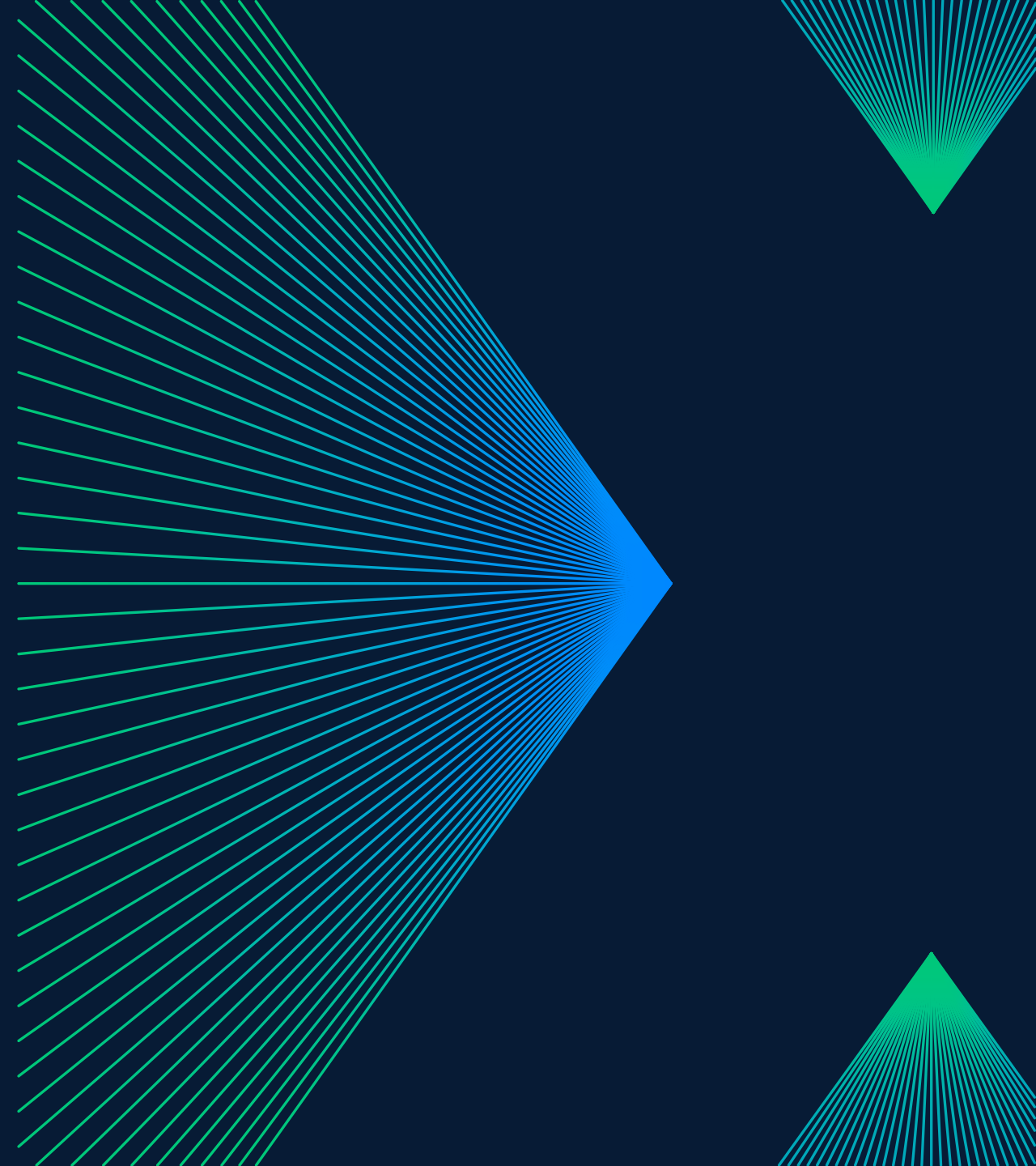




# Road Show Presentation

May 2024



# Disclaimer

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,” “outlook,” “project,” “estimate,” “expect,” “future,” “likely,” “may,” “should,” “continue,” “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 2024, our “streak” of financial results, our ability to counterbalance ongoing and future macroeconomic impacts, our customers’ perception of the value proposition associated with our products and services including the delivery of electronic payments, our addressable market opportunity, the strength of our products and product pipeline, the role that our verticals, integrations, competitive strengths, and two-sided network will play in positioning us for future growth, 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.

To supplement the financial measures presented in our presentation and related conference call 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, Adjusted EBITDA, and Non-GAAP Net Income (Loss).

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 Income (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 (benefit), 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 Income (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, acquisition-related effects on income tax, and charitable contributions of common stock. Non-GAAP income tax expense is calculated using our blended statutory rate except in periods of non-GAAP net loss when it is based on our GAAP income tax expense. In each case, non-GAAP income tax expense excludes the effects of acquisitions in the period on tax expense.

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.

Presenting AvidXchange

# Today's Hosts



**Michael Praeger**

Chief Executive Officer and Co-Founder



**Joel Wilhite**

Chief Financial Officer

# Our Mission

Transform the way middle market companies pay and receive bills.



# Avidxchange's Investment Thesis

Purpose-Built Middle-Market (MM) AP and Payments Automation AVDX Targets \$40 Billion Market Opp.

1

B2B Payments Dominated by Paper Checks with E-Payment Secular Shift Powered by Macro, Commercial & Demographic Trends

2

AvidPay is a Differentiated, Two-Sided Network Leading the MM Industry in Capitalizing on the Secular Shift to AP Automation and E-Payment Adoption

3

AVDX's Decades-in-the-Making 240 Vertical & Horizontal ERP Integrations & G-T-M Motion Aligns with MM Businesses & Creates Competitive Moat

