2025E
Creative	$83	25.2%	$194-$214
Enterprise	$18	68.8%	$136-$156
Cloud/SaaS	$7	49.5%	$25-$45
Subscription Total	**$108**	**37.4%**	**$375-$395**
Maintenance	**$122**	**(14.9%)**	**$54-$74**
Integrated Solutions and Other	**$179**	**(4.8%)**	**$142-$162**
Total Revenue	**$410**	**10.0%**	**$590-$610**

Total Revenue Subscription & Maintenance Revenue

- Multiple avenues to drive continued strong subscription growth
- Growth in creative tools products: Pro Tools, Media Composer and Sibelius
- Continued growth in MediaCentral enterprise subscription
- New enterprise subscription products
- Further adoption of cloud/SaaS
- Hardware maintenance to continue to drive solid profit
- Healthy audio Integrated Solutions and PS, with other Integrated Solutions impacted by move to subscription

($M, except for per share)
CAGR % represents 2021 to the midpoint of 2025E

COMPARISON OF MODEL ASSUMPTIONS

Key Metric	2021 5-Year Plan Assumption	2022 5-Year Plan Assumption	Trend
Revenue Growth	High single digit in 2022 with incremental improvement through 2025 with Recurring Revenue % in mid 70% range in 2022 improving to low 80's in 2025	High single digit in 2023 with incremental improvement through 2025 with Recurring Revenue % in low 80% range in 2023 improving to mid 80's in 2025	↗
Subscription & Maintenance Growth	High teens growth in 2022 through 2025 with subscription revenue growing to 60%+ of total revenue in 2025	High teens growth in 2023 through 2025 with subscription revenue growing to mid 60%+ of total revenue in 2025	↗
Non-GAAP Gross Margin %	Mid 60% range in 2022, approaching 69% to 70% by 2025	Mid to high 60% range in 2023 approaching 70% to 71% by 2025	↗
OPEX % of Revenue	High 40's range in 2022 with incremental improvement through 2025	High 40's range in 2023 with incremental improvement through 2025	→
Adj. EBITDA % of Revenue	High teens/low 20's in 2022 improving to mid to high 20's in 2025	Low 20's in 2023 improving to mid to high 20's in 2025	↗
EBITDA to FCF Conversion	Mid 70%'s in 2022 improving to low/mid 80%'s in 2025	Mid 70%'s in 2023 improving to low/mid 80%'s in 2025	→
Free Cash Flow	Mid $60M's in 2022 improving to mid $130M's in 2025	High $70's in 2023 improving to high $130M's in 2025	↗
CapEx	$M high teens; 2.5% to 4.5% of revenue Investments to scale subscription/SaaS, CapEx to be higher in 2022-23	$M high teens; 2.5% to 4.5% of revenue Investments to scale subscription/SaaS, CapEx to be higher in 2022-23	→
Non-GAAP & Cash Taxes	Cash tax rate not to exceed 8% due to NOLs	Cash tax rate not to exceed 5% due to NOLs	↗

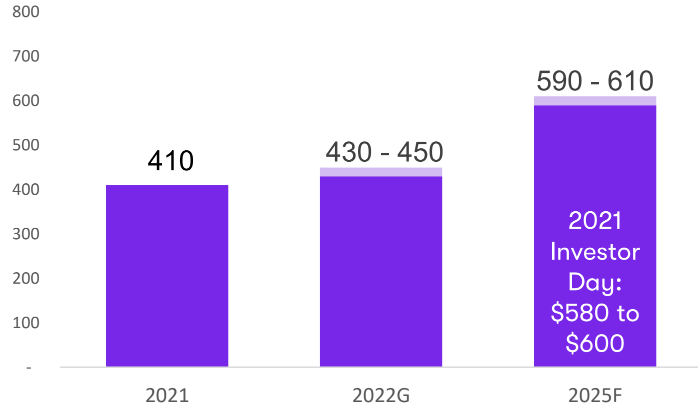
Avid expects to become a Rule of 40 company based on Revenue growth and EBITDA Margin exiting 2025

