

**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): May 2, 2019

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) 640-6789
(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))

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.

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value	AVID	Nasdaq Global Select Market

Item 2.02. Results of Operations and Financial Condition.

On May 6, 2019, Avid Technology, Inc. (the “Company”) issued a press release announcing its financial results for the fiscal quarter ended March 31, 2019 (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 5.07 Submission of Matters to a Vote of Security Holders.

- (a) The Company held its annual meeting of stockholders on Thursday, May 2, 2019 at the Company’s headquarters at 75 Network Drive, Burlington, MA 01803 (the “2019 Annual Meeting”). Set forth below are the final voting results on each matter submitted to a vote of stockholders at the 2019 Annual Meeting. Each proposal is described in more detail in the Company’s proxy statement for the 2019 Annual Meeting (the “2019 proxy statement”), dated April 1, 2019.
- (b) The final voting results of the 2019 Annual Meeting were as follows:

Proposal 1 - Election of Directors

Robert M. Bakish, Paula E. Boggs and Jeff Rosica were elected as Class II Directors for terms expiring at the Company’s 2022 annual meeting of stockholders. The vote with respect to each nominee is set forth below:

	<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>	<u>Broker Non-Votes</u>
Robert M. Bakish	31,297,797	371,081	38,728	7,687,197
Paula E. Boggs	30,825,264	844,750	37,592	7,687,197
Jeff Rosica	30,823,690	846,757	37,159	7,687,197

Proposal 2 - Ratification of the Selection of our Independent Registered Public Accounting Firm

The stockholders ratified the selection of BDO USA, LLP as the Company’s independent registered public accounting firm for the year ending December 31, 2019 by a vote of 39,025,508 shares for and 39,089 shares against, with 330,206 shares abstaining.

Proposal 3 - Approval of an Amendment to the Company’s Amended and Restated By-Laws

The stockholders approved an amendment to the Company’s Amended and Restated By-Laws to declassify our Board and provide for the annual election of directors beginning with the 2022 annual meeting of stockholders. The affirmative vote of at least sixty-six and two-thirds percent of the voting power of the shares entitled to vote in connection with the election of directors was required for approval. 31,145,794 shares, or 74.19% of the voting power of the shares entitled to vote in connection with the election of directors, voted for the proposed amendment. 550,644 shares voted against the proposed amendment, with 11,168 shares abstaining and 7,687,197 broker non-votes.

Proposal 4 - Non-binding Advisory Vote To Approve Executive Compensation

The stockholders approved, on a non-binding advisory basis, the compensation paid to the Company’s named executive officers, as disclosed in the Company’s 2019 proxy statement, by a vote of 30,603,303 shares for and 1,052,760 shares against, with 51,543 shares abstaining and 7,687,197 broker non-votes.

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 Expense, non-GAAP Operating Income (Loss), Adjusted EBITDA, Adjusted EBITDA Margin, non-GAAP Net Income (Loss), non-GAAP Earnings (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 Net Income (Loss) is defined as non-GAAP Operating Income (Loss) excluding other expense and income, and income tax effect on non-GAAP items.
- Non-GAAP Earnings (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 and Free Cash Flow. 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 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.

- 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, 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 Contract Value is defined, as of a given date, as the sum, without duplication, 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 paid 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	<u>Press Release announcing financial results, dated May 6, 2019</u>

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: May 6, 2019

By: /s/ Kenneth Gayron

Name: Kenneth Gayron

Title: Executive Vice President and CFO

Avid Technology Announces Q1 2019 Results

Continued growth with revenue at high-end of guidance and Adjusted EBITDA exceeding guidance

New amended financing agreement provides long-term flexible capital to execute the business plan

BURLINGTON, Mass., May 6, 2019 -- Avid® (NASDAQ: AVID), a leading technology provider that powers the media and entertainment industry, today announced its first quarter 2019 financial results, provided guidance for the second quarter of 2019 and reaffirmed full-year 2019 guidance.