4

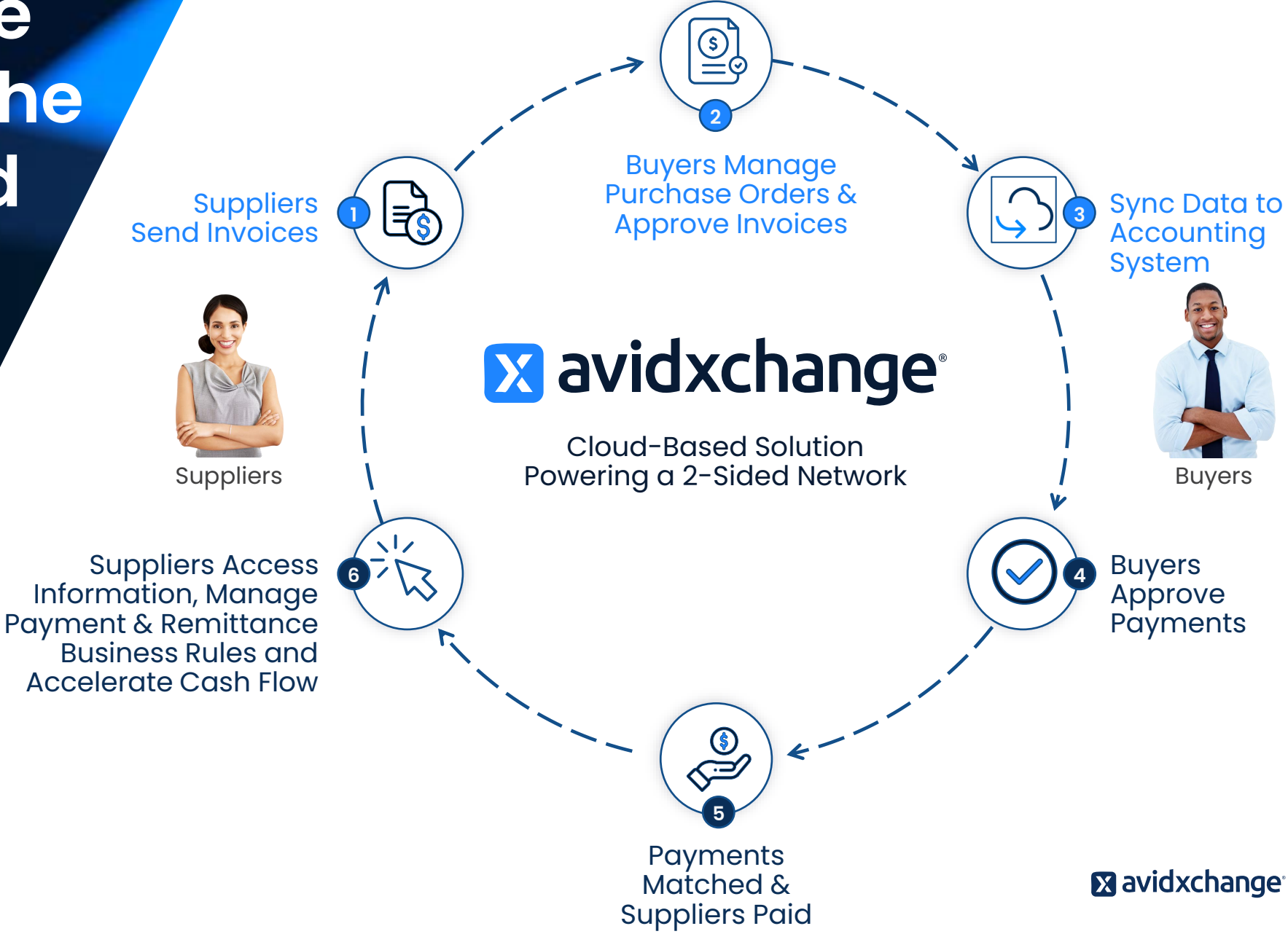
Avid's Business Flywheel Fosters Innovation Across Each Gear Propelling Revenue Growth & Margin Expansion

5

Solid Balance Sheet with Large Addressable Market, Secular Shift to Automation & E-Pay, a Compelling Financial Model with highly predictable revenues and Strong Operational Execution Equals Significant Value Creation Opportunity for Investors

6

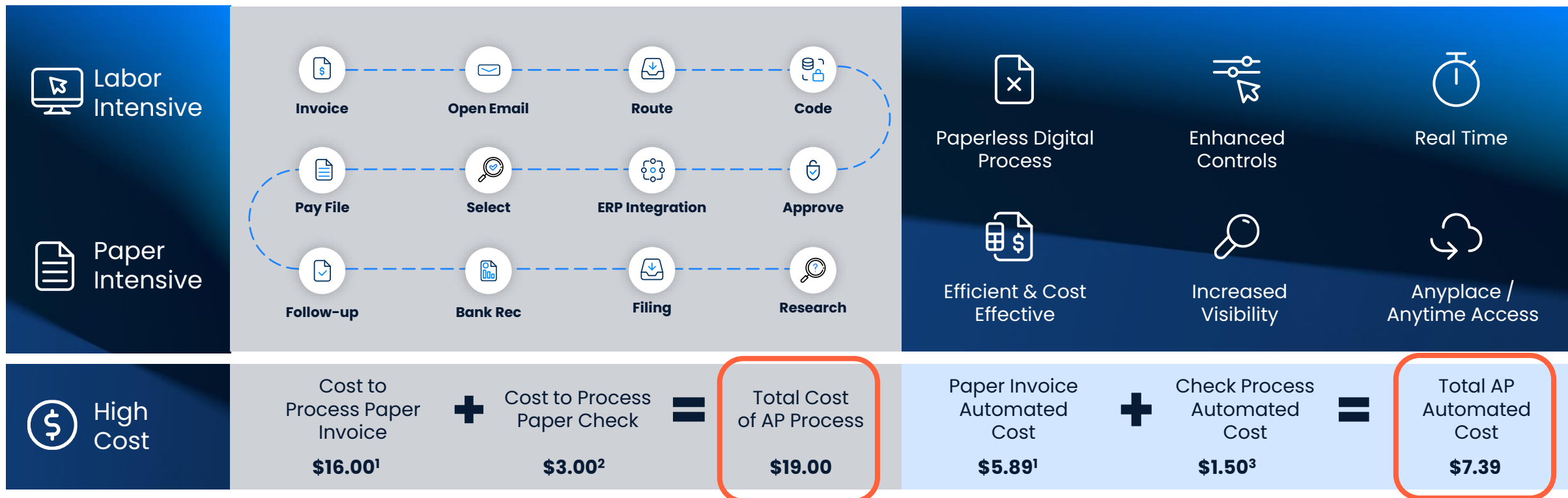
# AvidXchange Automates the Entire AP and Payment Workflow



# Traditional Workflows are Manual, Slow, and Expensive

## BEFORE AUTOMATION

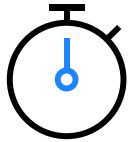
## AFTER AUTOMATION



**\$12** Estimated Savings Per Transaction

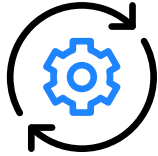
1. Goldman Sachs Equity Research  
 2. AFP Payments Study  
 3. Paymentcloudinc