TAX ASSETS AND EFFECTIVE TAX RATE

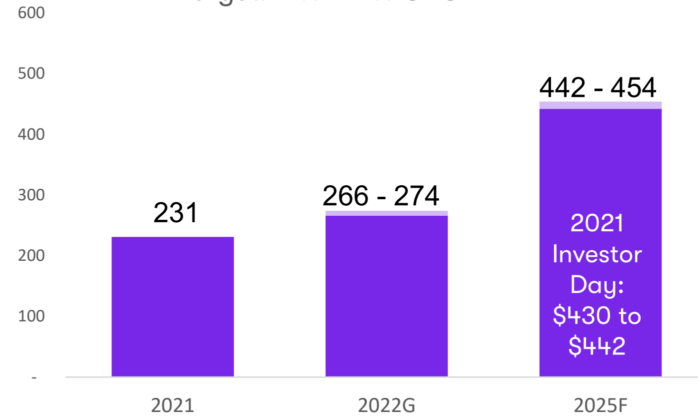
TAX CONSIDERATIONS	
Value of our US net operating loss carryforward (NOLCF)	$705M
US cash tax savings from NOLCF at current federal and state tax rate of 25%	$175M
Net present value of the NOLCF and per share impact	~$110M $2-$2.50/share
Effective cash tax rate in long-term model	<5% through 2025+

KEY LONG-TERM MODEL TARGETS

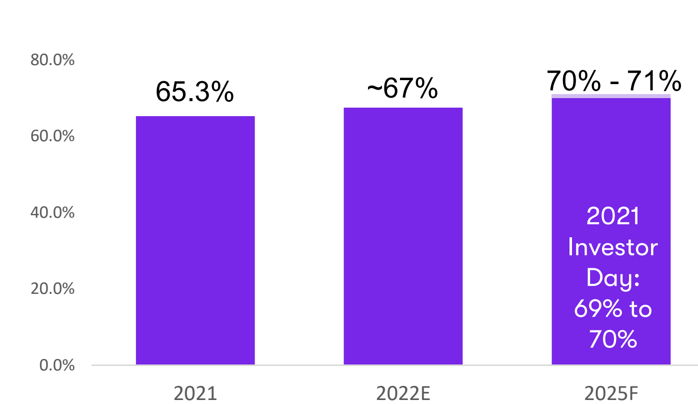
Revenue
Target: 9% - 11% CAGR



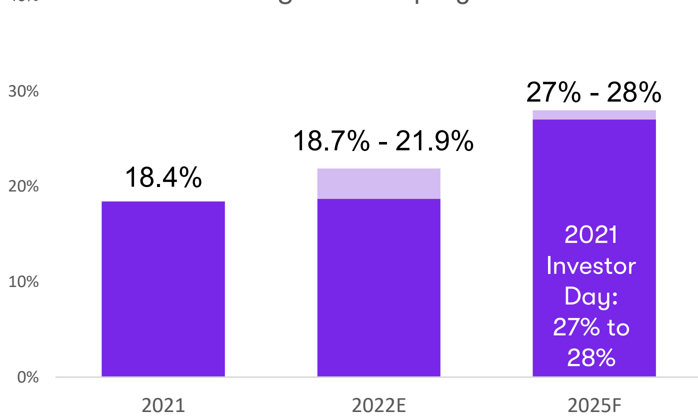
Subscription & Maintenance Revenue
Target: 17% - 19% CAGR



