



# EARNINGS PRESENTATION

**THIRD QUARTER 2021**

*NOVEMBER 16, 2021*

## 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 press release related to our expectations of future performance, including guidance for our revenue and adjusted EBITDA for the full year 2021, as well as 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 in registration statements and periodic reports we file with the SEC, including our prospectus as filed with the SEC pursuant to Rule 424(b)(4) on October 14, 2021 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 departs from GAAP because it includes or excludes components that are required under GAAP to be included 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 and Adjusted EBITDA in this presentation. We define Non-GAAP Gross Profit as revenue less cost of revenue excluding the portion of depreciation and amortization expense and stock-based compensation expense allocated to our cost of revenues. We define adjusted EBITDA as our net loss before depreciation and amortization of property and equipment, amortization of software development costs, amortization of acquired intangible assets, impairment and write-off of intangible assets, interest income and expense, income tax expense, stock-based compensation expense, transaction and acquisition-related costs expensed, and non-recurring items not indicative of ongoing operations of our business.

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

**\$65M**

3Q21  
Revenue

**37%**

3Q21  
Revenue Growth

**102%**

2020 Net Transactions  
Processed Retention

## SCALE

**7,000+**

Buyer  
Customers

**~\$145B**

2020 Spend  
Under Management

**~16M**

3Q21 Transactions Processed

## DIFFERENTIATION

**700,000+**

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

