

# Altair Announces Fourth Quarter 2020 Financial Results

February 25, 2021

#### Record Fourth Quarter and Full Year 2020 Software Product and Total Revenue, Exceeding Expectations

TROY, Mich., Feb. 25, 2021 (GLOBE NEWSWIRE) -- Altair (Nasdaq: ALTR), a global technology company providing software and cloud solutions in the areas of simulation, high-performance computing, data analytics and artificial intelligence today released its financial results for the fourth quarter and full year ended December 31, 2020.

"Altair had an excellent fourth quarter and full year 2020," said James Scapa, Founder, Chairman and Chief Executive Officer of Altair. "In a year of business disruptions and personal challenges, Altair brought to market broad and deep additions and enhancements to our product portfolio while delivering solid financial performance. I am proud of our global team, and excited about 2021 as we will continue delivering industry-leading technology and expertise aligned with our vision for the convergence of simulation, high-performance computing, and artificial intelligence."

"Software product revenue increased over 12% from the fourth quarter of 2019 to 85% of total revenue, which drove year over year improvement in gross margin of over 500 basis points for the quarter, while our recurring software license rate rose to 92% for the year," said Howard Morof, Chief Financial Officer of Altair. "The top line performance coupled with continued discipline managing operating expenses had a very positive impact on our profitability in the quarter."

# Fourth Quarter 2020 Financial Highlights

- Software product revenue was \$113.6 million compared to \$101.2 million for the fourth guarter of 2019.
- Total revenue was \$133.4 million compared to \$123.9 million for the fourth quarter of 2019.
- Net income was \$2.2 million compared to net loss of \$(1.5) million for the fourth quarter of 2019. Diluted net income per share was \$0.03 based on 78.5 million diluted weighted average common shares outstanding, compared to diluted net loss per share of \$(0.02) for the fourth quarter of 2019, based on 72.2 million diluted weighted average common shares outstanding.
- Adjusted EBITDA was \$21.7 million, compared to \$12.7 million for the fourth quarter of 2019.
- Non-GAAP net income was \$14.1 million, compared to Non-GAAP net income of \$5.3 million for the fourth quarter of 2019.
   Non-GAAP diluted net income per share was \$0.17 based on 83.0 million non-GAAP diluted common shares outstanding, compared to Non-GAAP diluted net income per share of \$0.07 for the fourth quarter of 2019, based on 78.0 million non-GAAP diluted common shares outstanding.
- Free cash flow was \$3.4 million, compared to \$(0.2) million for the fourth quarter of 2019.

# Full Year 2020 Financial Highlights

- Software product revenue was \$391.7 million compared to \$366.7 million for the full year of 2019.
- Total revenue was \$469.9 million compared to \$458.9 million for the full year of 2019.
- Net loss was \$(10.5) million compared to net loss of \$(7.5) million for the full year of 2019. Diluted net loss per share was \$(0.14) based on 73.2 million diluted weighted average common shares outstanding, compared to diluted net loss per share of \$(0.11) for the full year of 2019, based on 71.5 million diluted weighted average common shares outstanding.
- Adjusted EBITDA was \$57.3 million, compared to \$39.5 million for the full year of 2019.
- Non-GAAP net income was \$25.5 million, compared to Non-GAAP net income of \$16.4 million for the full year of 2019.
   Non-GAAP diluted net income per share was \$0.31 based on 83.0 million non-GAAP diluted common shares outstanding, compared to Non-GAAP diluted net income per share of \$0.21 for the full year of 2019, based on 78.0 million non-GAAP diluted common shares outstanding.
- Free cash flow was \$26.8 million, compared to \$21.7 million for the full year of 2019.

# **Business Outlook**

Based on information available as of today, Altair is issuing guidance for the first guarter and full year 2021.

(in millions)		First Quarter 2021		Full Year 2021	
	Software Product Revenue	\$ 118.0 to \$	120.0	\$ 423.0 to \$ 4	131.0

Total Revenue	\$ 138.0	\$ 140.0	\$ 502.0	\$ 510.0
Net Loss	\$ (5.4)	\$ (4.5)	\$ (44.0)	\$ (38.3)
Non-GAAP Net Income	\$ 16.3	\$ 17.8	\$ 36.9	\$ 42.8
Adjusted EBITDA	\$ 24.0	\$ 26.0	\$ 58.0	\$ 66.0

## **Conference Call Information**

What: Altair's Fourth Quarter and Full Year 2020 Financial Results Conference Call

When: Friday, February 26, 2021

Time: 8:30 a.m. ET

Live Call: (866) 754-5204, Domestic

(636) 812-6621, International

Replay: (855) 859-2056, Conference ID 3056322, Domestic

(404) 537-3406, Conference ID 3056322, International

Webcast: <a href="http://investor.altair.com">http://investor.altair.com</a> (live & replay)

# **Non-GAAP Financial Measures**

This press release contains the following non-GAAP financial measures: Adjusted EBITDA, Non-GAAP Net Income, Non-GAAP Net Income Per Share and Free Cash Flow.

Altair believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to its financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods for trend analysis, for purposes of determining executive and senior management incentive compensation and for budgeting and planning purposes. The Company also believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software companies, many of which present similar non-GAAP financial measures to investors.

Adjusted EBITDA represents net income adjusted for income tax expense, interest expense, interest income and other, depreciation and amortization, stock-based compensation expense, restructuring charges, asset impairment charges and other special items as identified by management and described elsewhere in this press release.

