



# EARNINGS PRESENTATION

**THIRD QUARTER 2022**

*Nov 2, 2022*

## FORWARD-LOOKING STATEMENTS

This presentation may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements generally relate to future events or our future financial or operating performance and often contain words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “future,” “likely,” “may,” “should,” “will” and similar words and phrases indicating future results. The information presented in this presentation related to our expectations of future performance, including guidance for our revenue and adjusted EBITDA for the full year 2022, statements related to our product roadmap and cost optimization efforts, the opportunities for rapid and quantifiable ROI on costs and revenue for our customers, the resilience of our business mode and other statements that are not purely statements of historical fact, are forward-looking in nature. These forward-looking statements are made on the basis of management’s current expectations, assumptions, estimates and projections and are subject to significant risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. We therefore cannot guarantee future results, performance or achievements.

Factors which could cause actual results or effects to differ materially from those reflected in forward-looking statements include, but are not limited to, the risk factors and other cautionary statements described, from time to time, in AvidXchange’s filings with the Securities and Exchange Commission (“SEC”), including, without limitation, AvidXchange’s Annual Report on Form 10-K and other documents filed with the SEC, which may be obtained on the investor relations section of our website (<https://ir.avidxchange.com/>) and on the SEC website at [www.sec.gov](http://www.sec.gov). Any forward-looking statements made by us in this presentation are based only on information currently available to us and speak only as of the date they are made, and we assume no obligation to update any of these statements in light of new information, future events or otherwise unless required under the federal securities laws.

## NON-GAAP MEASURES AND OTHER PERFORMANCE METRICS

To supplement the financial measures presented, in accordance with generally accepted accounting principles in the United States (“GAAP”), we also present the following non-GAAP measures of financial performance: Non-GAAP Gross Profit and Adjusted EBITDA.

A “non-GAAP financial measure” refers to a numerical measure of our historical or future financial performance or financial position that is included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in our financial statements. We provide certain non-GAAP measures as additional information relating to our operating results as a complement to results provided in accordance with GAAP. The non-GAAP financial information presented herein should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with GAAP and should not be considered a measure of liquidity. There are significant limitations associated with the use of non-GAAP financial measures. Further, these measures may differ from the non-GAAP information, even where similarly titled, used by other companies and therefore should not be used to compare our performance to that of other companies.

We have presented Non-GAAP Gross Profit, Adjusted EBITDA, and Non-GAAP Net Loss in this presentation. We define Non-GAAP Gross Profit as revenue less cost of revenue excluding the portion of depreciation and amortization and stock-based compensation expense allocated to cost of revenues. We define Adjusted EBITDA as our net loss before depreciation and amortization, impairment and write-off of intangible assets, interest income and expense, income tax expense, stock-based compensation expense, transaction and acquisition-related costs expensed, change in fair value of derivative instrument, non-recurring items not indicative of ongoing operations, and charitable contributions of common stock. We define Non-GAAP Net Loss as net loss before amortization of acquired intangible assets, impairment and write-off of intangible assets, stock-based compensation expense, transaction and acquisition-related costs expensed, change in fair value of derivative instrument, non-recurring items not indicative of ongoing operations, provision for income taxes and charitable contributions of common stock.

We believe the use of non-GAAP financial measures, as a supplement to GAAP measures, is useful to investors in that they eliminate items that are either not part of our core operations or do not require a cash outlay, such as stock-based compensation expense. Management uses these non-GAAP financial measures when evaluating operating performance and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing operating performance.