**120+**

Referral  
Relationships

**210+**

Accounting System  
Integrations

# Q3 2021 HIGHLIGHTS

## TOTAL REVENUE

**\$65.2M**    **\$47.6M**  
Q3 21      Q3 20



**37%**

## TOTAL TRANSACTIONS PROCESSED

**16.1M**    **13.7M**  
Q3 21      Q3 20



**17%**

## NON-GAAP GROSS PROFIT MARGIN

**61%**      **56%**  
Q3 21      Q3 20



**+452bps**

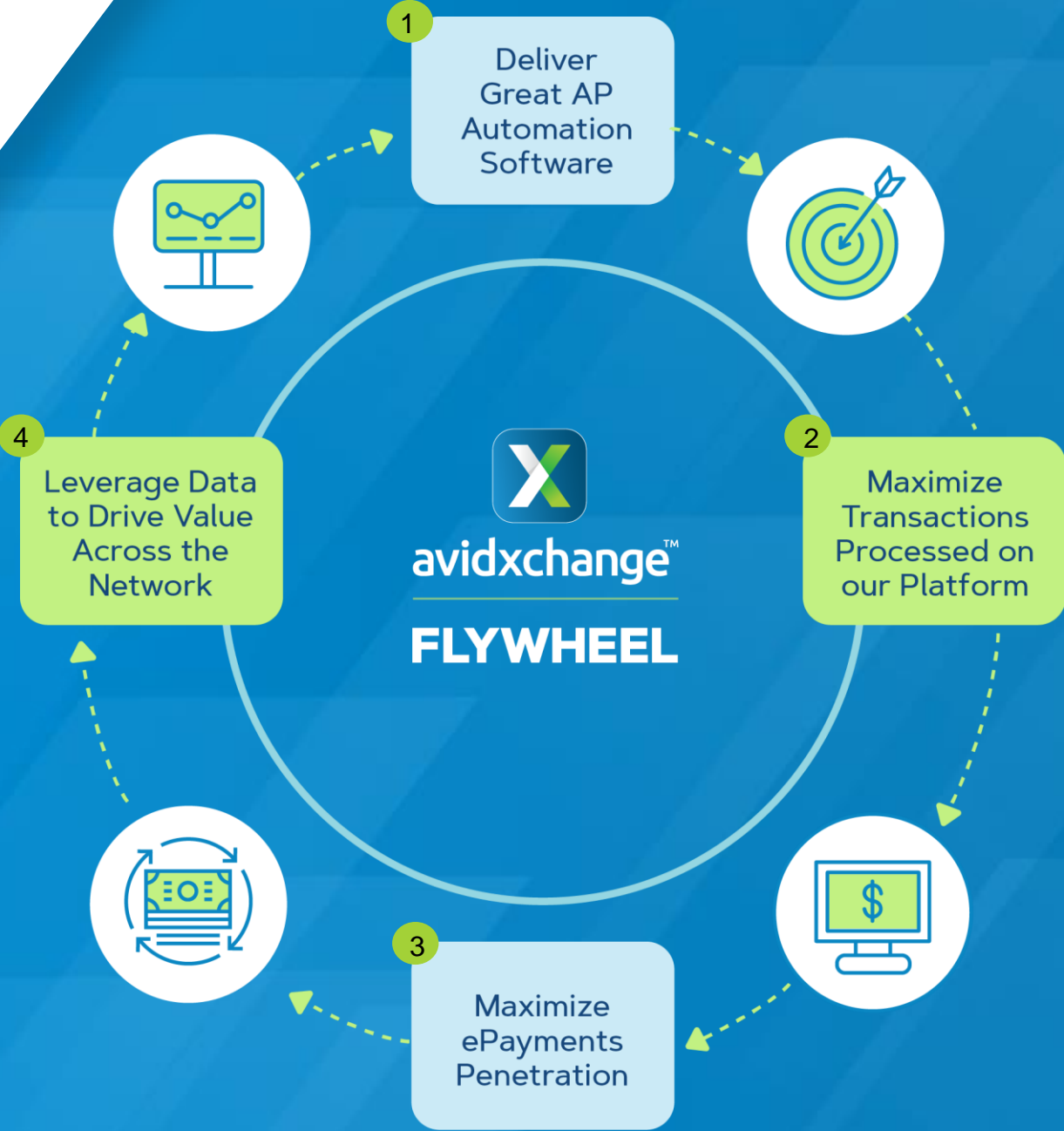
## TOTAL PAYMENT VOLUME

**\$14.0B**    **\$10.0B**  
Q3 21      Q3 20



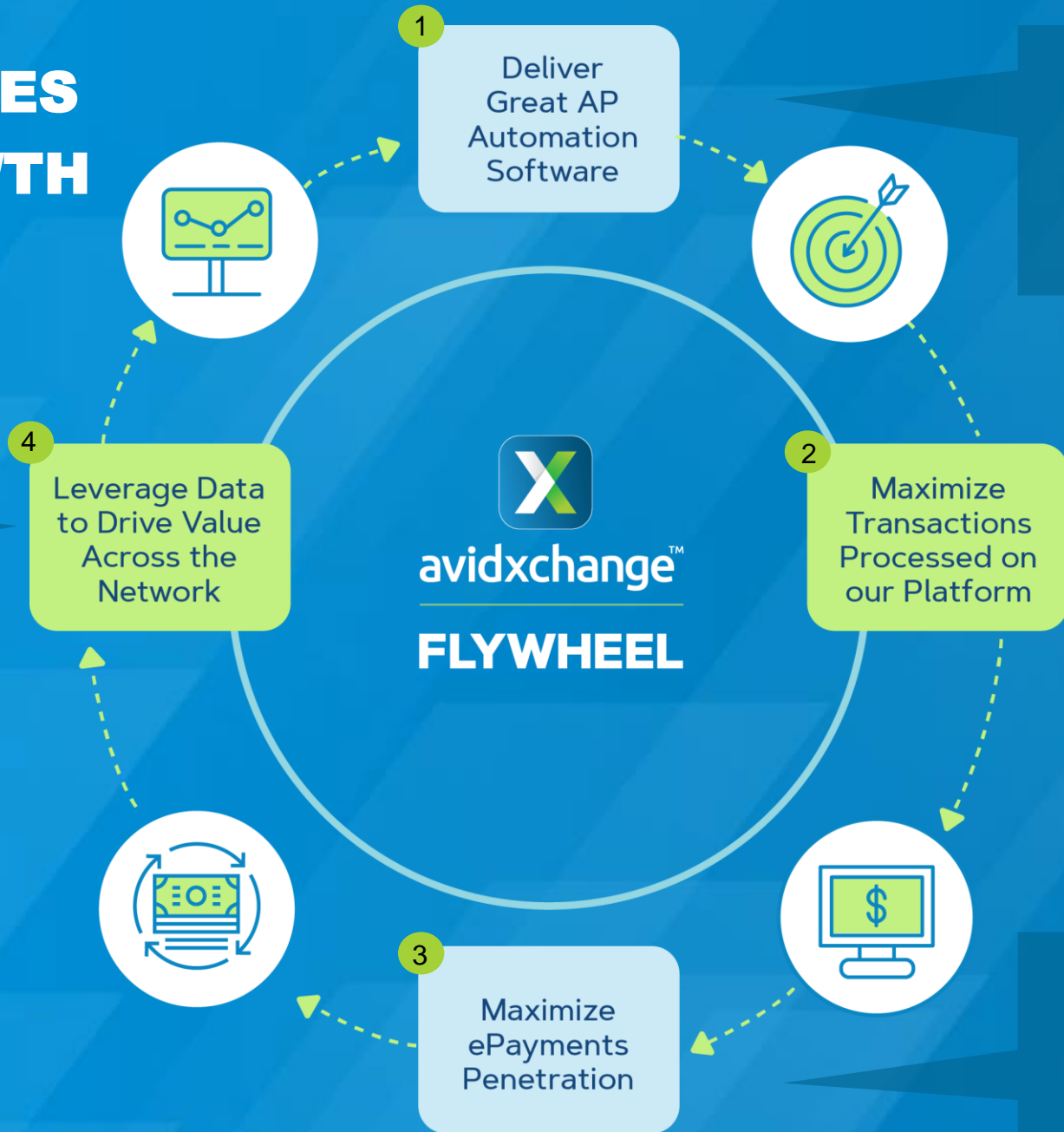
**40%**

# OUR FLYWHEEL FOR ACCELERATED GROWTH



# FLYWHEEL DRIVES REVENUE GROWTH AND GROSS PROFIT EXPANSION

Using data to target new verticals for expansion and new innovations



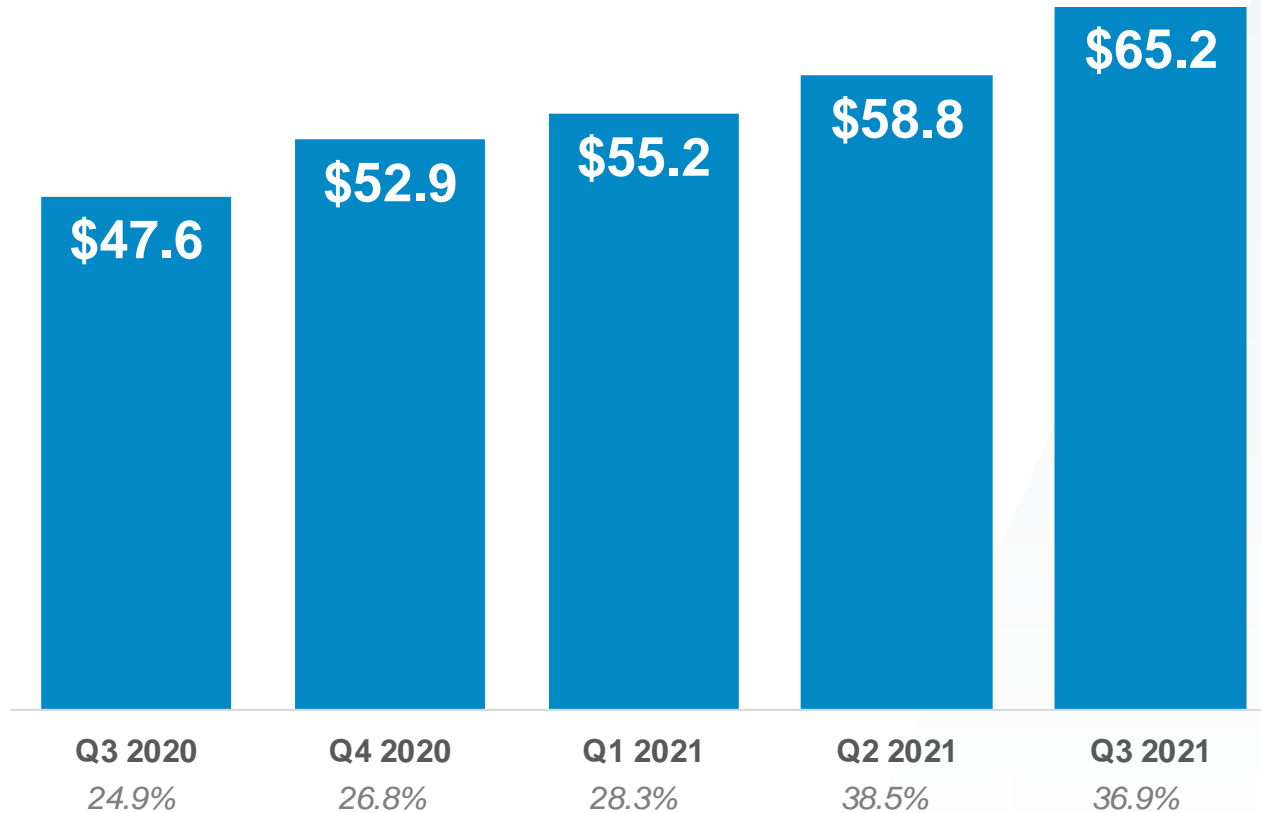
Maximizing efforts to market to our eight core verticals as well as horizontals through our hybrid go-to-market strategy utilizing both direct and indirect channels