Non-GAAP net income – as defined through 2020 results excludes stock-based compensation, amortization of intangible assets related to acquisitions, and special items as identified by management and described elsewhere in this press release.

Non-GAAP net income – as defined starting with 2021 guidance and going forward excludes stock-based compensation, amortization of intangible assets related to acquisitions, non-cash interest expense, impact of non-GAAP tax rate to income tax expense, which approximates our tax rate excluding discrete items and other specific events that can fluctuate form period to period, and special items as identified by management and described elsewhere in this press release.

Non-GAAP diluted common shares includes total outstanding shares plus outstanding equity awards under the Company's equity award plans.

Free cash flow consists of cash flow from operations less capital expenditures.

Company management does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgment by management about which expenses and income are excluded or included in determining these non-GAAP financial measures. Altair urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing quarterly financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Reconciliation tables of the most comparable GAAP financial measures to the non-GAAP financial measures used in this press release are included with the financial tables at the end of this release.

#### **About Altair**

Altair is a global technology company that provides software and cloud solutions in the areas of simulation, high-performance computing, data analytics and artificial intelligence. Altair enables organizations across broad industry segments to compete more effectively in a connected world while creating a more sustainable future. To learn more, please visit <a href="https://www.altair.com">www.altair.com</a>.

# **Cautionary Language Concerning Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to, our guidance for the first quarter and full year 2021, our statements regarding our expectation for 2021, and our reconciliations of projected non-GAAP financial measures. These forward-looking statements are made as of the date of this release and are based on current expectations, estimates, forecasts and projections as well as the beliefs and assumptions of management. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond Altair's control. Altair's actual results could differ materially from those stated or implied in our forward-looking statements due to a number of factors, including but not limited to, the risks detailed in Altair's quarterly and annual reports filed with the Securities and Exchange Commission as well as other documents that may

be filed by the Company from time to time with the Securities and Exchange Commission. Past performance is not necessarily indicative of future results. The forward-looking statements included in this press release represent Altair's views as of the date of this press release. The Company anticipates that subsequent events and developments will cause its views to change. Altair undertakes no intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. These forward-looking statements should not be relied upon as representing Altair's views as of any date subsequent to the date of this press release.

# **Media Relations**

Altair Dave Simon 248-614-2400 ext. 332 ir@altair.com

# **Investor Relations**

The Blueshirt Group Monica Gould 212-871-3927 ir@altair.com

Lindsay Savarese 212-331-8417 ir@altair.com

# ALTAIR ENGINERING INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(Unaudited)

		Decem	ber 3	1,
(in thousands)		2020		2019
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$	241,221	\$	223,117
Accounts receivable, net		117,878		104,984
Income tax receivable		6,736		7,264
Prepaid expenses and other current assets		21,100		17,092
Total current assets		386,935		352,457
Property and equipment, net		36,332		36,297
Operating lease right of use assets		33,526		28,134
Goodwill		264,481		233,683
Other intangible assets, net		76,114		67,075
Deferred tax assets		7,125		5,791
Other long-term assets		25,389		19,708
TOTAL ASSETS	\$	829,902	\$	743,145
LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		_		
CURRENT LIABILITIES				
Current portion of long-term debt	\$	30,384	\$	430
Accounts payable		8,594		8,585
Accrued compensation and benefits		34,772		30,676
Current portion of operating lease liabilities		10,331		9,141
Other accrued expenses and current liabilities		30,982		28,603
Deferred revenue		85,691		75,431
Total current liabilities		200,754		152,866
Long-term debt, net of current portion		188,653		178,238
Operating lease liabilities, net of current portion		24,323		20,174
Deferred revenue, non-current		9,388		8,136
Other long-term liabilities		27,414		26,672
TOTAL LIABILITIES		450,532		386,086
Commitments and contingencies				
MEZZANINE EQUITY		784		2,352
STOCKHOLDERS' EQUITY				
Preferred stock (\$0.0001 par value), authorized 45,000 shares, none issued or outstanding		_		_
Common stock (\$0.0001 par value)				
Class A common stock, authorized 513,797 shares, issued and outstanding 44,216 and 41,271 shares as	of			
December 31, 2020 and 2019, respectively		4		4
Class B common stock, authorized 41,203 shares, issued and outstanding 30,111 and 31,131 shares as of				
December 31, 2020 and 2019, respectively		3		3
Additional paid-in capital		474,669		446,633

Accumulated deficit	(93,293)	(82,405)
Accumulated other comprehensive loss	(2,797)	(9,528)
TOTAL STOCKHOLDERS' EQUITY	378,586	 354,707
TOTAL LIABILITIES. MEZZANINE FOUITY AND STOCKHOLDERS' FOUITY	\$ 829,902	\$ 743.145