# Middle market customers' unique challenges



## Inefficient Legacy Solutions

**42%** of U.S. B2B payment volume still paid using **paper checks** requiring manual intervention



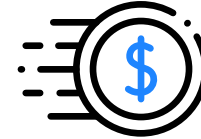
## Complex Integration Requirements

Hundreds of accounting systems and integrations resulting in **complex and highly specific business, accounting and compliance requirements**



## Underserved Target Market

**Highly fragmented** market of vertical focused ERP and software solutions



## High Costs

Costs related to these complex AP workflows are a significant component of middle market companies' **administrative expenses**



## Status Quo Mindset

Traditional long tenured finance leaders maintain **status quo financial processes**



# We Believe Middle Market Customers Have Unique Needs

	SMB	MIDDLE MARKET	ENTERPRISE
ILLUSTRATIVE AR/AP SOLUTIONS			
ANNUAL REVENUE	< \$5mm	\$5mm-\$1bn	> \$1bn
EMPLOYEE SIZE	~1-50 employees	~50-1000 employees	1000+ employees
AVAILABLE US MARKET (COUNT OF BUSINESSES)	~23mm	~435k	~6k
ADOPTION OF AUTOMATION	Emerging	Early Adopter	Maturing
BACK OFFICE COMPLEXITY			
SUPPLY CHAIN COMPLEXITY			
ILLUSTRATIVE ACCOUNTING SYSTEMS			

# We Are Purpose Built for Solving the Problems of the Middle Market



## Buyer

- > Improve and Control Spend
- > Eliminate Paper Processes
- > Reduce Manual Data Entry & Fraud
- > Increase Visibility
- > Manage Suppliers
- > Audit / Regulatory Trails



## Supplier

- > Invoice Reconciliation
- > Remove Costly Frictions
- > Send Invoices Electronically
- > Decrease Data Entry
- > Improve Cash Forecasting
- > Provide Working Capital

# Our AvidPay Network

Proprietary, Market Leading B2B Payments Network for Middle Market Buyers and Their Suppliers

Growing supplier density leads to increased e-payment adoption which drives higher monetization rates