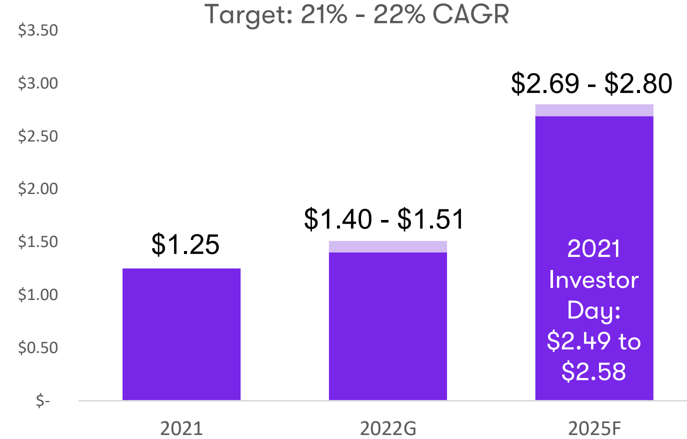
Non-GAAP Gross Margin %
Target: +143 bps/yr



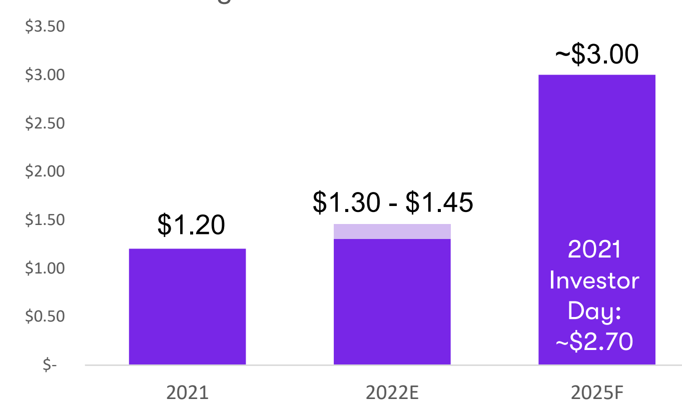
Adjusted EBITDA%
Target: +215 bps/yr



Non-GAAP EPS
Target: 21% - 22% CAGR



Free Cash Flow per Share
Target: 25% - 26% CAGR



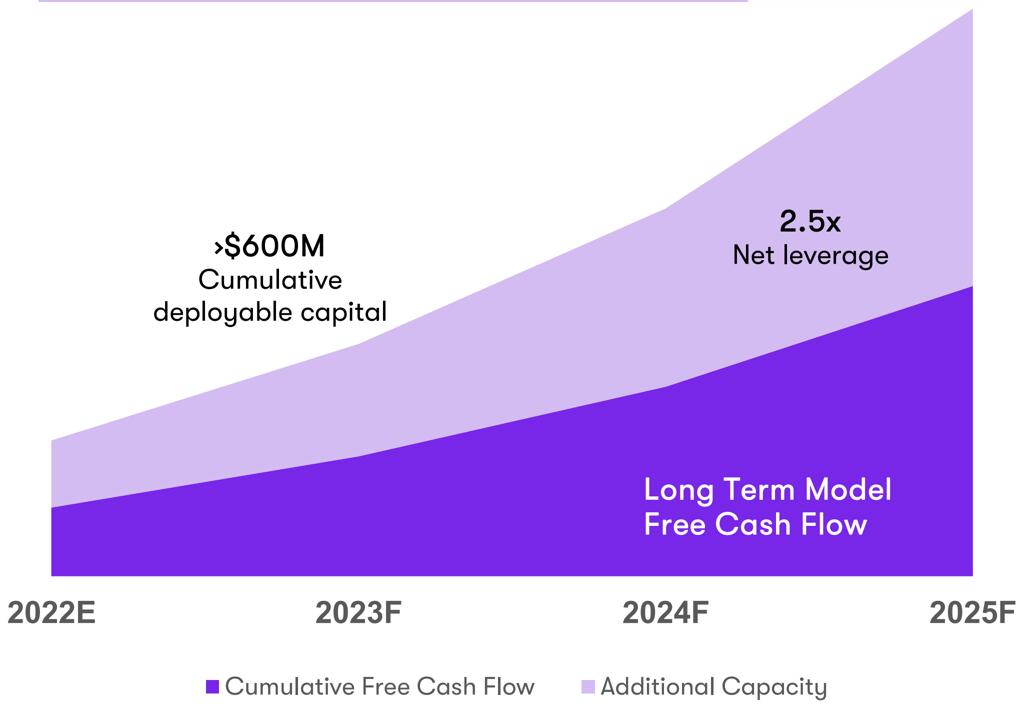
Avid expects to become a Rule of 40 company based on Revenue growth and EBITDA Margin exiting 2025