# ALTAIR ENGINEERING INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

For the Three Months Ended

	December 31,			For the Year Ended December 31,				
(in thousands, except per share data)	·	2020		2019		2020		2019
Revenue								_
License	\$	76,381	\$	64,194	\$	259,965	\$	244,321
Maintenance and other services		37,244		36,993		131,746		122,381
Total software		113,625		101,187		391,711		366,702
Software related services		7,906		8,941		26,454		34,576
Total software and related services	<u> </u>	121,531		110,128		418,165		401,278
Client engineering services		9,934		11,722		44,320		48,987
Other		1,976		2,027		7,436		8,650
Total revenue		133,441		123,877		469,921		458,915
Cost of revenue								_
License		6,786		8,139		19,637		21,285
Maintenance and other services		10,105		10,892		38,688		38,401
Total software *		16,891	-	19,031		58,325		59,686
Software related services		6,102		6,497		21,243		25,640
Total software and related services		22,993	-	25,528		79,568		85,326
Client engineering services		8,067		9,882		35,684		39,875
Other		1,631		1,540		6,053		7,398
Total cost of revenue		32,691		36,950		121,305		132,599
Gross profit		100,750		86,927		348,616		326,316
Operating expenses:								
Research and development *		34,966		30,498		126,081		117,510
Sales and marketing *		30,537		27,589		111,440		106,051
General and administrative *		22,933		21,292		86,432		82,178
Amortization of intangible assets		4,986		3,769		16,376		14,442
Other operating loss (income), net		5		(370)		(3,426)		(2,072)
Total operating expenses		93,427		82,778		336,903		318,109
Operating income		7,323		4,149		11,713		8,207
Interest expense		3,008		2,785		11,598		6,371
Other income, net		(65)		(849)		(1,917)		(1,552)
Income before income taxes	<u> </u>	4,380		2,213		2,032		3,388
Income tax expense		2,182		3,715		12,532		10,930
Net income (loss)	\$	2,198	\$	(1,502)	\$	(10,500)	\$	(7,542)
Income per share:								
Net income (loss) per share attributable to common stockholders,								
basic	\$	0.03	\$	(0.02)	\$	(0.14)	\$	(0.11)
Net income (loss) per share attributable to common stockholders,								
diluted	\$	0.03	\$	(0.02)	\$	(0.14)	\$	(0.11)
Weighted average shares outstanding:								
Weighted average number of shares used in computing net income								
(loss) per share, basic		74,020		72,227		73,241		71,544
Weighted average number of shares used in computing net income		70.464		70.007		70.044		74 544
(loss) per share, diluted		78,484		72,227		73,241		71,544

 $<sup>^{\</sup>star}$   $\,$  Amounts include stock-based compensation expense as follows (in thousands):

(Unaudited)	

	Three Months Ended December 31,			Twelve Months Ended December 31,				
		2020		2019		2020		2019
Cost of revenue-software	\$	871	\$	342	\$	2,473	\$	1,069
Research and development		2,686		1,306		8,372		2,917
Sales and marketing		2,474		688		6,423		2,250
General and administrative		1,385		608		4,087		2,292
Total stock-based compensation expense	\$	7,416	\$	2,944	\$	21,355	\$	8,528

