

**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): August 2, 2022

**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) (Zip Code)

**978 640-3000**  
(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, \$0.01 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

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 August 2, 2022, Avid Technology, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended June 30, 2022 (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 Margin, Non-GAAP Operating Expenses, Non-GAAP Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin, Non-GAAP Net Income, Non-GAAP Earnings Per Share, and Free Cash Flow.

- Non-GAAP Gross Margin is defined as GAAP gross margin, excluding 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 M&A related activity, efficiency program, transformation costs and COVID-19 related costs.
- Non-GAAP Operating Income is defined as GAAP operating income excluding restructuring costs, stock-based compensation, amortization of intangible assets as well as other unusual items such as costs related to M&A related activity, efficiency program, transformation costs and COVID-19 related costs.
- Adjusted EBITDA is defined as Non-GAAP operating income excluding depreciation expense.
- Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by GAAP Net Revenues.
- Non-GAAP Net Income is defined as GAAP net income excluding restructuring costs, stock-based compensation, amortization of intangible assets, loss on extinguishment of debt, tax impact of Non-GAAP adjustments, as well as other unusual items such as costs related to M&A related activity, efficiency program, transformation costs and COVID-19 related costs.
- Non-GAAP Earnings Per Share is defined as Non-GAAP Net Income 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 estimated Adjusted EBITDA, Non-GAAP Earnings Per Share and Free Cash Flow for future periods. 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 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 or references the operational metrics of Cloud-enabled software subscriptions, Recurring Revenue, LTM Recurring Revenue %, Annual Recurring Revenue, Annual Contract Value and Revenue Backlog. Definitions of these operational metrics appear below and are also included in the supplemental financial and operational data sheet available on our investor relations webpage at [ir.avid.com](http://ir.avid.com).

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- 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.
- Recurring Revenue is defined as the sum without duplication 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 Recurring Revenue (ARR) 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.
- 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 August 2, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**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.

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

Date: August 2, 2022

By: /s/ Kenneth Gayron  
Name: Kenneth Gayron  
Title: Executive Vice President and Chief Financial Officer

## **Avid Technology Announces Q2 2022 Results**

**Subscription Revenue of \$34.1M, an Increase of 58.7% Year-Over-Year, Driven by Increase of Cloud-Enabled Software Subscriptions to Over 450,300**

**Annual Recurring Revenue of \$231.0M, an Increase of 14.1% Year-Over-Year**

**Net Income per Common Share of \$0.16 and Non-GAAP Earnings per Share of \$0.26, an Increase of 4.0% Year-Over-Year**

BURLINGTON, Mass., August 2, 2022 -- Avid® (NASDAQ: AVID), a leading technology provider that powers the media and entertainment industry, today announced its financial results for the second quarter of 2022, which ended on June 30, 2022.

Total revenue increased 3.0% year-over-year in the second quarter, led by strong subscription growth, offset by continuing macro supply chain challenges that impacted the Company's ability to ship a significant amount of the orders received for integrated solutions during the first half of 2022. During the second quarter, the recurring components of the Company's business remained strong with subscription revenue of \$34.1 million, up 58.7% year-over-year, and subscription & maintenance revenue of \$61.9 million, up 19.2% year-over-year.

The revenue growth, combined with improved gross margin, resulted in Non-GAAP Earnings per Share of \$0.26.