# AVIDXCHANGE AT A GLANCE

## PERFORMANCE

**\$82.4M**

3Q22  
Revenue

**26.4%**

3Q22  
Revenue Growth

**107%**

2021 Net Transactions  
Processed Retention

## SCALE

**8,000**

2021 Buyer  
Customers

**~\$180B**

2021 Spend  
Under Management

**~18M**

3Q22 Transactions Processed

## DIFFERENTIATION

**825,000**

2021 Suppliers paid via  
our B2B Network<sup>1</sup>

**180**

2021 Referral  
Relationships

**220**

2021 Accounting System  
Integrations

# Q3 2022 HIGHLIGHTS

## TOTAL REVENUE

**\$82.4M**

Q3 22

**\$65.2M**

Q3 21

**26.4%**



## TOTAL TRANSACTIONS PROCESSED

**18.0M**

Q3 22

**16.1M**

Q3 21

**11.9%**



## NON-GAAP GROSS PROFIT MARGIN

**65.0%**

Q3 22

**60.6%**

Q3 21

**440bps**



## TOTAL PAYMENT VOLUME

**\$18.1B**

Q3 22

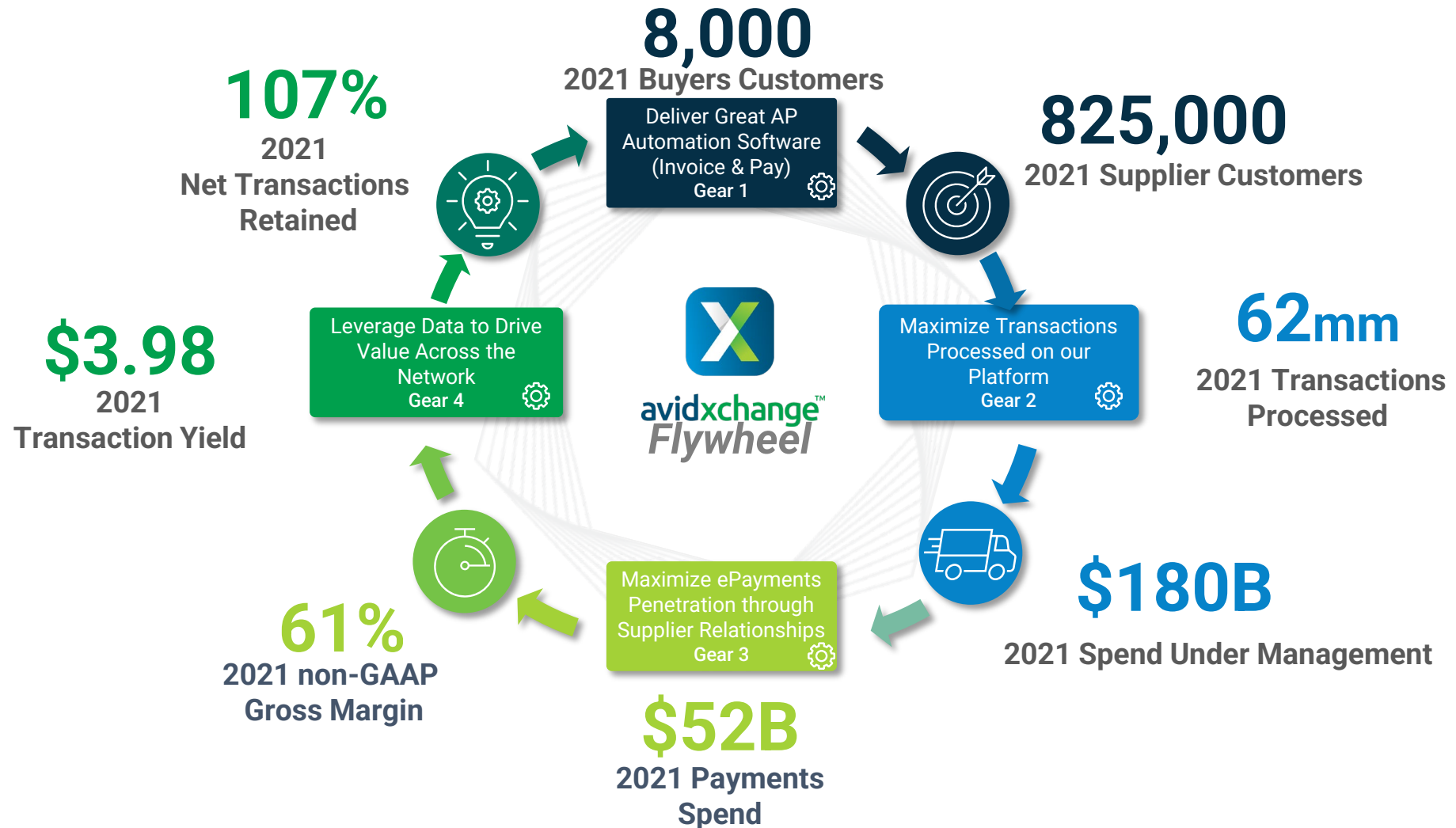
**\$14.0B**

Q3 21

**29.4%**

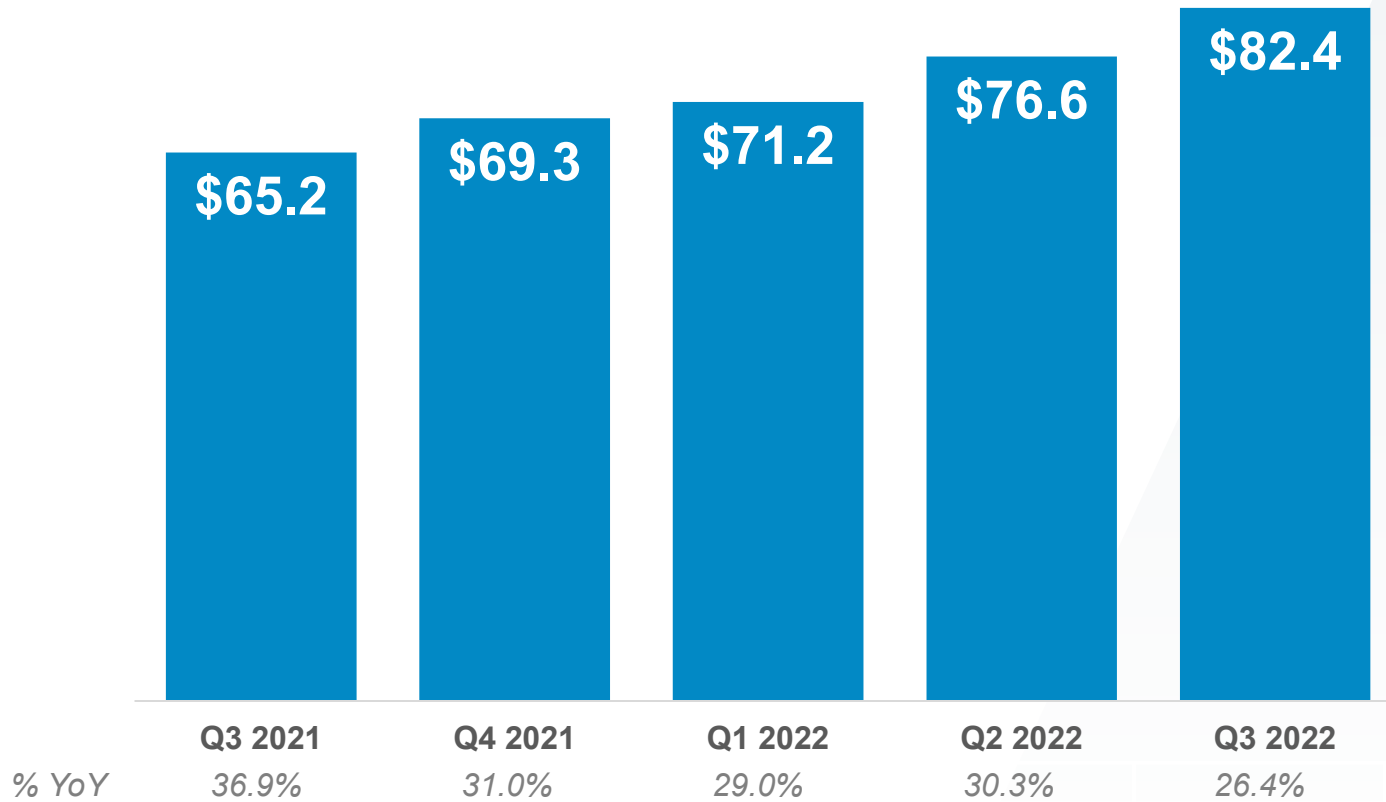


# OUR FINANCIAL MONETIZATION STORY VIA OUR AVIDXCHANGE FLYWHEEL



# TOTAL REVENUE

\$(MILLIONS)