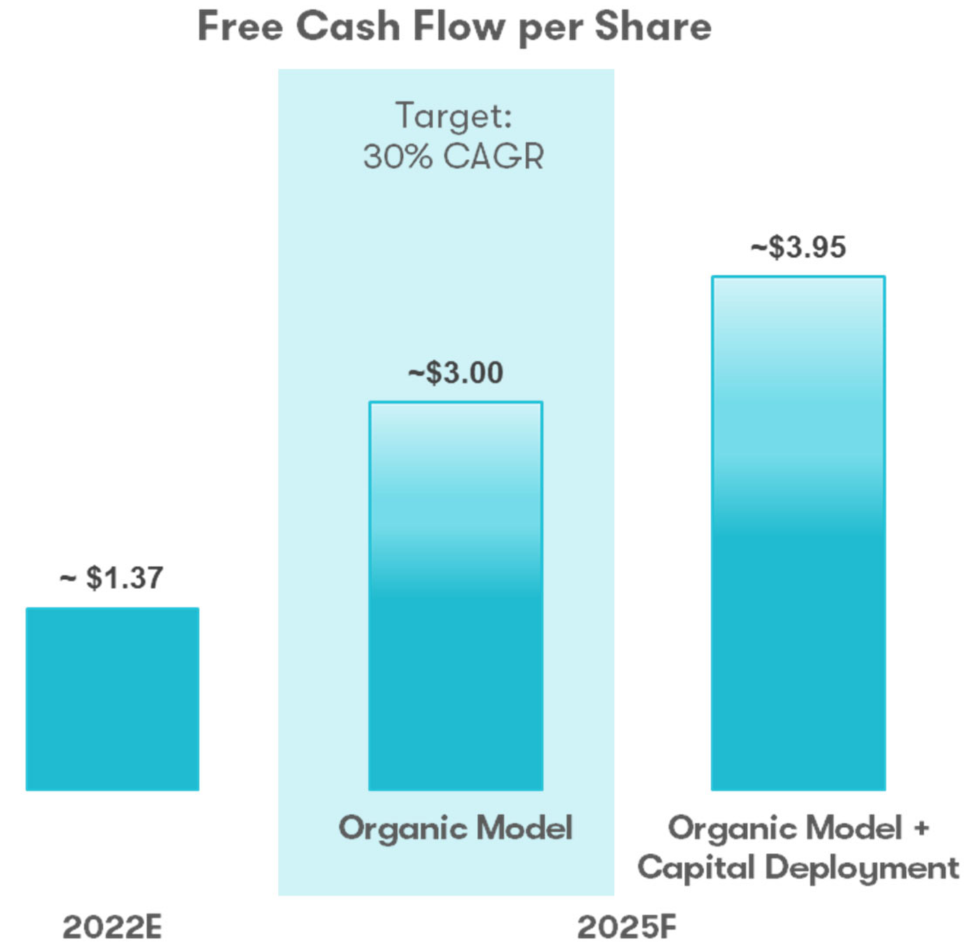
CAGR % represents 2021 to the midpoint of 2025F. 2022G = 2021 Guidance; 2022E = 2022 estimate consistent with guidance. We do not consider our four-year operating model for 2022F through 2025F to be financial guidance, and we do not intend to provide any updates with respect to such outlook. Additional capital deployment could drive incremental Non-GAAP Earnings Per Share of ~$0.75 and Free Cash Flow per share of ~$0.95 in 2025F.