### **Second Quarter 2022 Financial and Business Highlights**

- Subscription revenue was \$34.1 million, an increase of 58.7% year-over-year.
- Paid Cloud-enabled software subscriptions increased by 21.8% year-over-year to approximately 450,300 as of June 30, 2022, and increased by approximately 18,500 during the second quarter.
- Subscription and Maintenance revenue was \$61.9 million, up 19.2% year-over-year.
- Annual Recurring Revenue was \$231.0 million, an increase of 14.1% year-over-year.
- Subscription ARR was \$121.2 million, an increase of 45.8% year-over-year.
- Total revenue was \$97.7 million, an increase of 3.0% year-over-year.
- Gross margin was 64.9%, an increase of 150 basis points year-over-year. Non-GAAP Gross Margin was 65.5%, an increase of 160 basis points year-over-year.
- Operating expenses were \$53.4 million, an increase of 4.4% year-over-year. Non-GAAP Operating Expenses were \$49.6 million, an increase of 5.4% year-over-year.
- Net income was \$7.4 million, an increase of 5.2% year-over-year. Non-GAAP Net Income was \$11.8 million, an increase of 1.7% year-over-year.
- Adjusted EBITDA was \$16.5 million, an increase of 4.1% year-over-year. Adjusted EBITDA Margin was 16.9%, an increase of 20 basis points year-over-year.
- Net income per common share was \$0.16, an increase of 6.7% year-over-year. Non-GAAP Earnings per Share was \$0.26, an increase of 4.0% year-over-year.
- Net cash provided by operating activities was \$7.3 million in the quarter, an increase of \$0.7 million compared to the second quarter of 2021.

- Free Cash Flow was \$3.2 million in the quarter, a decrease of (\$2.4) million compared to the prior year period.
- LTM Recurring Revenue % was 79.7% of the Company's revenue for the 12 months ended June 30, 2022, up from 76.1% for the 12 months ended June 30, 2021.
- Repurchased 559,572 shares for \$14.1 million during the second quarter, under the \$115 million share repurchase authorization announced on September 9, 2021.

Jeff Rosica, Avid's Chief Executive Officer and President, stated, "We are pleased by the continued growth from our subscription software business and continued healthy demand for our products during the second quarter." Mr. Rosica continued, "We delivered year-over-year revenue and earnings growth in the second quarter despite having over \$20 million of contractually committed orders for integrated solutions at the end of June that had not shipped in the first half due to the continued global supply chain challenges. We expect that supply chain conditions will gradually improve in the second half of 2022, resulting in favorable year-over-year growth and improved profitability in full-year 2022."

Ken Gayron, Chief Financial Officer and Executive Vice President of Avid, added, "We continued to grow our Recurring Revenue streams and deliver profitable year-over-year growth during the second quarter." Mr. Gayron continued, "Despite the challenges posed by supply chain, we ended the quarter with revenue and Adjusted EBITDA in line with our first half forecast and remain confident in our business trajectory and long-term model. Additionally, we believe our strong capital and liquidity position provides flexibility in operating our business to drive long term strategic value through prudent capital allocation."

### **Third Quarter and Full-Year 2022 Guidance**

For the third quarter of 2022, Avid is providing guidance for revenue, Subscription & Maintenance Revenue, Non-GAAP Earnings per Share and Adjusted EBITDA. For the full-year 2022, Avid is reaffirming its guidance for Subscription & Maintenance Revenue due to the continued strong demand for these offerings. While Avid is also seeing healthy market conditions and strong demand for its integrated solutions, the impact on its integrated solutions business from the global supply chain challenges and the expected timing of the recovery from these challenges are adding variability to its full-year 2022 business plans. As a result, Avid is widening the range for full-year 2022 total revenue guidance, while keeping the same midpoint, to better reflect the range of possible outcomes for the year. Avid is adjusting its full-year guidance for Adjusted EBITDA and Non-GAAP EPS to reflect the wider revenue range. Avid is also adjusting its Free Cash Flow guidance for full-year 2022 as a result of several factors. First, Avid is seeing more rapid adoption of enterprise subscriptions globally—which is strategically important for the company and is positive for its long-term model, but which has different near term cash conversion characteristics than its individual creatives subscription business. Second, the expected timing of Avid's integrated solutions manufacturing recovery happening later in the second half will likely lead to some cash collections from these shipments falling into early 2023. And third, to the extent it can, Avid plans to temporarily build up its inventories to a level that will provide a sufficient buffer and greater flexibility to better navigate the variability in anticipated supply chain conditions over the next several quarters, and most importantly, to better meet the strong demand the company is seeing.