✓ **Two-sided network**

✓ **Variety of faster payment methods**

✓ **Data-driven**



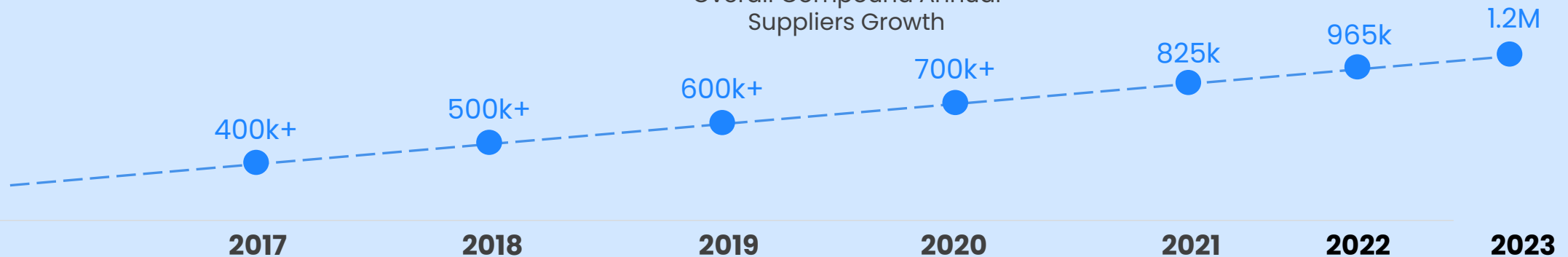
## OUR SECRET SAUCE

# GROWTH OF OUR AVIDPAY NETWORK

SUPPLIERS PAID VIA THE AVIDPAY NETWORK OVER THE PAST 7 YEARS\*

20%

Overall Compound Annual Suppliers Growth



### Enterprise

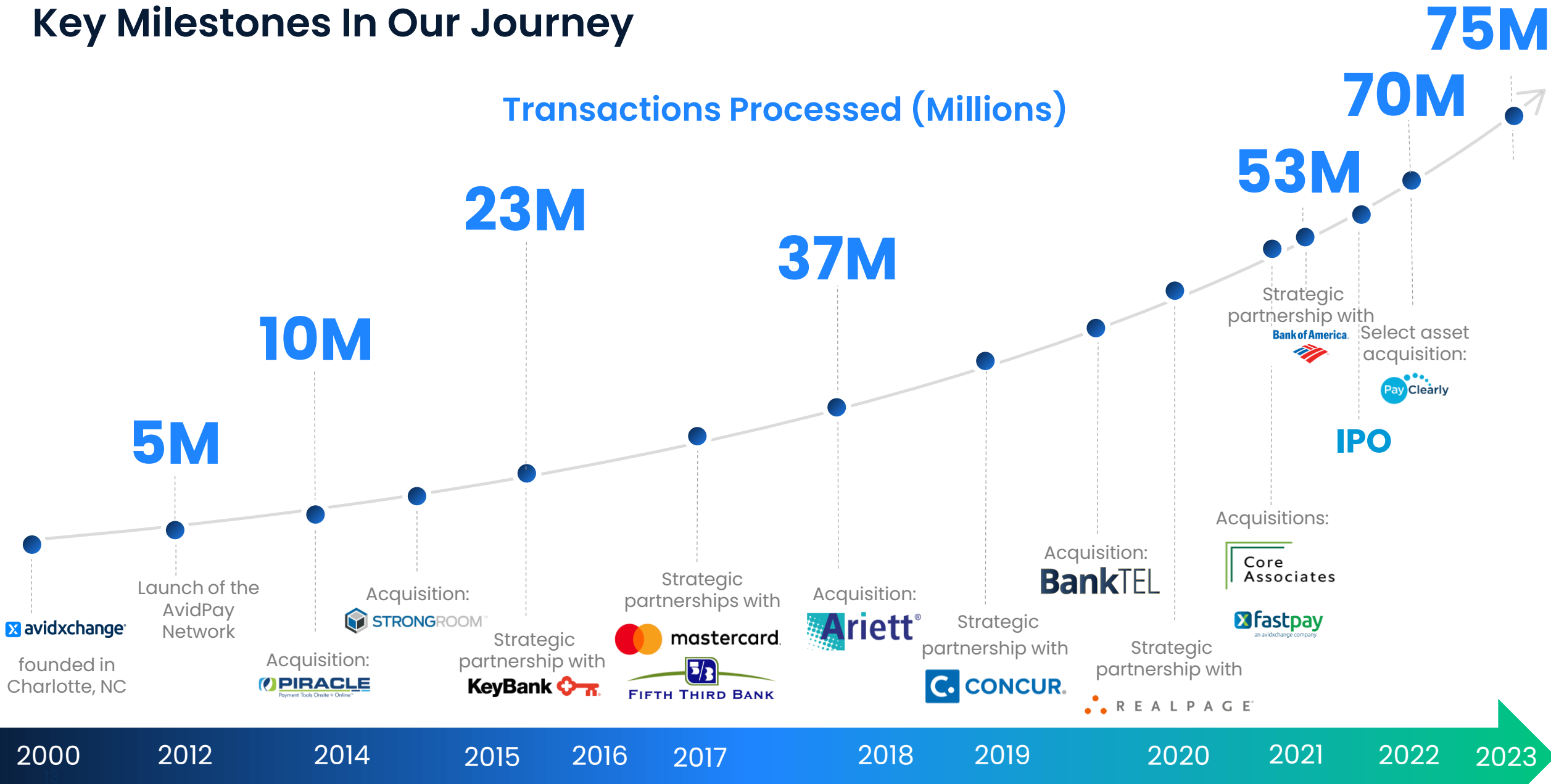


### Middle Market



### SMB

# Key Milestones In Our Journey





# Our Large Market Opportunity and Go-to- Market Strategies

# The Middle Market B2B Payments Industry is Massive...

**\$25T+**

B2B Payments  
in North America  
annually

Est. U.S. Annual  
B2B Opportunity

**\$40B**

Est. AP Automation  
Solutions and B2B  
Payment Revenue  
Opportunity

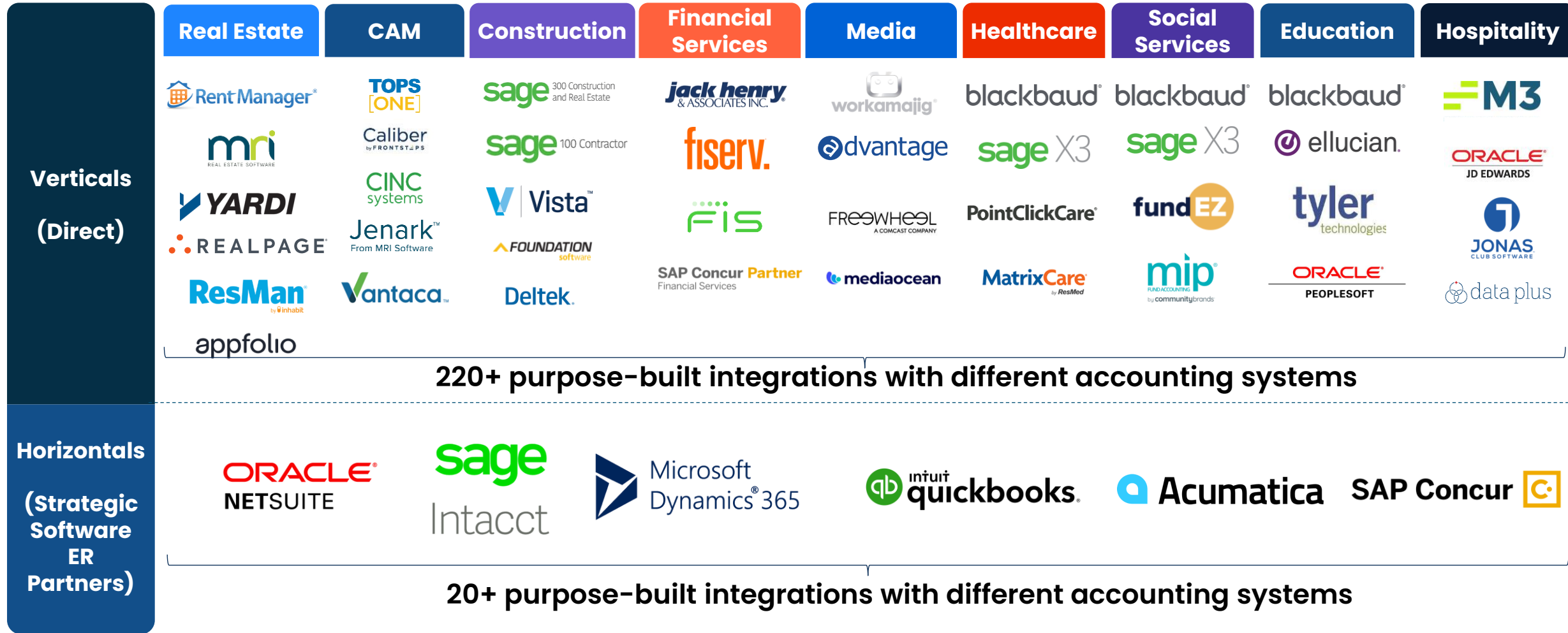
**\$20B**

 **avidxchange**

**\$380M**

**2023 Revenue**

# Our Vertical and Horizontal Strategy





# Strong Partner Relationships Provide a Competitive Advantage



## Bank Channel

Banks provide a wider suite of products to customers by offering AvidXchange's AP automation and payment software

Banks leverage their long-term business customer relationships to sell AvidXchange products

### Reseller Partners



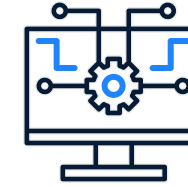
### Referral Partners



PACIFIC PREMIER BANK



10+  
Bank Referral  
Partners



## Middle Market Software and Solution Partners

Numerous reseller and referral partners with flexible revenue sharing / commission agreements

Training, implementation, account management, and customer support are provided by AvidXchange

### Reseller Partners



### Referral Partners



260+  
Referral  
Partners

# Our Growth Strategies

# Tailwinds Accelerating Middle Market Adoption



## Movement to the “Cloud” and Business Continuity

COVID-19 highlighted the importance of having all key financial applications in the Cloud along with automation for business continuity and support “work from home”



## Fraud Risk

Growing concerns over fraud risk and data privacy with paper invoices and paper checks with the majority of B2B payment fraud occurring with paper checks



## Generational Shift

Growing trend towards tech-savvy younger next generation CFOs and finance leaders are taking on increased automation leadership roles in customers



## Compelling ROI & Value Proposition

Users have experienced the value proposition benefits of SaaS / cloud solutions driving lower cost of ownership along with rapid (less than 12 months) return on investment for AvidXchange offerings

# AvidXchange is Purpose Built for the Middle Market



## Industry Leading AP Automation & Payment Services

Built for both the **vertical** and **horizontal** industry needs of middle market companies