CAPITAL DEPLOYMENT IN ACTION

Deployment Priorities to Build Shareholder Return

- Organic reinvestment
- Maintain responsible leverage
- Strategic, accretive M&A
- Consider share repurchases





2022E = 2022 estimate consistent with guidance. We do not consider our operating model for 2023F through 2025F to be financial guidance, and we do not intend to provide any updates with respect to such outlook.

2022 Avid Investor Day

Q&A

EXECUTIVE TEAM

USE “ASK A QUESTION” ON WEBCAST

2022 Avid Investor Day

WRAP UP

JEFF ROSICA
Chief Executive Officer

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**





2022 Avid Investor Day

THANK YOU FOR JOINING US

POWERING
GREATER
CREATORS

RECONCILIATION OF NON-GAAP MEASURES

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

	Three Months Ended March 31,		Year Ended December 31,			Last Twelve Months (LTM)	
	2022	2021	2021	2020	2019	Q1 2022	Q1 2021
GAAP revenue	$ 100,649	$ 94,364	$ 409,944	$ 360,466	$ 411,788	$ 416,229	$ 368,377
Non-GAAP Gross Profit							
GAAP gross profit	66,764	61,416	265,804	228,320	249,075	271,152	236,585
Amortization of intangible assets	-	-	-	-	3,738	-	-
Stock-based compensation	426	440	1,361	1,339	617	1,347	1,579
Non-GAAP Gross Profit	$ 67,190	$ 61,856	$ 267,165	$ 229,659	$ 253,430	$ 272,499	$ 238,164
GAAP Gross Margin	66.3%	65.1%	64.8%	63.3%	60.5%	65.1%	64.2%
Non-GAAP Gross Margin	66.8%	65.6%	65.2%	63.7%	61.5%	65.5%	64.7%
Non-GAAP Operating Expenses							
GAAP operating expenses	53,489	50,870	219,541	196,753	216,972	222,160	194,020
Less Amortization of intangible assets	(58)	(105)	(283)	(411)	(695)	(236)	(420)
Less Stock-based compensation	(2,996)	(2,977)	(9,704)	(9,325)	(7,341)	(9,723)	(10,393)
Less Restructuring costs, net	(15)	(1,074)	(42)	(5,046)	(631)	1,017	(5,975)
Less Restatement costs	-	-	-	-	18	-	-
Less Acquisition, integration and other costs	(459)	(369)	(2,699)	(832)	(1,446)	(2,789)	(1,384)
Less Efficiency program costs	-	(48)	-	(1,331)	(250)	48	(1,248)
Less Digital Transformation costs	(243)	-	(1,836)	-	-	(2,079)	-
Less COVID-19 related expenses	-	(2)	(20)	(278)	-	(18)	(94)
Non-GAAP Operating Expenses	$ 49,718	$ 46,295	$ 204,957	$ 179,530	$ 206,627	$ 208,380	$ 174,506
GAAP Operating Expense Margin	53.1%	53.9%	53.6%	54.6%	52.7%	53.4%	52.7%
Non-GAAP Operating Expense Margin	49.4%	49.1%	50.0%	49.8%	50.2%	50.1%	47.4%

Non-GAAP R&D, S&M and G&A expenses exclude same items as Non-GAAP Operating Expenses