First Quarter 2019 Financial and Business Highlights

- Revenue was \$103.3 million, the second consecutive quarter of 5% year-over-year growth.
- Gross margin was 59.3%, up 240 basis points year-over-year. Non-GAAP Gross Margin was 61.3%, up 240 basis points year-over-year.
- Operating expenses were \$55.9 million, a decrease of 5% year-over-year. Non-GAAP Operating Expenses were \$53.1 million, a decrease of 3% year over year.
- Operating income was \$5.4 million, up from operating loss of (\$3.3) million in Q1 2018. Non-GAAP Operating Income was \$10.2 million, an increase of \$7.2 million year-over-year.
- Adjusted EBITDA was \$12.6 million, an increase of 99% year-over-year. Adjusted EBITDA Margin was 12.2%, up 570 basis points year-over-year.
- GAAP net loss per common share was (\$0.01), up from net loss per common share of (\$0.22) in Q1 2018. Non-GAAP Earnings per Share was \$0.11, up from Non-GAAP Loss per Share of (\$0.06) in Q1 2018.
- Net cash provided by operating activities was \$6.4 million, up from \$5.4 million in Q1 2018.
- Free Cash Flow was \$4.6 million, up from \$3.3 million in Q1 2018.
- Software revenue from subscriptions increased 10% year-over-year with approximately 137,000 cloud-enabled software subscriptions at the end of Q1 2019.
- Revenue through the Company's e-commerce activities was up 33% year-over-year.
- Recurring Revenue was 57% of the Company's revenue in the twelve months ending March 2019, up from 50% in the twelve months ending March 2018.
- Annual Contract Value was \$237 million at the end of Q1 2019, up from \$222 million at the end of Q1 2018.

"We are pleased that the momentum Avid generated at the end of last year has continued throughout the first quarter of this year, underscoring our continued success in executing our strategy," said Jeff Rosica, CEO and President of Avid. He continued, "We are focused on delivering meaningful product innovations to the market, including several new products in Q2, that we expect will support our growth in the second half of 2019 and beyond. We expect this renewed growth combined with greater discipline in our operations will drive increased profitability and deliver greater shareholder value."

"We started 2019 with strong momentum, as evidenced by our improving revenue, gross margin and Adjusted EBITDA," commented Ken Gayron, Executive Vice President and Chief Financial Officer of Avid. Mr. Gayron added, "As a result of the improvement in our financial performance, we have secured \$100 million in additional bank debt at a reduced interest rate and more favorable terms to

support our business strategy. Since the proceeds will be used to repurchase our outstanding convertible notes, there will be an immaterial change in the total debt for the Company once the transactions are completed."

With respect to the financing agreement, on April 8, 2019, the Company signed an amendment to its existing financing agreement adding a new \$100 million term loan to be used to repurchase outstanding 2.00% convertible notes due June 2020 (the "Convertible Notes"). The amended agreement provides flexible capital through May 2023 at a reduced interest rate of LIBOR +6.25%. On April 11, 2019, the Company launched a tender offer for the Convertible Notes which is anticipated to expire on May 9, 2019.

Explanations regarding our use of non-GAAP financial measures and operational metrics and related definitions, and reconciliations of our GAAP and non-GAAP measures, are provided in the sections below entitled "Non-GAAP Financial Measures and Operational Metrics" and "Reconciliations of GAAP Financial Measures to Non-GAAP Financial Measures".

Second Quarter and Full Year 2019 Guidance

For the second quarter of 2019, Avid is providing Revenue and Adjusted EBITDA guidance. Avid is also reaffirming its guidance for Revenue, Adjusted EBITDA and Free Cash Flow for full-year 2019.

<i>(in \$ millions)</i>	Q2 2019	Full Year 2019
Revenue	\$97.0 - \$105.0	\$420.0 - \$430.0
Adjusted EBITDA	\$8.5 - \$13.5	\$60.0 - \$65.0
Free Cash Flow		\$12.0 - \$17.0

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 Q1 2019 Business Update presentation posted on Avid's Investor Relations website.

Conference Call

Avid will host a conference call to discuss its financial results for the first quarter on Monday, May 6, 2019 at 5:00 p.m. ET. The call will be open to the public and can be accessed by dialing 323-994-2093 and referencing confirmation code 9113081. You may also listen to the call on the Avid Investor Relations website. To listen via the website, go to the events tab at ir.avid.com for complete details prior to the start of the conference 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 Profit, Non-GAAP Gross Margin, Non-GAAP Operating Expenses, Non-GAAP Operating Income, Non-GAAP Net Income (Loss) and Non-GAAP Earnings (Loss) per Share. The Company also includes the operational metrics of Bookings, Cloud-enabled software subscriptions, 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 operational metrics are included in our Form 8-K filed today. Reconciliations of the non-GAAP financial measures in this 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 webpage at ir.avid.com, which also includes definitions of all operational metrics.

The earnings release also includes forward-looking non-GAAP financial measures, including Adjusted EBITDA and Free Cash Flow. Reconciliations of these forward-looking non-GAAP financial measures are not included in the earnings release 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.