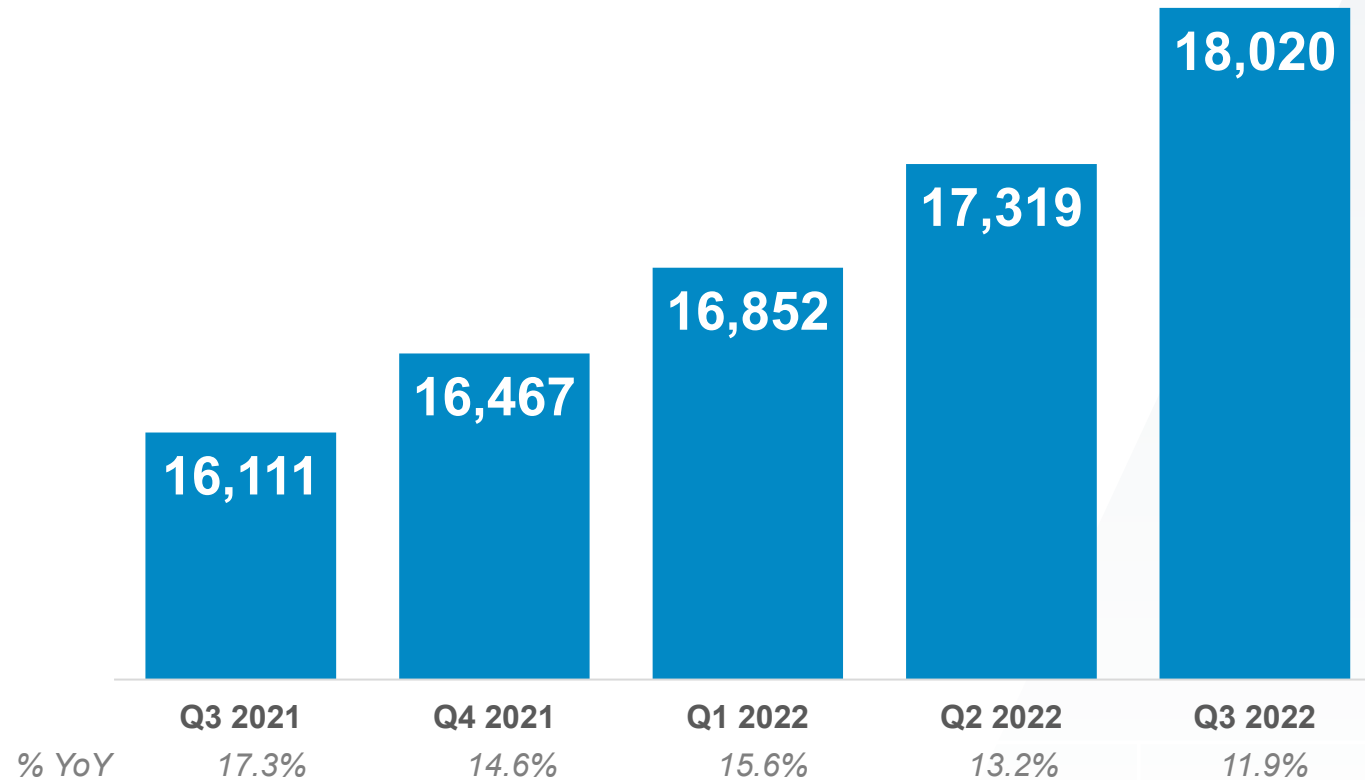


## Q3 2022 Highlights

Total Revenue of \$82.4 million, an increase of 26.4% year-over-year

# TOTAL TRANSACTIONS PROCESSED\*

(THOUSANDS)