# ALTAIR ENGINEERING INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited)

Whether the White State (STATIST ACTIVITIES)         2009         10,000         0,000<			Year Ended	Dece	mber 31.
OPERATING ACTIVITIES:         \$ (10,500)         \$ (7,52)           Net loss         23,806         21,522           Adjustments to reconcile net loss to net cash provided by operating activities:         23,806         21,522           Pervoision for credit loss         1,259         67           Amortization of debt discount and issuance costs         10,829         5,653           Stock-based compensation expense         2,135         6,828           Deferred income taxes         (10,35)         (850           Other, net         11,025         (7,901)           Changes in assets and liabilities:         (11,03)         (7,901)           Prepaid expenses and other current assets         (2,131)         (3,965)           Other long-term assets         (2,131)         (3,965)           Accounts payable         (1,839)         (1,222)           Accounts payable         (1,839)         (1,222)           Other accrused expenses and current liabilities, net         (2,131)         (3,932)           Obertain passets         (2,131)         (3,932)           Other accrused expenses and current liabilities, net         (4,022)         (2,132)           Other accrused expenses and current liabilities         (5,711)         51           Operating lease right of u	(in thousands)				
Adjustments to reconcile net loss to net cash provided by operating activities:   Depreciation and amoritization   23,806   21,522   6774   7774   7775	•				
Depreciation and amortization         23,806         21,522           Provision for credit loss         1,259         676           Amortization of debt discount and issuance costs         10,829         5,685           Stock-based compensation expense         21,355         6,586           Deferred income taxes         (10,350)         (500)           Other, net         11,000         (11,002)         (7,901)           Prepaid expenses and liabilities:         (11,002)         (7,901)           Pepaid expenses and other current assets         (2,131)         (2,396)           Other long-term assets         (1,302)         (4,258)           Accounts payable         (1,389)         (4,252)           Accounts payable         (1,389)         (4,252)           Accounts payable         (1,389)         (4,252)           Accounts payable of use assets and ilabilities, net         (1,42)         10           Operating lease right of use assets and current liabilities         (1,577)         513           Operating lease right of use assets and liabilities, net         (14,02)         10           NE cash provided by operating activities         (8,000)         17,426           Net cash provided by operating activities         (8,000)         1,600	Net loss	\$	(10,500)	\$	(7,542)
Provision for credit los         1,259         6.71           Amortization of debt discount and issuance costs         5,663         5,623           Stock-based compensation expense         21,355         6,826           Deferred income taxes         118         6           Other, net         118         6           Changes in assets and liabilities:         118         2,73           Accounts receivable         (2,131         (2,996)           Prepaid expenses and other current assets         (2,131         (2,996)           Other long-term assets         (4,527)         (2,591)           Accounts payable         1,985         (1,622)           Accrused compensation and benefits         1,985         (1,622)           Other accrused expenses and current liabilities, net         1,142         1,022           Operating lease right of the assets and liabilities, net         1,142         1,022           Operating lease right of the assets and liabilities, net         1,142         1,022           Operating lease right of the assets and liabilities, net         1,142         1,022           Deferred revenue         1,142         1,022           Payments for acquisition of businesses, net of cash acquired         1,142         1,022           Payments for acq	Adjustments to reconcile net loss to net cash provided by operating activities:				
Amortization of debt discount and issuance costs         10,829         5,686           Stock-based compensation expense         (10,350)         6,980           Deferred income taxes         (10,350)         6,980           Other, net         (10,300)         (10,000)           Changes in assets and liabilities:         (11,002)         (7,901)           Prepaid expenses and other current assets         (11,002)         (2,991)           Other long-term assets         (4,527)         (2,591)           Accounts payable         (1,839)         (4262)           Accounts payable         (1,839)         (4262)           Account payable         (1,839)         (4262)           Other accrued expenses and current liabilities         5,771         513           Other accrued expenses and current liabilities         (1,22)         102           Deferred revenue         (2,20)         17,426         102           Net cash provided by operating activities         (3,28)         13,28         13,28           NETSTING ACTIVITIES:         (41,022)         (2,23)         (4,72)           Payments for acquisition of businesses, net of cash acquired         (3,28)         (4,72)           Other investing activities.         36,00         9,0	Depreciation and amortization		23,806		21,522
Stock-based compensation expense         21,355         8,582           Deferred income taxes         (950)         (950)           Other, net         1188         6           Changes in assets and liabilities:         "TOP Changes in assets and liabilities."         (11,032)         (7,901)           Accounts receivable         (2,131)         (2,969)         (2,969)           Other long-term assets         (2,131)         (2,591)         (2,591)           Accounts payable         (4,527)         (2,591)         (2,501)           Accrued compensation and benefits         1,985         (1,232)           Oberating lease right of use assets and liabilities, net         (142)         10,222           Deferred revenue         3,288         31,393           INVESTING ACTIVITIES:         (4,102)         10,222           Symments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (41,028)         (25,720)           Capital expenditures         (2,133)         (473)           Other investing activities, net         3,000         96,980           Payments for acquisition of developed technology         2,133         (473)           Other carbinaging activities net         3,000	Provision for credit loss		1,259		671
Deferred income taxes         (10,350)         (950)           Other, net         118         6           Changes in assets and liabilities:         (11,032)         (7,901)           Prepaid expenses and other current assets         (2,131)         (2,396)           Other long-term assets         (4,527)         (2,596)           Accounts payable         (1,839)         (462)           Accoud compensation and benefits         (1,839)         (426)           Other accrued expenses and current liabilities, net         (142)         102           Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         1,7426           Net cash provided by operating activities         (41,028)         (25,702)           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,702)           Capital expenditures         (6,093)         (9,680)           Payments for acquisition of developed technology         (41,028)         (35,839)           FINANCING ACTIVITIES         (41,028)         (45,029)           Borrowing activities, net         30,000         96,982           For ceeds from the exercise of stock options         1,710         1,510           Proceeds from	Amortization of debt discount and issuance costs		10,829		5,663
Other, net         118         6           Changes in assets and liabilities:         Crossets         Crossets <td>Stock-based compensation expense</td> <td></td> <td>21,355</td> <td></td> <td>8,528</td>	Stock-based compensation expense		21,355		8,528