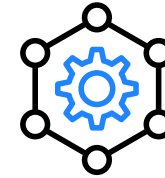
## The Largest Network of Unique Suppliers

**965,000 supplier customers** of all sizes nationwide paid within the last 5 years



## Deep Vertical Domain Expertise & Strategic Partnerships

Strategic partnerships with industry leaders like **Mastercard, Wise, etc.**



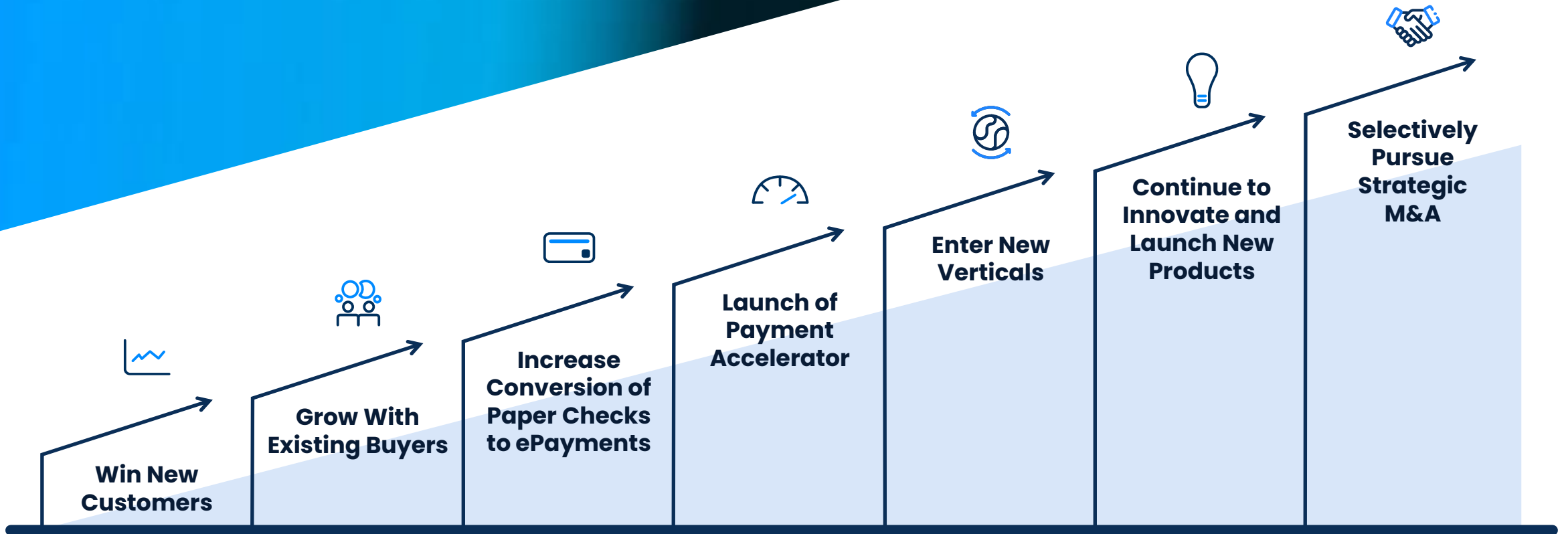
## 240+ Integrations Supporting Both Vertical Industry & Horizontal Customers

Our solutions are **highly integrated** to our customers core accounting / ERP systems supporting the business requirements of our **vertical and horizontal customers**