Ensuring customers are getting the most benefit from the platform by automating both AP and payments

Utilizing the AvidPay Network to facilitate conversion of paper checks to ePayments

# TOTAL REVENUE

\$(MILLIONS)

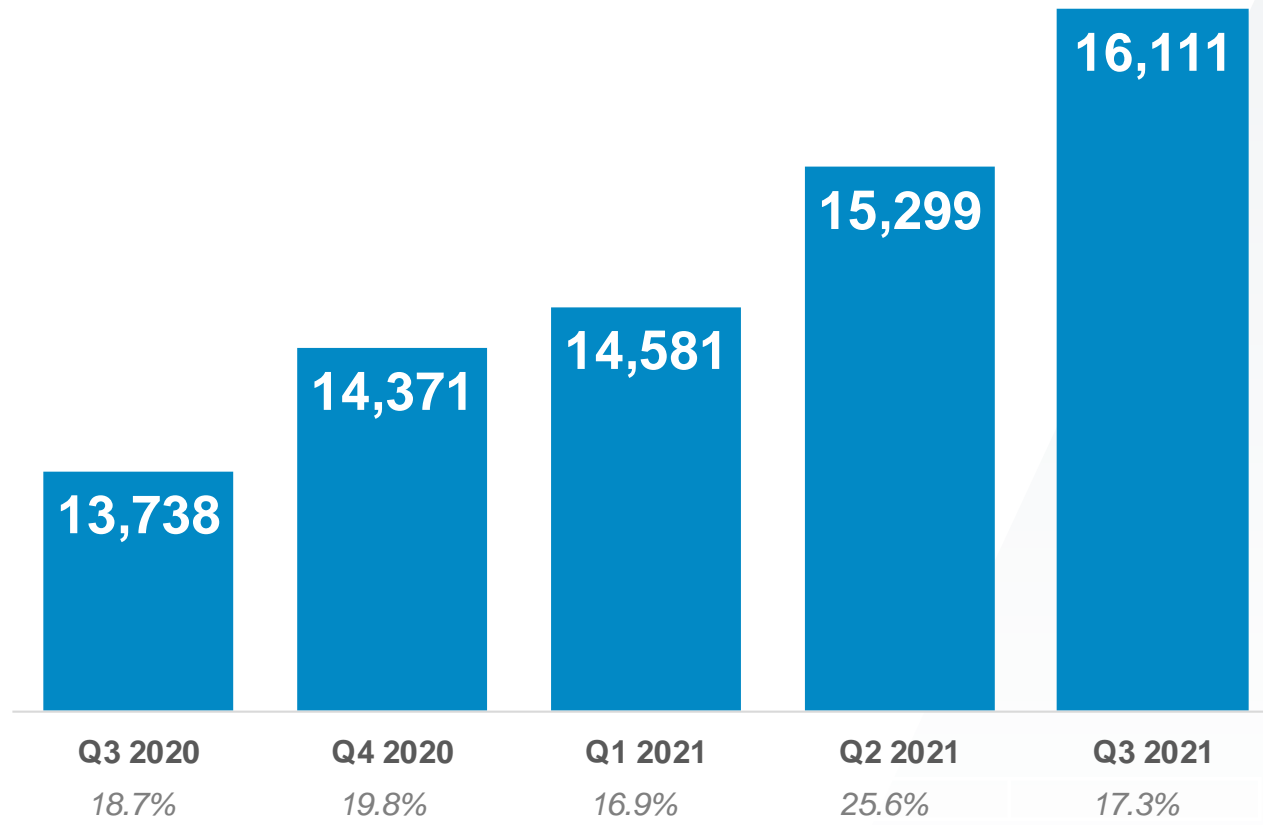


## Q3 2021 Highlights

Total Revenue of \$65.2 million, an increase of 37% year-over-year

# TOTAL TRANSACTIONS PROCESSED\*

(THOUSANDS)



## Q3 2021 Highlights

Total transactions processed of 16.1 million, an increase of 17% from 13.7 million in Q3 2020