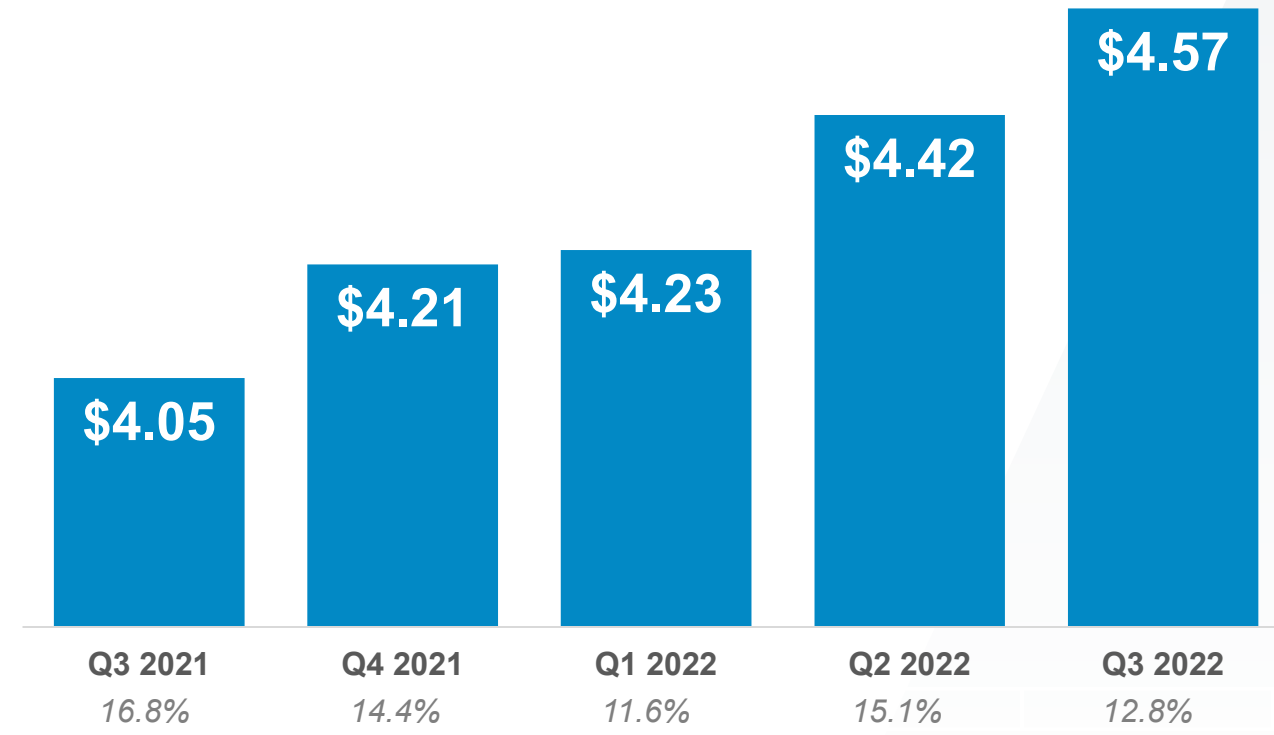


## Q3 2022 Highlights

Total transactions processed of 18.0 million, an increase of 11.9% from 16.1 million in Q3 2021

\*We define transactions processed as the number of invoice transactions and payment transactions, such as invoices, purchase orders, checks, ACH payments and VCCs, processed through our platform during a particular period. We believe that transactions processed is an important measure of our business because it is a key indicator of the use by both buyers and suppliers of our solutions and our ability to generate revenue, since a majority of our revenue is generated based on transactions processed.