Forward-Looking Statements

Certain information provided in this press release, including the tables attached hereto, include forward-looking statements that involve risks and uncertainties, including projections and statements about our anticipated plans, objectives, expectations and intentions. Among other things, this press release includes estimated results of operations for the three months ending June 30, 2019 and the year ending December 31, 2019, which estimates are based on a variety of assumptions about key factors and metrics that will determine our future results of operations, including, for example, anticipated market uptake of new products and market-based cost inflation. Other forward-looking statements include, without limitation, statements based upon or otherwise incorporating judgments or estimates relating to future performance such as future operating results and expenses; earnings; backlog; revenue backlog conversion rate; product mix and free cash flow; Recurring Revenue and Annual Contract Value; our future strategy and business plans; our product plans, including products under development, such as cloud and subscription based offerings; our ability to raise capital and our liquidity. The projected future results of operations, and the other forward-looking statements in this release, are based on current expectations as of the date of this release and subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including but not limited to the effect on our sales, operations and financial performance resulting from: our liquidity; our ability to execute our strategic plan, and 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; and the possibility of legal proceedings adverse to our company. 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. Other factors that could adversely affect our business and prospects are set forth in our public filings with the SEC. Forward-looking statements contained herein are made only as to the date of this press release and we undertake no obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, 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™. For more information about Avid solutions and services, visit www.avid.com, connect with Avid on Facebook, Instagram, Twitter, YouTube, LinkedIn, or subscribe to Avid Blogs.

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

	Three Months Ended	
	March 31,	
	2019	2018
Net revenues:		
Products	\$ 54,396	\$ 46,410
Services	48,923	51,527
Total net revenues	<u>103,319</u>	<u>97,937</u>
Cost of revenues:		
Products	27,600	26,295
Services	12,487	13,985
Amortization of intangible assets	1,950	1,950
Total cost of revenues	<u>42,037</u>	<u>42,230</u>
Gross profit	<u>61,282</u>	<u>55,707</u>
Operating expenses:		
Research and development	16,285	15,685
Marketing and selling	24,878	26,132
General and administrative	13,788	13,955
Amortization of intangible assets	363	363
Restructuring costs, net	558	2,907
Total operating expenses	<u>55,872</u>	<u>59,042</u>
Operating income (loss)	5,410	(3,335)
Interest and other expense, net	(5,185)	(5,359)
Income (loss) before income taxes	<u>225</u>	<u>(8,694)</u>
Provision for income taxes	438	255
Net loss	<u>\$ (213)</u>	<u>\$ (8,949)</u>
Net loss per common share – basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.22)</u>
Weighted-average common shares outstanding – basic and diluted	42,046	41,404

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

	Three Months Ended	
	March 31,	
	2019	2018
<u>GAAP revenue</u>		
Total net revenues	\$ 103,319	\$ 97,937
<u>Non-GAAP Gross Profit</u>		
GAAP gross profit	61,282	55,707
Amortization of intangible assets	1,950	1,950
Stock-based compensation	69	53
Non-GAAP Gross Profit	\$ 63,301	\$ 57,710
Non-GAAP Gross Margin	61.3%	58.9%
<u>Non-GAAP Operating Expenses</u>		
GAAP operating expenses	55,872	59,042
Less Amortization of intangible assets	(363)	(363)
Less Stock-based compensation	(1,669)	(650)
Less Restructuring costs, net	(558)	(2,907)
Less Restatement costs	8	(227)
Less Acquisition, integration and other costs	(151)	(82)
Less Efficiency program costs	(3)	(75)
Non-GAAP Operating Expenses	\$ 53,136	\$ 54,738
<u>Non-GAAP Operating Income</u>		
GAAP operating income (loss)	5,410	(3,335)
Amortization of intangible assets	2,313	2,313
Stock-based compensation	1,738	703
Restructuring costs, net	558	2,907
Restatement costs	(8)	227
Acquisition, integration and other costs	151	82
Efficiency program costs	3	75
Non-GAAP Operating Income	\$ 10,165	\$ 2,972

Adjusted EBITDA

Non-GAAP Operating Income (from above)	\$ 10,165	\$ 2,972
Depreciation	2,428	3,361
Adjusted EBITDA	\$ 12,593	\$ 6,333
Adjusted EBITDA Margin	12.2%	6.5%

Non-GAAP Net Income (Loss)

Non-GAAP Operating Income (from above)	10,165	2,972
Less: Other income (expense)	(5,185)	(5,359)
Less: income tax impact of Non-GAAP adjustments	(476)	(294)
Non-GAAP Net Income (Loss)	\$ 4,504	\$ (2,681)
Weighted-average common share outstanding - diluted	42,585	41,404
Non-GAAP Earnings (Loss) Per Share	\$ 0.11	\$ (0.06)

Free Cash Flow

GAAP net cash provided by operating activities	6,376	5,370
Capital expenditures	(1,767)	(2,080)
Free Cash Flow	\$ 4,609	\$ 3,290
Free Cash Flow conversion of Adjusted EBITDA	36.6%	52.0%

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.
Condensed Consolidated Balance Sheets
(unaudited - in thousands)