\*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\*



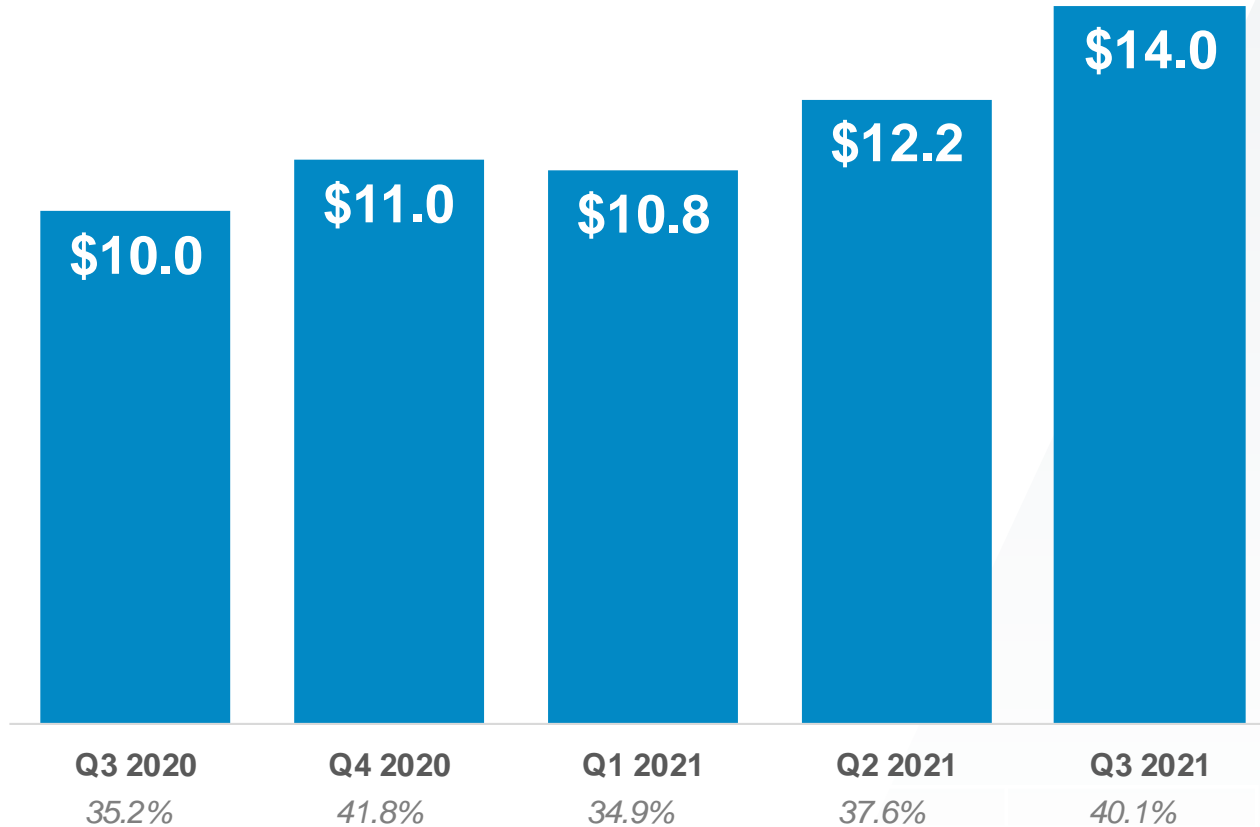
## Q3 2021 Highlights

Total transaction yield was \$4.05, an increase of 17% from \$3.46 in Q3 2020

\*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)