# TOTAL TRANSACTION YIELD\*



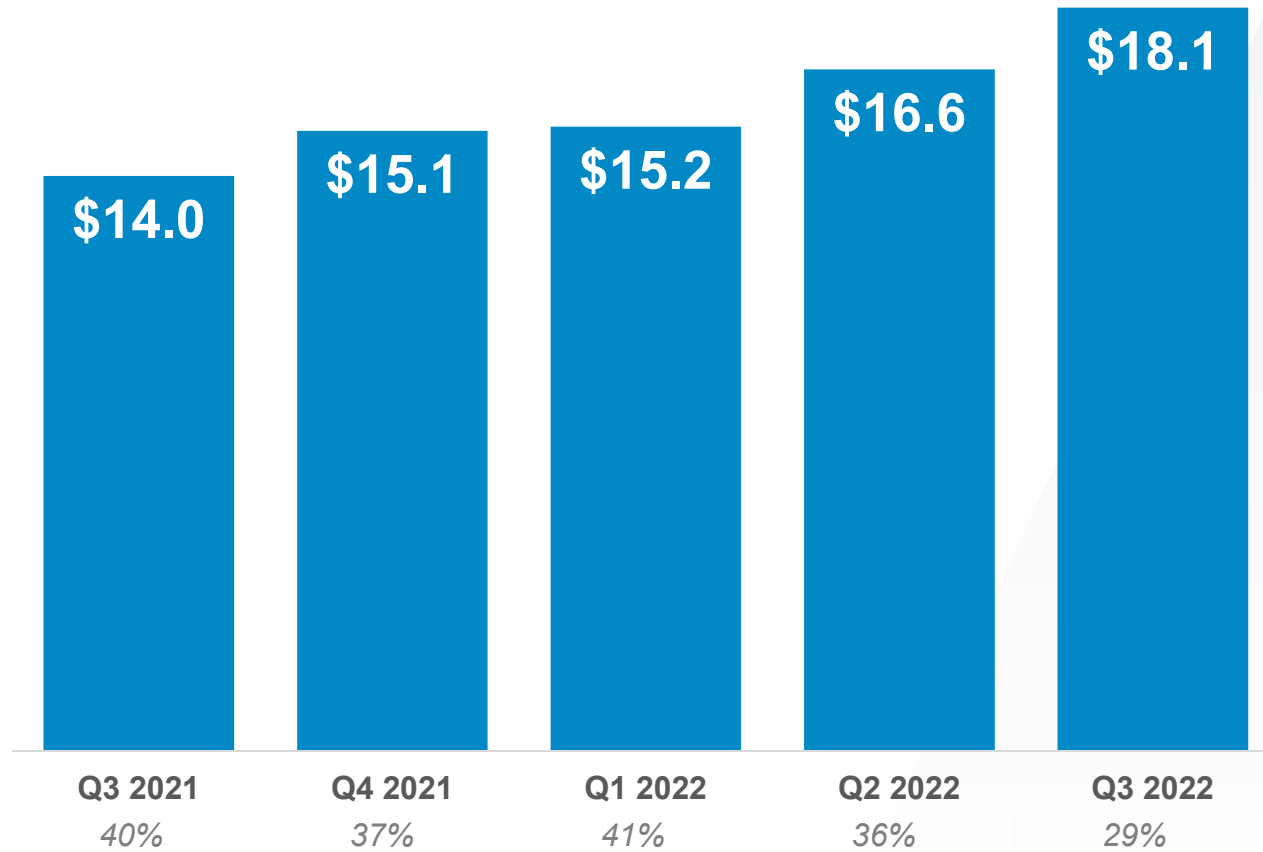
## Q3 2022 Highlights

Total transaction yield was \$4.57, an increase of 12.8% from \$4.05 in Q3 2021

\*We define transaction yield as the total revenue during a particular period divided by the total transactions processed during such period. We believe that transaction yield is an important measure of the value of solutions to buyers and suppliers as we scale