	March 31,	December 31,
	2019	2018
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 55,326	\$ 56,103
Restricted cash	9,020	8,500
Accounts receivable, net of allowances of \$1,339 and \$1,339 at March 31, 2019 and December 31, 2018, respectively.	61,318	67,754
Inventories	34,328	32,956
Prepaid expenses	11,985	8,853
Contract assets	18,677	16,513
Other current assets	6,685	5,917
Total current assets	<u>197,339</u>	<u>196,596</u>
Property and equipment, net	20,918	21,582
Intangible assets, net	2,120	4,432
Goodwill	32,643	32,643
Right of use assets	36,031	—
Long-term deferred tax assets, net	1,163	1,158
Other long-term assets	9,456	9,432
Total assets	<u>\$ 299,670</u>	<u>\$ 265,843</u>
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable	\$ 38,438	\$ 39,239
Accrued compensation and benefits	24,727	21,967
Accrued expenses and other current liabilities	41,402	37,547
Income taxes payable	2,088	1,853
Short-term debt	1,405	1,405
Deferred revenue	87,927	85,662
Total current liabilities	<u>195,987</u>	<u>187,673</u>
Long-term debt	218,201	220,590
Long-term deferred revenue	13,361	13,939
Long-term lease liabilities	33,817	—
Other long-term liabilities	5,391	10,302
Total liabilities	<u>466,757</u>	<u>432,504</u>
Stockholders' deficit:		
Common stock	423	423
Additional paid-in capital	1,024,028	1,028,924
Accumulated deficit	(1,187,223)	(1,187,010)
Treasury stock at cost	—	(5,231)
Accumulated other comprehensive loss	(4,315)	(3,767)
Total stockholders' deficit	<u>(167,087)</u>	<u>(166,661)</u>
Total liabilities and stockholders' deficit	<u>\$ 299,670</u>	<u>\$ 265,843</u>

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

	Three Months Ended	
	March 31,	
	2019	2018
Cash flows from operating activities:		
Net loss	\$ (213)	\$ (8,949)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	4,740	5,674
(Recovery from) provision for doubtful accounts	(9)	57
Stock-based compensation expense	1,738	703
Non-cash interest expense	3,359	3,546
Unrealized foreign currency transaction (gains) losses	(586)	1,323
Benefit from deferred taxes	(1)	(2)
Changes in operating assets and liabilities:		
Accounts receivable	6,444	8,596
Inventories	(1,372)	(482)
Prepaid expenses and other assets	(3,861)	(396)
Accounts payable	(810)	(2,112)
Accrued expenses, compensation and benefits and other liabilities	(2,837)	(1,355)
Income taxes payable	261	190
Deferred revenue and contract assets	(477)	(1,423)
Net cash provided by operating activities	6,376	5,370
Cash flows from investing activities:		
Purchases of property and equipment	(1,767)	(2,080)
Increase in other long-term assets	—	(8)
Net cash used in investing activities	(1,767)	(2,088)
Cash flows from financing activities:		
Repayment of debt	(3,928)	(3,212)
Proceeds from the issuance of common stock under employee stock plans	309	6
Common stock repurchases for tax withholdings for net settlement of equity awards	(1,690)	(497)
Partial retirement of the Notes conversion feature and capped call option unwind	(22)	(20)
Net cash used in financing activities	(5,331)	(3,723)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(55)	15
Net decrease in cash, cash equivalents and restricted cash	(777)	(426)
Cash, cash equivalents and restricted cash at beginning of period	68,094	60,433
Cash, cash equivalents and restricted cash at end of period	<u>\$ 67,317</u>	<u>\$ 60,007</u>
Supplemental information:		
Cash and cash equivalents	\$ 55,326	\$ 48,016
Restricted cash	9,020	8,500
Restricted cash included in other long-term assets	2,971	3,491
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 67,317</u>	<u>\$ 60,007</u>

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

Backlog Disclosure for Quarter Ended March 31, 2019

	March 31, 2019	December 31, 2018	March 31, 2018
Revenue Backlog*			
Deferred Revenue	\$101.3	\$99.6	\$106.4
Other Backlog	358.4	357.2	328.6
Total Revenue Backlog	\$459.7	\$456.8	\$435.0

The expected timing of recognition of revenue backlog as of March 31, 2019 is as follows:

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Thereafter</u>	<u>Total</u>
Deferred Revenue	\$72.8	\$18.2	\$7.1	\$3.2	\$101.3
Other Backlog	111.5	65.1	61.7	120.1	358.4
Total Revenue Backlog	\$184.3	\$83.3	\$68.8	\$123.3	\$459.7

*A definition of Revenue Backlog is included in our Form 8-K filed today and the supplemental financial and operational data sheet available on our investor relations webpage at ir.avid.com.