Changes in assets and liabilities:         (11,032)         (7,901)           Accounts receivable         (2,131)         (2,396)           Prepaid expenses and other current assets         (2,131)         (2,396)           Other long-term assets         (1,839)         (4,527)           Accoud compensation and benefits         (1,839)         (4,262)           Accorded compensation and benefits         5,771         513           Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,882         31,339           INVESTING ACTIVITIES:         4(1,028)         (25,720)           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of businesses, net of cash acquired         4(1,028)         (25,720)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of businesses, net of cash acquired         4(1,028)         (25,720)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of userities and investing activities and investing activi	Deferred income taxes		(10,350)		(950)
Accounts receivable         (11,032)         (7,901)           Prepaid expenses and other current assets         (2,131)         (2,396)           Other long-term assets         (1,627)         (2,591)           Accounts payable         (1,839)         (426)           Accounts payable         1,985         (1,232)           Other accrued expenses and current liabilities         5,771         513           Operating lease right of use assets and liabilities, net         (102)         102           Deferred revenue         8,280         7,726           Nct cash provided by operating activities         32,820         31,393           INVESTING ACTIVITIES:         4(1,028)         (25,720)           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,03)         (9,660)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         30,000         (9,692)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         30,000         (9,692)           Payments for acquisition of developed technology         30,000         (9,992)	Other, net		118		6
Prepaid expenses and other current assets         (2,396)           Other long-term assets         (4,527)         (2,591)           Accounts payable         (1,632)         (4,627)           Accoursed compensation and benefits         1,985         (1,232)           Other accrued expenses and current liabilities         5,771         513           Operating lease right of use assets and liabilities, net         6,270         1,726           Deferred revenue         8,280         1,742           Net cash provided by operating activities         8,280         1,742           INESTING ACTIVITIES:         4,102         2,282           Payments for acquisition of businesses, net of cash acquired         6,093         9,680           Payments for acquisition of developed technology         6,093         9,680           Payments for acquisition of developed technology         6,093         9,690           Payments for acquisition of businesses, net of cash acquired         4,102         1,170         1,170           Other investing activities, net         6,093         9,690         1,170         1,170         1,510           Borrowings under revolving commitment         30,000         9,692         1,170         1,510         1,510           Proceeds from its exercise of stock options	Changes in assets and liabilities:				
Other long-term assets         (4,527)         (2,591)           Accounts payable         (1,839)         (426)           Accrued compensation and benefits         1,985         (1,232)           Other accrued expenses and current liabilities         5,771         513           Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,882         31,393           INVESTING ACTIVITIES:         41,028         (5,770)           Payments for acquisition of businesses, net of cash acquired         (41,028)         (5,700)           Capital expenditures         (6,093)         (9,680)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         30,000         96,992           INANCING ACTIVITIES:         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,233	Accounts receivable		(11,032)		(7,901)
Accounts payable         (1,839)         (426)           Accrued compensation and benefits         1,985         (1,232)           Other accrued expenses and current liabilities         5,771         513           Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,882         31,393           INVESTING ACTIVITIES         6(0.93)         (9,600)           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         1,41           Payments for acquisition of developed technology         (30,000)         6,093           Post cash used in investing activities         30,000         6,093           Payments for acquisition of developed technology         30,000         6,093           Proceeds from insulance activities         30,000         6,093           Proceeds from insulance during activities         30,000         6,093           Payments for issuance costs of convertible senior notes, net of underwriters	Prepaid expenses and other current assets		(2,131)		(2,396)
Accrued compensation and benefits         1,985         (1,232)           Other accrued expenses and current liabilities         5,771         513           Operating lease right of use assets and liabilities, net         (122)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,882         31,393           INVESTING ACTIVITIES:         8         (41,028)         (25,720)           Payments for acquisition of businesses, net of cash acquired         (6,093)         (9,660)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of developed technology         (21,33)         (47,32)           Other investing activities, net         (40,022)         (35,839)           Payments for acquisition of developed technology         (21,33)         (47,32)           Other investing activities, net         (40,022)         (35,839)           Payments for acquisition of developed technology         (21,33)         (47,32)           Other investing activities         (40,022)         (35,839)           FINAL TIME         30,000         69,992           Proceeds from the exercise of stock options         -         (22,31)           Proceeds from the exercise of stock options	Other long-term assets		(4,527)		(2,591)
Other accrued expenses and current liabilities, net         5,771         513           Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,882         31,393           INVESTING ACTIVITIES:           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         9,660           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         12,233         (473)           Other investing activities, net         30,000         13,600           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         30,000         36,803           Payments for investing activities, net         30,000         96,992           FINALIZIONED         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,510           Payments for issuance of convertible senior notes, net of underwriters' discounts and comments insured of convertible s	Accounts payable		(1,839)		(426)
Operating lease right of use assets and liabilities, net         (142)         102           Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,820         31,726           INVESTING ACTIVITIES:         2           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of developed technology         (2,133)         (47,028)           Other investing activities, net         162         14           Net cash used in investing activities         30,000         96,992           FINANCING ACTIVITIES:         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         ————————————————————————————————————			1,985		(1,232)