# TOTAL PAYMENT VOLUME\* (BILLION)

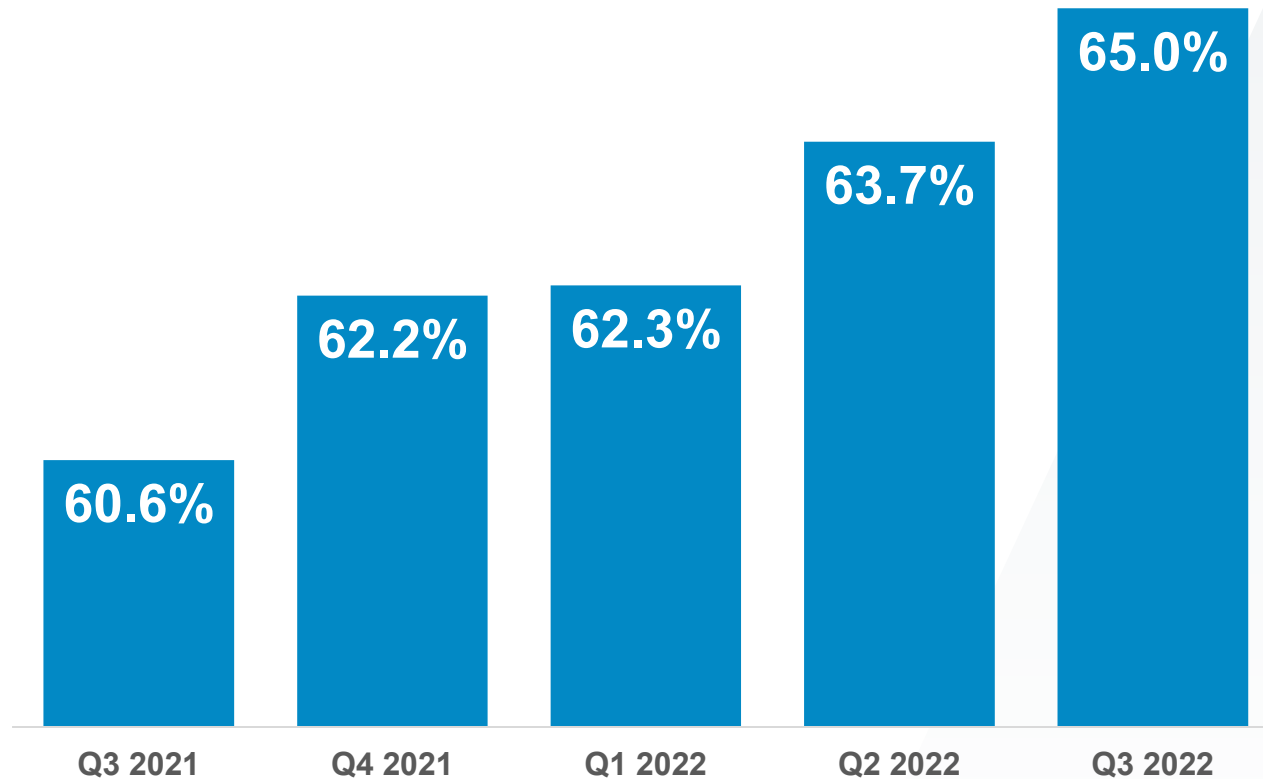


## Q3 2022 Highlights

Total payment volume was \$18.1B, an increase of approx. 29% from \$14.0 B in Q3 2021

\*We define total payment volume as the dollar sum of buyers' AP payments paid to their suppliers through the AvidPay Network during a particular period. We believe total payment volume is an important measure of our AvidPay Network business as it quantifies the demand for our payment services

# NON-GAAP GROSS MARGIN



## Q3 2022 Highlights

Non-GAAP gross profit of \$53.5 million, or 65.0% of total revenue

Gross margin expansion of 440 basis points year-over-year

# FULL YEAR 2022 FINANCIAL OUTLOOK

\$(MILLIONS)

FY 2022	LOW	HIGH
Revenue	\$314.0	\$315.0
<i>% YoY Growth</i>	<i>26.4%</i>	<i>26.8%</i>
Adjusted EBITDA <sup>(1)</sup>	\$(18.0)	\$(19.0)

(1) A reconciliation of adjusted EBITDA to GAAP net loss on a forward-looking basis is not available without unreasonable efforts due to the high variability, complexity and low visibility with respect to the items excluded from this non-GAAP measure



# APPENDIX

# REVENUE DISAGGREGATION

\$(THOUSANDS)

Disaggregation of Revenue:	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Software revenue	\$ 25,039	\$ 22,345	\$ 73,152	\$ 64,416
Payment revenue	56,645	42,173	154,694	112,793
Services revenue	727	658	2,329	1,935
Total revenues	\$ 82,411	\$ 65,176	\$ 230,175	\$ 179,144

# NON-GAAP GROSS MARGIN RECONCILIATION

\$(THOUSANDS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP</b>				
Total revenues	\$ 82,411	\$ 65,176	\$ 230,175	\$ 179,144
Expenses:				
Cost of revenues (exclusive of depreciation and amortization expense)	(29,890)	(25,792)	(86,676)	(71,343)
Depreciation and amortization expense	(4,924)	(5,068)	(13,930)	(14,171)
GAAP Gross profit	\$ 47,597	\$ 34,316	\$ 129,569	\$ 93,630
Adjustments:				
Stock-based compensation expense	1,010	90	3,130	230
Depreciation and amortization expense	4,924	5,068	13,930	14,171
Non-GAAP gross profit	\$ 53,531	\$ 39,474	\$ 146,629	\$ 108,031
GAAP Gross margin	57.8%	52.7%	56.3%	52.3%
Non-GAAP gross margin	65.0%	60.6%	63.7%	60.3%

# NON-GAAP EBITDA & NET LOSS RECONCILIATION

\$(THOUSANDS)