# Powerful Flywheel Business Model for Long-term Growth

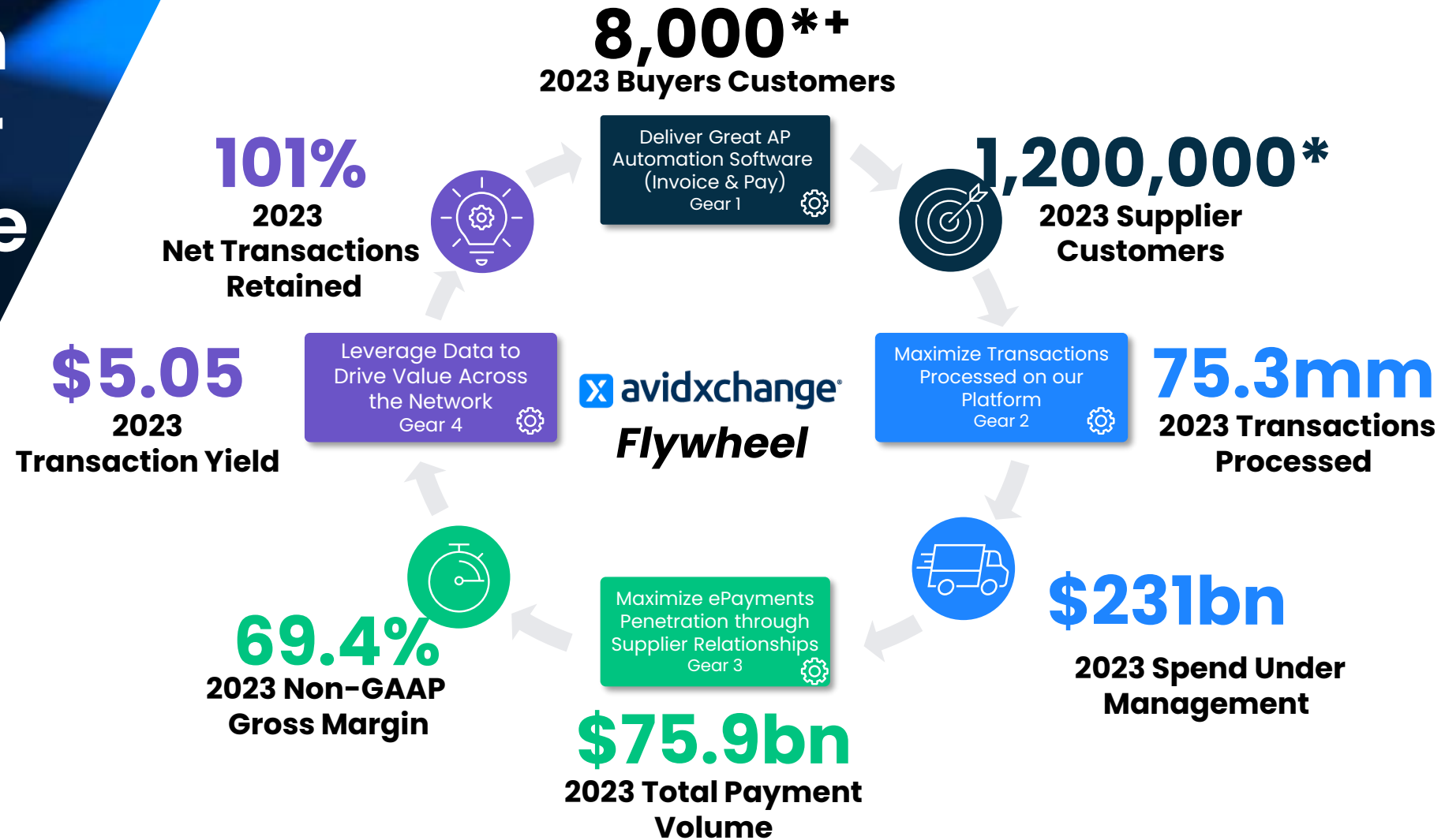


# Multiple Strategic Growth Drivers



# Financial Overview

# Our Financial Monetization Story via Our AvidXchange Flywheel



\*Leveraging 240 accounting systems integrations and 270 referral partnerships to drive growth.

<sup>1</sup> Transaction yield for the 12 months ended 31-Dec.

+Reflects the decommissioning and exit of roughly 1,400 on-premise check printing software Create-a-Check buyer customers. See "Appendix" section for further Details.



# Q1 2024 Highlights

## TOTAL REVENUE

**\$105.6M**    **\$86.8M**  
Q1 24            Q1 23

  
**21.6%**


## TOTAL TRANSACTIONS PROCESSED

**19.3M**    **18.3M**  
Q1 24            Q1 23

  
**5.8%**


## NON-GAAP GROSS PROFIT MARGIN

**72.4%**    **67.3%**  
Q1 24            Q1 23

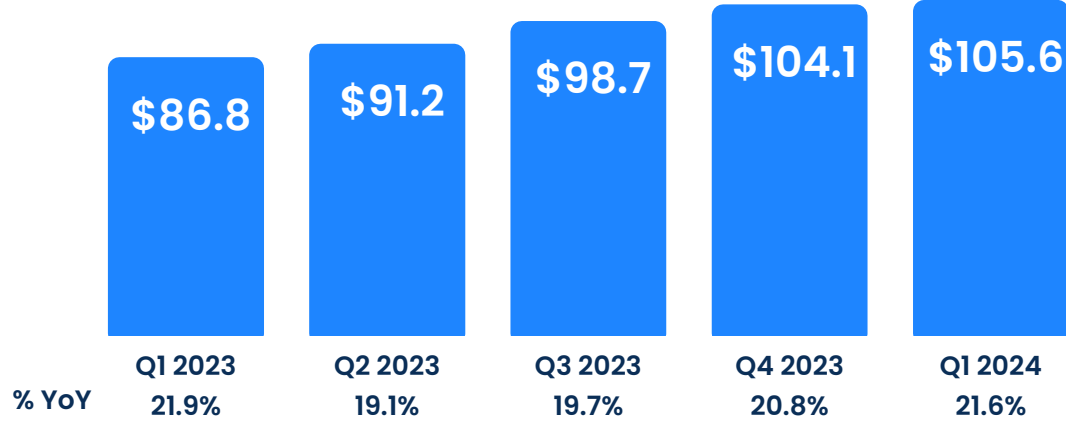
  
**510bps**

## TOTAL PAYMENT VOLUME

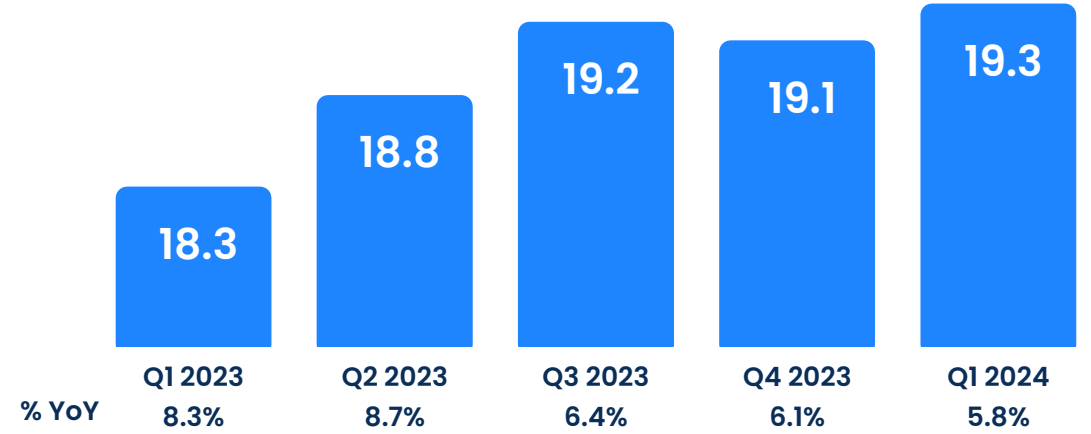
**\$19.9B**    **\$17.7B**  
Q1 24            Q1 23

  
**12.0%**

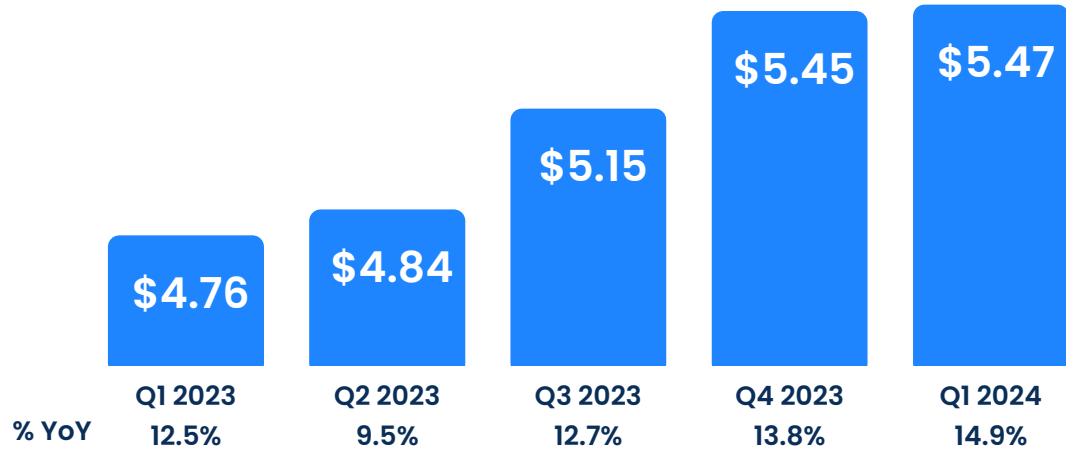
### Total Revenue (*\$million*)