Deferred revenue         8,260         17,426           Net cash provided by operating activities         32,882         31,393           INVESTING ACTIVITIES:         8           Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         (9,660)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCINIG ACTIVITIES:         30,000         96,992           Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         30,000         96,992           Payments on revolving commitment         30,000         96,992           Payments for issuance octs of convertible senior notes, net of underwriters' discounts and commissions         4         1,291           Payments for issuance costs of convertible senior notes         31,250         161,293           Other financing activities         31,2	Other accrued expenses and current liabilities		5,771		513
Deferred revenue         8,280         17,426           Net cash provided by operating activities         32,82         31,303           INVESTING ACTIVITIES:         4(41,028)         (25,720)           Payments for acquisition of businesses, net of cash acquired         (6,093)         (9,600)           Capital expenditures         (6,093)         (9,600)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCIB ACTIVITIES:         30,000         96,992           Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from the exercise of stock options         1,710         1,510           Payments or resource octs of convertible senior notes, net of underwriters' discounts and certified activities         3         1,010         1,019           Payments for issuance costs of convertible senior notes         31,250         181,916 <t< td=""><td>Operating lease right of use assets and liabilities, net</td><td></td><td>(142)</td><td></td><td>102</td></t<>	Operating lease right of use assets and liabilities, net		(142)		102
Net cash provided by operating activities         32,882         31,303           INVESTING ACTIVITIES:         4(1,028)         (25,720)           Payments for acquisition of businesses, net of cash acquired         (6,093)         (96,600)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINACING ACTIVITIES:         30,000         96,992           Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         (223,101           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (1233)           Other financing activities         31,250         151           Payments for issuance costs of convertible senior notes         31,250         151           Other financing activities         31,250         151           Effect of exchange rate changes on cash, cash equivalents and restricted cash         18,00			` ,		17,426
INVESTING ACTIVITIES:         Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,03)         (9,660)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (123)           Other financing activities         —         (123)           Net cash provided by financing activities         31,250         191,916           Effect of exchange rate changes on cash, cash equivalents and restricted cash         18,050         187,812           Osh, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalen	Net cash provided by operating activities				31,393
Payments for acquisition of businesses, net of cash acquired         (41,028)         (25,720)           Capital expenditures         (6,093)         (9,606)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (123,941)           Payments for issuance costs of convertible senior notes         —         (123,941)           Payments for issuance costs of convertible senior notes         —         (123,941)           Payments for issuance costs of convertible senior notes         —         (123,941)           Payments for issuance costs of convertible senior notes         —         (460)         (513)           Net cash provided by financing activities         —         (460)         519,961		-	· · · · · ·		<del></del>
Capital expenditures         (6,093)         (9,600)           Payments for acquisition of developed technology         (2,133)         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         8         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertibles senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertibles senior notes         —         (127,941)           Payments for issuance costs of conv			(41.028)		(25.720)
Payments for acquisition of developed technology         (473)           Other investing activities, net         162         14           Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments on issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         31,250         191,916           Effect of exchange rate changes on cash, cash equivalents and restricted cash         18,050         35,685           Cash, cash equivalents a					, ,
Other investing activities, net         162         149           Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions          (127,941)           Payments on revolving commitment          (127,941)           Payments for issuance costs of convertible senior notes          (127,941)           Payments for issuance costs of convertible senior notes          (127,941)           Payments for issuance costs of convertible senior notes          (127,941)           Payments for issuance costs of convertible senior notes          (127,941)           Payments for issuance costs of convertible senior notes          (12,33)           Other financing activities         460         (513)           Payments for issuance octs of convertibles enior notes         31,250         191,916           Effect of exchanges not cash, cash equivalents and restricted cash         18,050         187,812           Cash, cash equivalents and restricted cash at beginning of year         223,497 <td>·</td> <td></td> <td></td> <td></td> <td></td>	·				
Net cash used in investing activities         (49,092)         (35,839)           FINANCING ACTIVITIES:         30,000         96,992           Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments on rissuance costs of convertible senior notes         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (127,941)           Other financing activities         460         (513)           Other financing activities         31,250         191,916           Net cash provided by financing activities         3,010         342           Net increase in cash, cash equivalents and restricted cash         3,010         342           Net increase in cash, cash equivalents and restricted cash         18,050         187,812           Cash, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalents and restricted cash at end of period         \$731         664           Interest paid         \$731         67,686 </td <td></td> <td></td> <td>, , ,</td> <td></td> <td>` ,</td>			, , ,		` ,
FINANCING ACTIVITIES:         Section of the exercise of stock options of the exercise of convertible senior notes, net of underwriters' discounts and commissions of the exercise of convertible senior notes, net of underwriters' discounts and commissions of the exercise of convertible senior notes of the expression of the exercise of convertible senior notes of the expression of the exercise of convertible senior notes of the expression of the exercise of convertible senior notes of the expression of the exercise of the expression of the expression of the exercise of the expression of the expressi					
Borrowings under revolving commitment         30,000         96,992           Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (1,233)           Other financing activities         (460)         (513)           Net cash provided by financing activities         31,250         191,916           Effect of exchange rate changes on cash, cash equivalents and restricted cash         3,010         342           Net increase in cash, cash equivalents and restricted cash         18,050         187,812           Cash, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalents and restricted cash at end of period         \$ 241,547         223,497           Supplemental disclosures of cash flow:         Interest paid         \$ 7,686         7,686           Income taxes paid         \$ 7,686         7,686           Supplemental disclosure of non-cash investing and financing activities:         \$ 3,504         7,637		-	(10,002)		(66,666)