**(\$ in millions, except per share amounts) Q3 2022 Guidance**

Revenue \$100 – \$112

Subscription & Maintenance Revenue \$67 – \$70

Non-GAAP Earnings per Share \$0.27 – \$0.39

Adjusted EBITDA \$17.5 – \$23.5

Q3 Non-GAAP Earnings per Share assumes 45.0 million shares outstanding.

**Full-Year 2022 Guidance**

Revenue \$425 – \$455

Subscription & Maintenance Revenue \$266 – \$274

Non-GAAP Earnings per Share \$1.37 – \$1.53

Adjusted EBITDA \$83 – \$95

Free Cash Flow \$45 – \$59

2022 Non-GAAP Earnings per Share assumes 45.2 million shares outstanding.

All guidance presented by the Company is inherently uncertain and subject to numerous risks and uncertainties. Avid's actual future results of operations could differ materially from those shown in the table above. For a discussion of some of the key assumptions underlying the guidance, as well as the key risks and uncertainties associated with these forward-looking statements, please see "Forward-Looking Statements" below as well as the Avid Technology Q2 2022 Earnings presentation posted on Avid's Investor Relations website at [ir.Avid.com](http://ir.Avid.com).

**Conference Call to Discuss Second Quarter 2022 Results on August 2, 2022**

Avid will host a conference call to discuss its financial results for the second quarter 2022 on Tuesday, August 2, 2022 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 & Presentations tab at [ir.Avid.com](http://ir.Avid.com). Please connect at least 5 minutes in advance to ensure a timely connection to the call. A replay of the call will also be available for a limited time and can be accessed on the Events & Presentations tab of the Avid Investor Relations website shortly after the completion of the call.

**Management to Participate in the Oppenheimer 25th Annual Technology, Internet & Communications Conference on August 9**

What: Oppenheimer 25th Annual Technology, Internet & Communications Conference

Participants: Jeff Rosica, Chief Executive Officer and President

Ken Gayron, Chief Financial Officer and EVP

Type: Group presentation and 1x1 meetings

Date: Tuesday, August 9, 2022

Group presentation time: 8:15 a.m. ET

The group presentation will be available to the public via live webcast, and a replay will be available for a limited period. For details on how to watch online, please visit the Events & Presentations tab at <http://ir.avid.com>.

**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 Net Income, and Non-GAAP Earnings per Share. The Company also includes the operational metrics of Cloud-enabled software subscriptions, Annual Recurring Revenue (ARR), Subscription ARR, 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 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.

This press release 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 press release 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, we are unable to quantify certain amounts that would be required to be included in the most directly comparable GAAP financial measure without unreasonable efforts.

### **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 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; fluctuations in foreign currency exchange rates; seasonal factors; adverse changes in economic conditions; variances in our revenue backlog and the realization thereof; risks related to the availability and prices of raw materials, including any negative effects caused by inflation, armed conflict and related sanctions, weather conditions, or health pandemics; disruptions, 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 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.

### **Avid Powers Greater Creators**

People who create media for a living become greater creators with Avid's award-winning technology solutions to make, manage and monetize today's most celebrated video and audio content—from iconic movies and binge-worthy TV series, to network news and sports, to recorded music and the live stage. What began more than 30 years ago with our invention of nonlinear digital video editing has led to individual artists, creative teams and organizations everywhere subscribing to our powerful tools and collaborating securely in the cloud. We continue to re-imagine the many ways editors, musicians, producers, journalists and other content creators will bring their stories to life. Discover the possibilities at [avid.com](http://avid.com) and join the conversation on social media with the multitude of brilliant creative people who choose Avid for a lifetime of success.