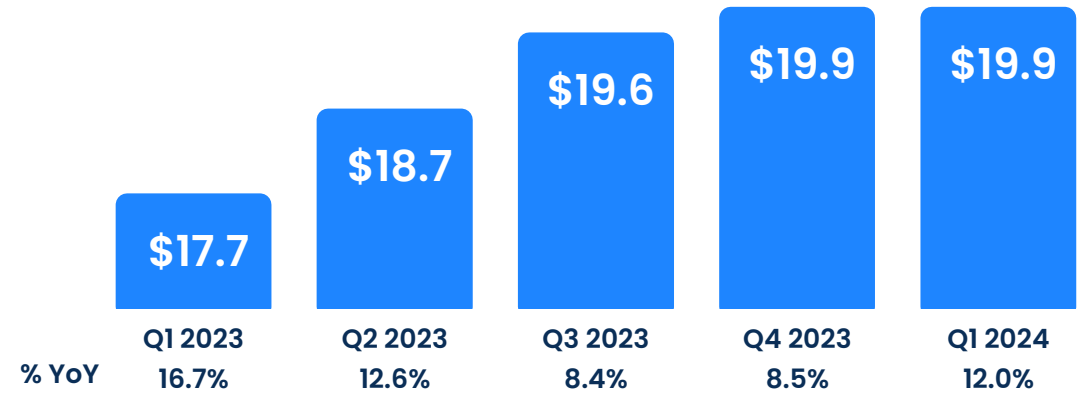
### Total Transactions Processed (*million*)



### Total Transaction Yield



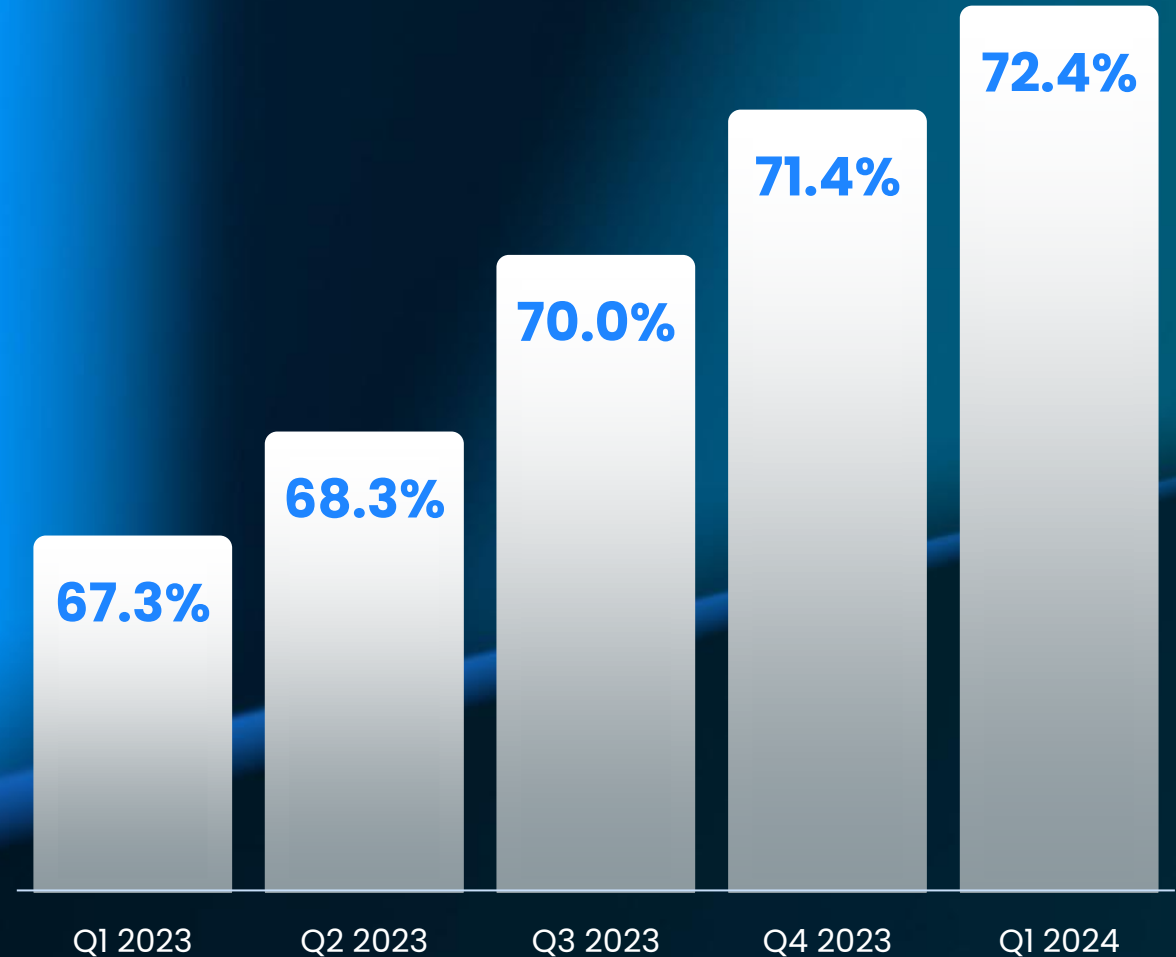
### Total Payment Volume (*\$Billion*)



# Non-GAAP Gross Margin

## Q1 2024 Highlights

- Non-GAAP gross profit of \$76.5 million, or 72.4% of total revenue
- Gross margin expansion of 510 basis points year-over-year



# Full Year 2024 Financial Outlook

\$(millions)

FY 2024	LOW	HIGH
Revenue <sup>(1)</sup>	\$442.0	\$448.0
% YoY Growth	16.1%	17.7%
Adj. EBITDA <sup>(1&amp;2)</sup>	\$71.0	\$75.0

(1) The full year 2024 financial outlook anticipates interest revenue contribution of approximately \$45.0 million compared to \$44.0 million previously.

(2) 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

# Medium Term Goals (2025E)

**72%–75%**

Non-GAAP Gross  
Profit Margin

**20%+**

Adjusted EBITDA  
Margin

**40+**

Rule of 40

**20%+ Estimated CAGR Revenues**

E = Estimates.

# Long Term Goals (5 Years)

**75%+**

Non-GAAP Gross  
Profit Margin

**30%+**

Adjusted EBITDA  
Margin

**50+**

Rule of 40

**\$1 Billion Estimated Revenues**

E = Estimates.