Proceeds from the exercise of stock options         1,710         1,510           Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions         —         223,101           Payments on revolving commitment         —         (127,941)           Payments for issuance costs of convertible senior notes         —         (1,233)           Other financing activities         (460)         (513)           Net cash provided by financing activities         31,250         191,916           Effect of exchange rate changes on cash, cash equivalents and restricted cash         3,010         342           Net increase in cash, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalents and restricted cash at end of period         \$ 241,547         223,497           Supplemental disclosures of cash flow:         Interest paid         \$ 731         664           Income taxes paid         \$ 12,666         7,686           Supplemental disclosure of non-cash investing and financing activities:         \$ 3,504         7,637			30,000		96 992
Proceeds from issuance of convertible senior notes, net of underwriters' discounts and commissions  Payments on revolving commitment  Payments for issuance costs of convertible senior notes  Other financing activities  Net cash provided by financing activities  Net cash provided by financing activities  Effect of exchange rate changes on cash, cash equivalents and restricted cash  Net increase in cash, cash equivalents and restricted cash  Net increase in cash, cash equivalents and restricted cash  Cash, cash equivalents and restricted cash at beginning of year  Cash, cash equivalents and restricted cash at beginning of year  Cash, cash equivalents and restricted cash at end of period  Supplemental disclosures of cash flow:  Interest paid   \$ 731 \$ 664	· · · · · · · · · · · · · · · · · · ·		•		•
Payments on revolving commitment—(127,941)Payments for issuance costs of convertible senior notes—(1,233)Other financing activities(460)(513)Net cash provided by financing activities31,250191,916Effect of exchange rate changes on cash, cash equivalents and restricted cash3,010342Net increase in cash, cash equivalents and restricted cash18,050187,812Cash, cash equivalents and restricted cash at beginning of year223,49735,685Cash, cash equivalents and restricted cash at end of period\$ 241,547223,497Supplemental disclosures of cash flow:Interest paid\$ 731664Income taxes paid\$ 12,6667,686Supplemental disclosure of non-cash investing and financing activities:Issuance of common stock in connection with acquisitions\$ 3,5047,637	·		1,710		•
Payments for issuance costs of convertible senior notes  Other financing activities  Net cash provided by financing activities  Effect of exchange rate changes on cash, cash equivalents and restricted cash  Net increase in cash, cash equivalents and restricted cash  Net increase in cash, cash equivalents and restricted cash  Cash, cash equivalents and restricted cash at beginning of year  Cash, cash equivalents and restricted cash at end of period  Supplemental disclosures of cash flow:  Interest paid  Income taxes paid  Supplemental disclosure of non-cash investing and financing activities:  Issuance of common stock in connection with acquisitions  (1,233)  (460) (513)  191,916  3,504  191,916  191,916  192,916  193,916  194,916	·		_		•
Other financing activities         (460)         (513)           Net cash provided by financing activities         31,250         191,916           Effect of exchange rate changes on cash, cash equivalents and restricted cash         3,010         342           Net increase in cash, cash equivalents and restricted cash         18,050         187,812           Cash, cash equivalents and restricted cash at beginning of year         223,497         35,685           Cash, cash equivalents and restricted cash at end of period         \$ 241,547         \$ 223,497           Supplemental disclosures of cash flow:         \$ 731         \$ 664           Interest paid         \$ 12,666         7,686           Supplemental disclosure of non-cash investing and financing activities:         \$ 3,504         7,637           Issuance of common stock in connection with acquisitions         \$ 3,504         7,637	·				
Net cash provided by financing activities31,250191,916Effect of exchange rate changes on cash, cash equivalents and restricted cash3,010342Net increase in cash, cash equivalents and restricted cash18,050187,812Cash, cash equivalents and restricted cash at beginning of year223,49735,685Cash, cash equivalents and restricted cash at end of period\$ 241,547\$ 223,497Supplemental disclosures of cash flow:Interest paid\$ 731\$ 664Income taxes paid\$ 12,666\$ 7,686Supplemental disclosure of non-cash investing and financing activities:Issuance of common stock in connection with acquisitions\$ 3,504\$ 7,637	•		(460)		, , ,
Effect of exchange rate changes on cash, cash equivalents and restricted cash3,010342Net increase in cash, cash equivalents and restricted cash18,050187,812Cash, cash equivalents and restricted cash at beginning of year223,49735,685Cash, cash equivalents and restricted cash at end of period\$ 241,547\$ 223,497Supplemental disclosures of cash flow:Interest paid\$ 731\$ 664Income taxes paid\$ 12,666\$ 7,686Supplemental disclosure of non-cash investing and financing activities:Issuance of common stock in connection with acquisitions\$ 3,504\$ 7,637	•				
Net increase in cash, cash equivalents and restricted cash18,050187,812Cash, cash equivalents and restricted cash at beginning of year223,49735,685Cash, cash equivalents and restricted cash at end of period\$ 241,547223,497Supplemental disclosures of cash flow:Interest paid\$ 731664Income taxes paid\$ 12,6667,686Supplemental disclosure of non-cash investing and financing activities:Issuance of common stock in connection with acquisitions\$ 3,5047,637	, , ,				
Cash, cash equivalents and restricted cash at beginning of year223,49735,685Cash, cash equivalents and restricted cash at end of period\$ 241,547\$ 223,497Supplemental disclosures of cash flow:Interest paid\$ 731\$ 664Income taxes paid\$ 12,666\$ 7,686Supplemental disclosure of non-cash investing and financing activities:Issuance of common stock in connection with acquisitions\$ 3,504\$ 7,637	•				
Cash, cash equivalents and restricted cash at end of period \$241,547\$ \$223,497  Supplemental disclosures of cash flow:  Interest paid \$731\$ 664 Income taxes paid \$12,666\$ \$7,686  Supplemental disclosure of non-cash investing and financing activities: Issuance of common stock in connection with acquisitions \$3,504\$ \$7,637			•		•
Supplemental disclosures of cash flow:  Interest paid \$ 731 \$ 664 Income taxes paid \$ 12,666 \$ 7,686 Supplemental disclosure of non-cash investing and financing activities: Issuance of common stock in connection with acquisitions \$ 3,504 \$ 7,637				_	
Interest paid \$ 731 \$ 664 Income taxes paid \$ 12,666 \$ 7,686 Supplemental disclosure of non-cash investing and financing activities:  Issuance of common stock in connection with acquisitions \$ 3,504 \$ 7,637	·	\$	241,547	\$	223,497
Income taxes paid \$ 12,666 \$ 7,686  Supplemental disclosure of non-cash investing and financing activities:  Issuance of common stock in connection with acquisitions \$ 3,504 \$ 7,637	Supplemental disclosures of cash flow:				
Supplemental disclosure of non-cash investing and financing activities:  Issuance of common stock in connection with acquisitions \$ 3,504 \$ 7,637	Interest paid	\$	731	\$	664
Issuance of common stock in connection with acquisitions \$ 3,504 \$ 7,637	Income taxes paid	\$	12,666	\$	7,686
·	Supplemental disclosure of non-cash investing and financing activities:				
Promissory notes issued and deferred payment obligations for acquisitions \$ 1.266 \$ 497	Issuance of common stock in connection with acquisitions	\$	3,504	\$	7,637
	Promissory notes issued and deferred payment obligations for acquisitions	\$	1,266	\$	497
Finance leases \$ 118 \$ 632	Finance leases	\$	118	\$	632
Property and equipment in accounts payable and other current liabilities \$ 1,671 \$ 259	Property and equipment in accounts payable and other current liabilities	\$	1,671	\$	259