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 MEASURES

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

	Three Months Ended March 31,		Year Ended December 31,			Last Twelve Months (LTM)	
	2022	2021	2021	2020	2019	Q1 2022	Q1 2021
Non-GAAP Operating Income and Adjusted EBITDA							
GAAP net income (loss)	10,586	4,391	41,388	11,062	7,601	47,583	21,310
Interest and other expense	1,563	5,673	2,308	19,133	29,578	(1,802)	19,523
Provision for income taxes	1,126	482	2,567	1,372	(5,076)	3,211	1,732
GAAP operating income (loss)	13,275	10,546	46,263	31,567	32,103	48,992	42,565
Amortization of intangible assets	58	105	283	411	4,433	236	420
Stock-based compensation	3,422	3,417	11,065	10,664	7,958	11,070	11,972
Restructuring costs, net	15	1,074	42	5,046	631	(1,017)	5,975
Restatement costs	-	-	-	-	(18)	-	-
Acquisition, integration and other costs	459	369	2,699	832	1,446	2,789	1,384
Efficiency program costs	-	48	-	1,331	250	(48)	1,248
Digital Transformation costs	243	-	1,836	-	-	2,079	-
COVID-19 related expenses	-	2	20	278	-	18	94
Non-GAAP Operating Income	$ 17,472	$ 15,561	$ 62,208	$ 50,129	$ 46,803	$ 64,119	$ 63,658
Depreciation	1,803	2,119	6,136	8,505	9,202	5,820	8,482
Adjusted EBITDA	$ 19,275	$ 17,680	$ 68,344	$ 58,634	$ 56,005	$ 69,939	$ 72,140
GAAP net income margin	10.5%	4.7%	10.1%	3.1%	1.8%	11.4%	5.8%
Adjusted EBITDA Margin	19.2%	18.7%	16.7%	16.3%	13.6%	16.8%	19.6%

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

RECONCILIATION OF LTM ADJUSTED EBITDA

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

	Three Months Ended March 31,		Year Ended December 31,			Last Twelve Months (LTM)	
	2022	2021	2021	2020	2019	Q1 2022	Q1 2021
Non-GAAP Net Income							
GAAP net income (loss)	10,586	4,391	41,388	11,062	7,601	47,583	21,310
Amortization of intangible assets	58	105	283	411	4,433	236	420
Stock-based compensation	3,422	3,417	11,065	10,664	7,958	11,070	11,972
Restructuring costs, net	15	1,074	42	5,046	631	(1,017)	5,975
Restatement costs	-	-	-	-	(18)	-	-
Acquisition, integration and other costs	459	369	2,699	832	1,446	2,789	1,384
Efficiency program costs	-	48	-	1,331	250	(48)	1,248
Digital Transformation costs	243	-	1,836	-	-	2,079	-
Gain on forgiveness of PPP Loan	-	-	(7,800)	-	-	(7,800)	-
COVID-19 related expenses	-	2	20	278	-	18	94
Loss on extinguishment of debt	-	3,748	-	-	7,371	(3,748)	3,741
Tax impact of non-GAAP adjustments	(3)	(149)	(233)	(496)	(7,493)	(87)	(635)
Non-GAAP Net Income (loss)	$ 14,780	$ 13,005	$ 49,300	$ 29,128	$ 22,179	$ 51,075	$ 45,509
Weighted-average common shares outstanding - basic	44,817	44,559	45,101	43,822	42,649	45,163	44,146
Weighted-average common shares outstanding - diluted	45,408	46,204	46,303	44,878	43,495	46,040	45,171
Non-GAAP Earnings Per Share - basic	$ 0.33	$ 0.29	$ 1.09	$ 0.66	$ 0.52	$ 1.13	$ 1.03
Non-GAAP Earnings Per Share - diluted	$ 0.33	$ 0.28	$ 1.06	$ 0.65	$ 0.51	$ 1.11	$ 1.01
Free Cash Flow							
GAAP net cash provided by (used in) operating activities	7,917	12,313	50,176	39,555	19,641	45,780	57,473
Capital expenditures	(3,244)	(1,254)	(5,565)	(5,692)	(7,185)	(7,555)	(5,467)
Free Cash Flow	$ 4,673	$ 11,059	$ 44,611	$ 33,863	$ 12,456	$ 38,225	$ 52,006
Free Cash Flow conversion of Adjusted EBITDA	24.2%	62.6%	65.3%	57.8%	22.2%	54.7%	72.1%