# Summary

# Our Experienced, Founder-Led Management Team

Strong leadership with deep bench of talent



**Michael Praeger**  
Chairman, Chief Executive Officer  
& Co-Founder



**Dan Drees**  
President



**Todd Cunningham**  
Chief People Officer



**Joel Wilhite**  
Chief Financial Officer



**Angelic Gibson**  
Chief Information Officer

## Executive Team



**John Feldman**  
Chief Operating  
Officer



**James Sutton**  
Chief Revenue  
Officer



**Doug Anderson**  
Chief Product  
Officer



**Sean Wright**  
Chief Information  
Security Officer



**Ryan Stahl**  
SVP, General  
Counsel



**Martin Smith**  
SVP,  
Strategic Initiatives  
& Integration



**Manu Sood**  
SVP, Platform  
Delivery & Ops



**Cameron White**  
SVP,  
Finance



**Subhaash Kumar**  
SVP,  
Investor Relations



**Rick Weir**  
SVP, Marketing



# We Are Transforming the Middle Market for B2B Payments

We Are Purpose Built for the Middle Market

1

AvidPay Network is a Scaled, Two-Sided Network Leading the Industry in Payment Adoption

2

Comprehensive, AP Automation Platform Supporting Unique Middle Market Requirements

3

Deep Integration Layer Supporting Unique Business Process Across the Middle Market

4

Emerging Supplier Financing and Data Offerings Leveraging Invoice & Payment Data

5

Deep Leadership Team Driving “Win as a Team” Culture

6

# Questions?



# Appendix

# Revenue Disaggregation

\$(Thousands)

	Three Months Ended March 31,	
	2024	2023
Software revenue	\$ 29,688	\$ 26,968
Payment revenue	75,202	59,181
Services revenue	708	673
Total revenues	\$ 105,598	\$ 86,822

# Non-GAAP Gross Margin Reconciliation

\$(Thousands)

Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin <i>(in thousands, except percentages)</i>	Three Months Ended March 31,	
	2024	2023
Total revenues	\$ 105,598	\$ 86,822
Expenses:		
Cost of revenues (exclusive of depreciation and amortization expense)	(30,333)	(29,473)
Depreciation and amortization expense	(6,064)	(5,219)
GAAP Gross profit	\$ 69,201	\$ 52,130
Adjustments:		
Stock-based compensation expense	1,232	1,064
Depreciation and amortization expense	6,064	5,219
Non-GAAP gross profit	\$ 76,497	\$ 58,413
GAAP Gross margin	65.5%	60.0%
Non-GAAP gross margin	72.4%	67.3%

# Non-GAAP Net Loss & EBITDA Reconciliation

\$(Thousands)

	Three Months Ended March 31,	
	2024	2023
<b>Reconciliation from Net Loss to Non-GAAP Net Income (Loss):</b>		
Net loss	\$ (1,009)	\$ (15,990)
Exclude: Provision for income taxes	125	70
Loss before taxes	(884)	(15,920)
Amortization of acquired intangible assets	3,413	3,623
Stock-based compensation expense	10,959	8,931
Transaction and acquisition-related costs	-	(7)
Non-recurring items not indicative of ongoing operations <sup>(1)</sup>	1,346	9
Total net adjustments	15,880	12,556
Non-GAAP income (loss) before taxes	14,996	(3,364)
Non-GAAP tax expense <sup>(2)</sup>	3,734	70
Non-GAAP net income (loss)	\$ 11,262	\$ (3,434)
<b>Reconciliation from Net Loss to Adjusted EBITDA:</b>		
Net loss	\$ (1,009)	\$ (15,990)
Depreciation and amortization	9,307	8,586
Impairment and write-off of intangible assets	162	-
Interest income	(6,562)	(4,516)
Interest expense	3,337	3,315
Provision for income taxes	125	70
Stock-based compensation expense	10,959	8,931
Transaction and acquisition-related costs	-	(7)
Non-recurring items not indicative of ongoing operations <sup>(1)</sup>	1,346	9
Adjusted EBITDA	\$ 17,665	\$ 398

<sup>(1)</sup> For the three months ended March 31, 2024, this amount includes \$1,157 of restructuring costs and \$179 of response costs, including professional services and legal fees, incurred in connection with the cybersecurity incident that was detected in April 2023.

<sup>(2)</sup> Non-GAAP tax expense is based on the Company's blended tax rate of 24.9% in periods the Company has Non-GAAP income before tax. In periods the Company is in a non-GAAP loss position, tax expense is based on GAAP tax expense.

# 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 March 31,	
	2024	2023
Cost of revenues (exclusive of depreciation and amortization expense)	\$ 30,333	\$ 29,473
Adjustment: Stock-based compensation expense	(1,232)	(1,064)
Non-GAAP Cost of revenues (exclusive of depreciation and amortization expense)	\$ 29,101	\$ 28,409
<b>Operating expenses</b>		
Sales and marketing	\$ 19,741	\$ 20,135
Adjustment: Stock-based compensation expense	(1,130)	(1,196)
Non-GAAP Sales and marketing	\$ 18,611	\$ 18,939
Research and development	\$ 25,904	\$ 23,122
Adjustment: Stock-based compensation expense	(3,762)	(2,342)
Non-GAAP Research and development	\$ 22,142	\$ 20,780
General and administrative	\$ 24,260	\$ 22,627
Adjustment: Stock-based compensation expense	(4,835)	(4,329)
Adjustment: Transaction and acquisition-related costs	-	7
Adjustment: Non-recurring items not indicative of ongoing operations <sup>(1)</sup>	(1,346)	(9)
Non-GAAP General and administrative	\$ 18,079	\$ 18,296
Depreciation and amortization	\$ 9,307	\$ 8,586
Adjustment: Amortization of acquired intangibles	(3,413)	(3,623)
Non-GAAP Depreciation and amortization	\$ 5,894	\$ 4,963
Impairment and write-off of intangible assets	\$ 162	\$ -
Adjustment: Impairment and write-off of intangible assets	(162)	-
Non-GAAP Impairment and write-off of intangible assets	\$ -	\$ -
Total operating expenses	\$ 79,374	\$ 74,470
Total Non-GAAP operating expenses	\$ 64,726	\$ 62,978

<sup>(1)</sup> For the three months ended March 31, 2024, this amount includes \$1,157 of restructuring costs and \$179 of response costs, including professional services and legal fees, incurred in connection with the cybersecurity incident that was detected in April 2023.

# Glossary of Terms

## **Total Transactions Processed**

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**

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**

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