The following table provides a reconciliation of Non-GAAP net income and Non-GAAP net income per share – diluted, to net income (loss) and net income (loss) per share – diluted, the most comparable GAAP financial measures:

/| |-- - . . -|:4 - -|\

	(Unaudited)									
		Three Mor Decem				Twelve Mor Decem				
(in thousands, except per share amounts)		2020		2019		2020		2019		
Net income (loss)	\$	2,198	\$	(1,502)	\$	(10,500)	\$	(7,542)		
Stock-based compensation expense		7,416		2,944		21,355		8,528		
Amortization of intangible assets		4,986		3,769		16,376		14,442		
Special adjustments (1)		_		7		(372)		2,038		
Income tax effect of non-GAAP adjustments		(451)		34		(1,380)		(1,069)		
Non-GAAP net income	\$	14,149	\$	5,252	\$	25,479	\$	16,397		
Net income (loss) per share - diluted	\$	0.03	\$	(0.02)	\$	(0.14)	\$	(0.11)		
Non-GAAP net income per share - diluted	\$	0.17	\$	0.07	\$	0.31	\$	0.21		
GAAP diluted shares outstanding:		78,484		72,227		73,241		71,544		
Non-GAAP diluted shares outstanding:		83,000		78,000		83,000		78,000		

<sup>(1)</sup> The twelve months ended December 31, 2020, includes \$1.0 million of proceeds from settlements related to a historical acquisition and \$0.6 million of severance expense. The twelve months ended December 31, 2019, includes \$1.0 million of impairment charges for royalty contracts, \$0.6 million of acquisition related costs and \$0.4 million of severance expense.

The following table provides a reconciliation of Adjusted EBITDA to net income (loss), the most comparable GAAP financial measure:

	(Unaudited)							
		Three Mor Decem				Twelve Mon Decemi		
(in thousands)		2020		2019		2020		2019
Net income (loss)	\$	2,198	\$	(1,502)	\$	(10,500)	\$	(7,542)
Income tax expense		2,182		3,715		12,532		10,930
Stock-based compensation expense		7,416		2,944		21,355		8,528
Interest expense		3,008		2,785		11,598		6,371
Depreciation and amortization		6,890		5,686		23,806		21,522
Special adjustments, interest income and other (1)		(2)		(893)		(1,503)		(260)
Adjusted EBITDA	\$	21,692	\$	12,735	\$	57,288	\$	39,549

<sup>(1)</sup> The twelve months ended December 31, 2020, includes \$1.0 million of proceeds from settlements related to a historical acquisition and \$0.6 million of severance expense. The twelve months ended December 31, 2019, includes \$1.0 million of impairment charges for royalty contracts, \$0.6 million of acquisition related costs and \$0.4 million of severance expense.

The following table provides a reconciliation of Free Cash Flow to net cash provided by operating activities, the most comparable GAAP financial measure:

		(Unaudited)						
(to the seconds)	Three Mon Decemi		Twelve Mor Decem					
(in thousands)	2020	2019	2020	2019				
Net cash provided by operating activities	5,503	1,388	32,882	31,393				
Capital expenditures	(2,087)	(1,540)	(6,093)	(9,660)				
Free Cash Flow	\$ 3,416	\$ (152)	\$ 26,789	\$ 21,733				

#### **Business Outlook**

Starting with the 2021 guidance presented in this press release (including the reconciliations provided below) and going forward, our definition of Non-GAAP net income now excludes non-cash interest expense and assumes a non-GAAP income tax rate, which approximates our tax rate excluding discrete items and other specific events that can fluctuate from period to period. There are no other changes from our prior definition. We've made these changes to reflect how management reviews results of the business and to be more consistent with our peers.

The following table provides a reconciliation of projected Non-GAAP net income to projected net loss, the most comparable GAAP financial measure:

(Unaudited)

	Three Months Ending March 31, 2021				Year Ending December 31, 2021			
(in thousands)	Low		High		Low		High	
Net loss	\$	(5,400)	\$	(4,500)	\$	(44,000)	\$	(38,300)
Stock-based compensation expense		11,900		11,900		44,500		44,500
Amortization of intangible assets		4,400		4,400		17,800		17,800
Non-cash interest expense		2,800		2,800		11,400		11,400
Special adjustments and other		4,000		5,000		5,000		7,000
Impact of non-GAAP tax rate		(1,400)		(1,800)		2,200		400
Non-GAAP net income	\$	16,300	\$	17,800	\$	36,900	\$	42,800

For comparability purposes, the following table provides a reconciliation of the Quarterly Non-GAAP net income results for 2020 to GAAP net income (loss) for 2020, reflecting the 2021 definition:

(in thousands)	(Unaudited)										
		Three Months Ended									
	March 31, 2020		June 30, 2020		Sept 30, 2020		December 31, 2020				
Net income (loss)	\$	6,030	\$	(10,223)	\$	(8,505)	\$	2,198			
Stock-based compensation expense		3,171		4,534		6,234		7,416			
Amortization of intangible assets		3,840		3,692		3,858		4,986			
Non-cash interest expense		2,648		2,689		2,725		2,762			
Special adjustments and other		_		578		(950)		_			
Impact of non-GAAP tax rate		(637)		1,718		1,294		(2,900)			
Non-GAAP net income	\$	15,052	\$	2,988	\$	4,656	\$	14,462			

The following table provides a reconciliation of projected Adjusted EBITDA to projected net loss, the most comparable GAAP financial measure:

	(Unaudited)									
(in thousands)	Three Months Ending March 31, 2021				Year Ending December 31, 2021					
		Low		High		Low		High		
Net loss	\$	(5,400)	\$	(4,500)	\$	(44,000)	\$	(38,300)		
Income tax expense		4,300		4,400		15,200		15,500		
Stock-based compensation expense		11,900		11,900		44,500		44,500		
Interest expense		2,900		2,900		12,000		12,000		
Depreciation and amortization		6,300		6,300		25,400		25,400		
Special adjustments, interest income and other		4,000		5,000		4,900		6,900		
Adjusted EBITDA	\$	24,000	\$	26,000	\$	58,000	\$	66,000		



Source: Altair Engineering Inc.