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 NET LEVERAGE

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

	Year Ended December 31,			
	2021	2020	2019	2018
Non-GAAP Operating Income and Adjusted EBITDA				
GAAP net income (loss)	**41,388**	**11,062**	**7,601**	**(10,674)**
Interest and other expense	2,308	19,133	29,578	23,087
Provision for income taxes	2,567	1,372	(5,076)	1,271
GAAP operating income (loss)	**46,263**	**31,567**	**32,103**	**13,684**
Amortization of intangible assets	388	411	4,433	9,250
Stock-based compensation	14,482	10,664	7,958	6,258
Restructuring costs, net	1,116	5,046	631	5,148
Restatement costs	-	-	(18)	826
Acquisition, integration and other costs	3,068	832	1,446	361
Efficiency program costs	48	1,331	250	94
Digital Transformation costs	1,836	-	-	
COVID-19 related expenses	22	278	-	-
Non-GAAP Operating Income	**$ 67,223**	**$ 50,129**	**$ 46,803**	**$ 35,621**
Depreciation	8,255	8,505	9,202	11,891
Adjusted EBITDA	**$ 75,478**	**$ 58,634**	**$ 56,005**	**$ 47,512**
Net Leverage				
Total debt	169,964	207,700	229,589	221,995
Cash and cash equivalents	56,818	79,899	69,085	56,103
Net debt	113,146	127,801	160,504	165,892
Adjusted EBITDA	75,478	58,634	56,005	47,512
Net Leverage (Net Debt / Adjusted EBITDA)	**1.5x**	**2.2x**	**2.9x**	**3.5x**

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.

ANNUAL RECURRING REVENUE

Total ARR (Annual Recurring Revenue) is an operating metric that represents the contracted value of all subscription, cloud and maintenance customer support agreements normalized to a one-year period. Total ARR includes only active contractually committed agreements and is the sum of Subscription ARR and Maintenance ARR.

Subscription ARR represents the contracted value of our term subscription offerings and our cloud offerings normalized to a one-year period. Subscription ARR is calculated at the end of a period as the sum of (1) the total contract value of each active term subscription agreement divided by the term of the agreement plus (2) the annualized value of active recurring cloud subscription and services agreements.

Maintenance ARR represents the contracted value of all term maintenance customer support agreements normalized to a one-year period. Maintenance ARR is calculated at the end of a period by dividing the total contract value of each active maintenance customer support agreement by the term of the agreement.

ARR should be viewed independently of U.S. GAAP revenue, deferred revenue and Revenue Backlog and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue.

ARR IMPACT FROM ASC 606

Four examples of deals

			Year 1				Year 2				Year 3				Total
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Example #1	1 year term subscription booking + 2 annual renewals, annual billing	Booking	$1,000				$1,000				$1,000				$3,000
		Billing	$1,000				$1,000				$1,000				$3,000
		Revenue	$700	$100	$100	$100	$700	$100	$100	$100	$700	$100	$100	$100	$3,000
		ARR	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Example #2	3 year term subscription booking, annual billing, with opt-out clause	Booking	$3,000												$3,000
		Billing	$1,000				$1,000				$1,000				$3,000
		Revenue	$700	$100	$100	$100	$700	$100	$100	$100	$700	$100	$100	$100	$3,000
		ARR	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Example #3	3 year term subscription booking, upfront billing, with no opt-out clause	Booking	$3,000												$3,000
		Billing	$3,000												$3,000
		Revenue	$1,900	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$100	$3,000
		ARR	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	
Example #4	3 year SaaS, even consumption, no burst, upfront billing	Booking	$1,000				$1,000				$1,000				$3,000
		Billing	$1,000				$1,000				$1,000				$3,000
		Revenue	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$250	$3,000
		ARR	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	$1,000	

DEFINITIONS OF OPERATIONAL METRICS

- 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.

- Annual Recurring Revenue (ARR) – see definition on page 118.

POWERING
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