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### **Contacts**

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**AVID TECHNOLOGY, INC.****Consolidated Statements of Operations**

(unaudited - in thousands except per share data)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Net revenues:</b>				
Subscription	\$ 34,142	\$ 21,508	\$ 67,096	\$ 46,376
Maintenance	27,775	30,443	56,102	60,295
Integrated solutions & other	35,763	42,925	75,131	82,569
<b>Total net revenues</b>	<b>97,680</b>	<b>94,876</b>	<b>198,329</b>	<b>189,240</b>
<b>Cost of revenues:</b>				
Subscription	6,292	3,575	11,894	6,190
Maintenance	5,253	5,822	10,530	11,396
Integrated solutions & other	22,769	25,341	45,775	50,100
Total cost of revenues	34,314	34,738	68,199	67,686
<b>Gross profit</b>	<b>63,366</b>	<b>60,138</b>	<b>130,130</b>	<b>121,554</b>
<b>Operating expenses:</b>				
Research and development	16,023	16,093	32,759	31,510
Marketing and selling	23,673	21,354	45,600	42,098
General and administrative	13,364	13,678	28,175	27,313
Restructuring costs, net	342	15	357	1,089
Total operating expenses	53,402	51,140	106,891	102,010
<b>Operating income</b>	<b>9,964</b>	<b>8,998</b>	<b>23,239</b>	<b>19,544</b>
Interest expense, net	(1,944)	(1,783)	(3,420)	(3,901)
Other income (expense), net	79	150	(8)	(3,405)
<b>Income before income taxes</b>	<b>8,099</b>	<b>7,365</b>	<b>19,811</b>	<b>12,238</b>
Provision for income taxes	726	359	1,852	841
<b>Net income</b>	<b>\$ 7,373</b>	<b>\$ 7,006</b>	<b>\$ 17,959</b>	<b>\$ 11,397</b>
Net income per common share – basic	\$0.16	\$0.15	\$0.40	\$0.25
Net income per common share – diluted	\$0.16	\$0.15	\$0.40	\$0.25
Weighted-average common shares outstanding – basic	44,740	45,211	44,778	44,887
Weighted-average common shares outstanding – diluted	45,110	46,550	45,280	46,420

**AVID TECHNOLOGY, INC.**

**Reconciliations of GAAP financial measures to Non-GAAP financial measures**

(unaudited - in thousands except per share data)

	Three Months Ended		Three Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
<b><u>GAAP revenue</u></b>				
GAAP revenue	\$ 97,680	\$ 94,876	\$ 198,329	\$ 189,240
<b><u>Non-GAAP Gross Profit</u></b>				
GAAP gross profit	\$ 63,366	\$ 60,138	\$ 130,130	\$ 121,554
Stock-based compensation	589	478	1,015	918
<b>Non-GAAP Gross Profit</b>	<b>\$ 63,955</b>	<b>\$ 60,616</b>	<b>\$ 131,145</b>	<b>\$ 122,472</b>
GAAP Gross Margin	64.9 %	63.4 %	65.6 %	64.2 %
Non-GAAP Gross Margin	65.5 %	63.9 %	66.1 %	64.7 %
<b><u>Non-GAAP Operating Expenses</u></b>				
GAAP operating expenses	\$ 53,402	\$ 51,140	\$ 106,891	\$ 102,010
Less Amortization of intangible assets	(57)	(105)	(115)	(210)
Less Stock-based compensation	(3,056)	(3,159)	(6,052)	(6,136)
Less Restructuring costs, net	(342)	(15)	(357)	(1,089)
Less Acquisition, integration and other costs	50	(838)	(409)	(1,207)
Less Efficiency program costs	—	—	—	(48)
Less Digital Transformation costs	(445)	—	(688)	—
Less COVID-19 related expenses	—	(20)	—	(22)
<b>Non-GAAP Operating Expenses</b>	<b>\$ 49,552</b>	<b>\$ 47,003</b>	<b>\$ 99,270</b>	<b>\$ 93,298</b>
<b><u>Non-GAAP Operating Income and Adjusted EBITDA</u></b>				
GAAP net income	\$ 7,373	\$ 7,006	\$ 17,959	\$ 11,397
Interest and other expense	1,865	1,633	3,428	7,306
Provision for income taxes	726	359	1,852	841
<b>GAAP operating income</b>	<b>\$ 9,964</b>	<b>\$ 8,998</b>	<b>\$ 23,239</b>	<b>\$ 19,544</b>
Amortization of intangible assets	57	105	115	210
Stock-based compensation	3,645	3,637	7,067	7,054
Restructuring costs, net	342	15	357	1,089
Acquisition, integration and other costs	(50)	838	409	1,207
Efficiency program costs	—	—	—	48
Digital Transformation costs	445	—	688	—
COVID-19 related expenses	—	20	—	22
<b>Non-GAAP Operating Income</b>	<b>\$ 14,403</b>	<b>\$ 13,613</b>	<b>\$ 31,875</b>	<b>\$ 29,174</b>
Depreciation	2,066	2,202	3,869	4,321
<b>Adjusted EBITDA</b>	<b>\$ 16,469</b>	<b>\$ 15,815</b>	<b>\$ 35,744</b>	<b>\$ 33,495</b>
GAAP net income margin	7.5 %	7.4 %	9.1 %	6.0 %
Adjusted EBITDA Margin	16.9 %	16.7 %	18.0 %	17.7 %