Reconciliation from Net Loss to Adjusted EBITDA:								
Net loss	\$	(25,371)	\$	(35,527)	\$	(76,255)	\$	(127,552)
Depreciation and amortization		8,365		8,164		24,384		22,334
Impairment and write-off of intangible assets		-		-		-		574
Interest income		(2,031)		(35)		(2,906)		(332)
Interest expense		5,209		4,874		15,261		14,985
Provision for income taxes		69		2		207		203
Stock-based compensation expense		8,718		1,157		23,767		3,109
Transaction and acquisition-related costs		3		662		280		3,708
Change in fair value of derivative instrument		-		14,552		-		14,690
Non-recurring items not indicative of ongoing operations <sup>(1)</sup>		1,343		174		1,286		50,224
Adjusted EBITDA	\$	(3,695)	\$	(5,977)	\$	(13,976)	\$	(18,057)

Reconciliation from Net Loss to Non-GAAP Net Loss:								
Net loss	\$	(25,371)	\$	(35,527)	\$	(76,255)	\$	(127,552)
Amortization of acquired intangible assets		3,623		3,676		10,952		9,181
Impairment and write-off of intangible assets		-		-		-		574
Provision for income taxes		69		2		207		203
Stock-based compensation expense		8,718		1,157		23,767		3,109
Transaction and acquisition-related costs		3		662		280		3,708
Change in fair value of derivative instrument		-		14,552		-		14,690
Non-recurring items not indicative of ongoing operations <sup>(1)</sup>		1,343		174		1,286		50,224
Total net adjustments		13,756		20,223		36,492		81,689
Non-GAAP net loss	\$	(11,615)	\$	(15,304)	\$	(39,763)	\$	(45,863)

# NON-GAAP RECONCILIATION

\$(THOUSANDS)

Reconciliation of Cost of Revenue and Operating Expenses to Non-GAAP Cost of Revenue and Operating Expenses (in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Cost of revenues (exclusive of depreciation and amortization expense)	\$ 29,890	\$ 25,792	\$ 86,676	\$ 71,343
Adjustment: Stock-based compensation expense	(1,010)	(90)	(3,130)	(230)
Non-GAAP Cost of revenues (exclusive of depreciation and amortization)	\$ 28,880	\$ 25,702	\$ 83,546	\$ 71,113
<b>Operating expenses</b>				
Sales and marketing	\$ 20,241	\$ 16,118	\$ 57,928	\$ 44,176
Adjustment: Stock-based compensation expense	(1,235)	(214)	(3,543)	(572)
Non-GAAP Sales and marketing	\$ 19,006	\$ 15,904	\$ 54,385	\$ 43,604
Research and development	\$ 21,997	\$ 15,672	\$ 62,176	\$ 43,225
Adjustment: Stock-based compensation expense	(2,717)	(174)	(6,753)	(460)
Non-GAAP Research and development	\$ 19,280	\$ 15,498	\$ 55,423	\$ 42,765
General and administrative	\$ 24,042	\$ 15,564	\$ 62,704	\$ 45,498
Adjustment: Stock-based compensation expense	(3,756)	(679)	(10,341)	(1,847)
Adjustment: Transaction and acquisition-related costs	(3)	(662)	(280)	(3,708)
Adjustment: Non-recurring items not indicative of ongoing operations	(1,343)	(174)	(1,286)	(224)
Non-GAAP General and administrative	\$ 18,940	\$ 14,049	\$ 50,797	\$ 39,719
Impairment and write-off of intangible assets	\$ -	\$ -	\$ -	\$ 574
Adjustment: Impairment and write-off of intangible assets	-	-	-	(574)
Non-GAAP Impairment and write-off of intangible assets	\$ -	\$ -	\$ -	\$ -
Depreciation and amortization	\$ 8,365	\$ 8,164	\$ 24,384	\$ 22,334
Adjustment: Amortization of acquired intangibles	(3,623)	(3,676)	(10,952)	(9,181)
Non-GAAP Depreciation and amortization	\$ 4,742	\$ 4,488	\$ 13,432	\$ 13,153
Total operating expenses	\$ 74,645	\$ 55,518	\$ 207,192	\$ 155,807
Total Non-GAAP operating expenses	\$ 61,968	\$ 49,939	\$ 174,037	\$ 139,241