**Non-GAAP Net Income**

<b>GAAP net income</b>	\$	7,373	\$	7,006	\$	17,959	\$	11,397
Amortization of intangible assets		57		105		115		210
Stock-based compensation		3,645		3,637		7,067		7,054
Restructuring costs, net		342		15		357		1,089
Acquisition, integration and other costs		(50)		838		409		1,207
Efficiency program costs		—		—		—		48
Digital Transformation costs		445		—		688		—
COVID-19 related expenses		—		20		—		22
Loss on extinguishment of debt		—		—		—		3,748
Tax impact of non-GAAP adjustments		—		(10)		(3)		(159)
<b>Non-GAAP Net Income</b>	\$	<b>11,812</b>	\$	<b>11,611</b>	\$	<b>26,592</b>	\$	<b>24,616</b>
<b>Weighted-average common shares outstanding - basic</b>		<b>44,740</b>		<b>45,211</b>		<b>44,778</b>		<b>44,887</b>
<b>Weighted-average common shares outstanding - diluted</b>		<b>45,110</b>		<b>46,550</b>		<b>45,280</b>		<b>46,420</b>
<b>Non-GAAP Earnings Per Share - basic</b>	\$	<b>0.26</b>	\$	<b>0.26</b>	\$	<b>0.59</b>	\$	<b>0.55</b>
<b>Non-GAAP Earnings Per Share - diluted</b>	\$	<b>0.26</b>	\$	<b>0.25</b>	\$	<b>0.59</b>	\$	<b>0.53</b>

**Free Cash Flow**

<b>GAAP net cash provided by operating activities</b>	\$	7,305	\$	6,585	\$	15,221	\$	18,898
Capital expenditures		(4,115)		(1,021)		(7,359)		(2,275)
<b>Free Cash Flow</b>	\$	<b>3,190</b>	\$	<b>5,564</b>	\$	<b>7,862</b>	\$	<b>16,623</b>
<b>Free Cash Flow conversion of Adjusted EBITDA</b>		<b>19.4 %</b>		<b>35.2 %</b>		<b>22.0 %</b>		<b>49.6 %</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>June 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 44,332	\$ 56,818
Restricted cash	2,413	2,416
Accounts receivable, net of allowances of \$1,653 and \$1,456 at June 30, 2022 and December 31, 2021, respectively	53,878	77,046
Inventories	19,249	19,922
Prepaid expenses	9,003	5,464
Contract assets	20,950	18,903
Other current assets	2,199	1,953
<b>Total current assets</b>	<u>152,024</u>	<u>182,522</u>
Property and equipment, net	19,689	16,028
Goodwill	32,643	32,643
Right of use assets	21,874	24,143
Deferred tax assets, net	3,600	5,210
Other long-term assets	17,292	13,454
<b>Total assets</b>	<u>\$ 247,122</u>	<u>\$ 274,000</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 32,899	\$ 26,854
Accrued compensation and benefits	21,568	35,458
Accrued expenses and other current liabilities	34,902	37,552
Income taxes payable	92	868
Short-term debt	8,701	9,158
Deferred revenue	68,724	87,475
<b>Total current liabilities</b>	<u>166,886</u>	<u>197,365</u>
Long-term debt	177,782	160,806
Long-term deferred revenue	12,209	10,607
Long-term lease liabilities	21,298	23,379
Other long-term liabilities	5,307	5,917
<b>Total liabilities</b>	<u>383,482</u>	<u>398,074</u>
<b>Stockholders' deficit:</b>		
Common stock	461	455
Treasury stock	(50,049)	(25,090)
Additional paid-in capital	1,028,277	1,031,633
Accumulated deficit	(1,109,000)	(1,126,959)
Accumulated other comprehensive loss	(6,049)	(4,113)
<b>Total stockholders' deficit</b>	<u>(136,360)</u>	<u>(124,074)</u>
<b>Total liabilities and stockholders' deficit</b>	<u>\$ 247,122</u>	<u>\$ 274,000</u>

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

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 17,959	\$ 11,397
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,869	4,321
Allowance for doubtful accounts	222	270
Stock-based compensation expense	7,067	6,702
Non-cash provision for restructuring	338	927
Non-cash interest expense	247	257
Loss on extinguishment of debt	—	2,579
Loss on disposal of fixed assets	548	—
Unrealized foreign currency transaction gains	(1,729)	(1,468)
Benefit from deferred taxes	1,610	547
Changes in operating assets and liabilities:		
Accounts receivable	22,945	19,599
Inventories	672	2,326
Prepaid expenses and other assets	(5,664)	(2,629)
Accounts payable	6,044	(48)
Accrued expenses, compensation and benefits and other liabilities	(16,105)	(14,942)
Income taxes payable	(776)	(16)
Deferred revenue and contract assets	(22,026)	(10,924)
<b>Net cash provided by operating activities</b>	<b>15,221</b>	<b>18,898</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(7,359)	(2,275)
<b>Net cash used in investing activities</b>	<b>(7,359)</b>	<b>(2,275)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving credit facility	19,000	—
Proceeds from long-term debt	—	180,000
Repayment of debt	(2,288)	(205,824)
Payments for repurchase of common stock	(25,262)	—
Proceeds from the issuance of common stock under employee stock plans	468	363
Common stock repurchases for tax withholdings for net settlement of equity awards	(10,885)	(14,038)
Prepayment penalty on extinguishment of debt	—	(1,169)
Payments for credit facility issuance costs	(440)	(2,574)
<b>Net cash used in financing activities</b>	<b>(19,407)</b>	<b>(43,242)</b>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(941)	56
Net decrease in cash, cash equivalents and restricted cash	(12,486)	(26,563)
Cash, cash equivalents and restricted cash at beginning of period	60,556	83,638
Cash, cash equivalents and restricted cash at end of period	\$ 48,070	\$ 57,075
<b>Supplemental information:</b>		
Cash and cash equivalents	\$ 44,332	\$ 53,337
Restricted cash	\$ 2,413	\$ 1,422
Restricted cash included in other long-term assets	\$ 1,325	\$ 2,316
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	\$ 48,070	\$ 57,075

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

Backlog Disclosure for Quarter Ended June 30, 2022

	<u>June 30,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>	<u>June 30,</u> <u>2021</u>
<b>Revenue Backlog*</b>			
Deferred Revenue	\$80.9	\$92.3	\$91.6
Other Backlog	285.4	283.0	309.4
<b>Total Revenue Backlog</b>	<b>\$366.3</b>	<b>\$375.3</b>	<b>\$401.0</b>

The expected timing of recognition of revenue backlog as of June 30, 2022 is as follows:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Thereafter</u>	<u>Total</u>
Deferred Revenue	\$52.2	\$20.7	\$4.9	\$3.1	\$80.9
Other Backlog	74.6	87.0	62.4	61.4	285.4
<b>Total Revenue Backlog</b>	<b>\$126.8</b>	<b>\$107.7</b>	<b>\$67.3</b>	<b>\$64.5</b>	<b>\$366.3</b>

\*A definition of Revenue Backlog is included in our Form 10-K and the supplemental financial and operational data sheet available on our investor relations webpage at [ir.avid.com](http://ir.avid.com).