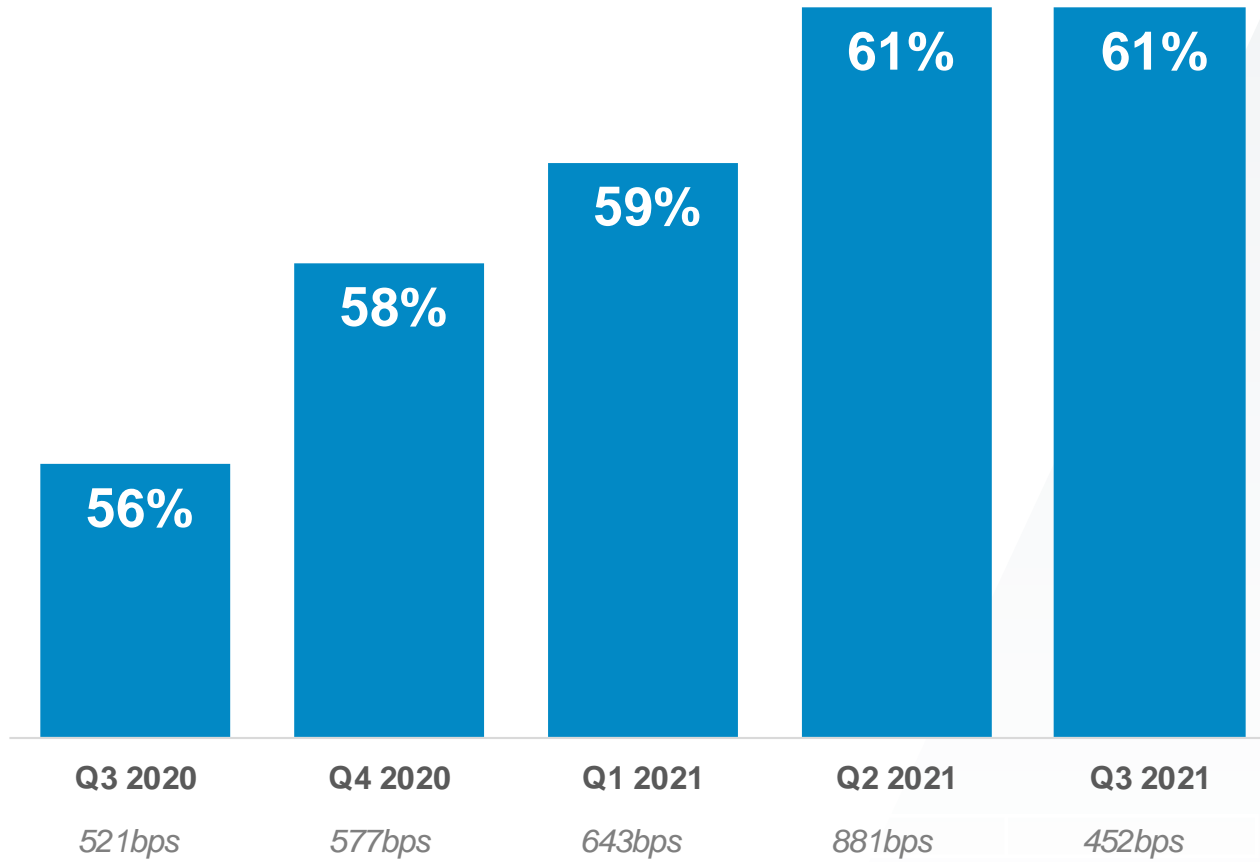


## Q3 2021 Highlights

Total payment volume was \$14.0B, an increase of 40% from \$10.0B in Q3 2020

\*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 2021 Highlights

Non-GAAP gross profit of \$39.5 million, or 61% of total revenue

Gross margin expansion of 452 basis points year-over-year

# FULL YEAR 2021 FINANCIAL OUTLOOK

\$(MILLIONS)

FY 2021	LOW	HIGH
Revenue	\$244.5	\$245.5
<i>% YoY Growth</i>	<i>31.5%</i>	<i>32.0%</i>
Adjusted EBITDA <sup>(1)</sup>	\$(30.1)	\$(28.1)

(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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Software revenue	\$ 22,345	\$ 17,179	\$ 64,416	\$ 50,191
Payment revenue	42,173	30,099	112,793	81,906
Services revenue	658	322	1,935	968
Total revenues	\$ 65,176	\$ 47,600	\$ 179,144	\$ 133,065

# NON-GAAP RECONCILIATION

\$(THOUSANDS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin:</b>				
Total revenues	\$ 65,176	\$ 47,600	\$ 179,144	\$ 133,065
Expenses:				
Cost of revenues (exclusive of depreciation and amortization expense)	(25,792)	(20,972)	(71,343)	(61,638)
Depreciation and amortization expense	(5,068)	(4,244)	(14,171)	(12,564)
GAAP Gross profit	\$ 34,316	\$ 22,384	\$ 93,630	\$ 58,863
Adjustments:				
Stock-based compensation expense	90	49	230	126
Depreciation and amortization expense	5,068	4,244	14,171	12,564
Non-GAAP gross profit	\$ 39,474	\$ 26,677	\$ 108,031	\$ 71,553
GAAP Gross margin	52.7%	47.0%	52.3%	44.2%
Non-GAAP gross margin	60.6%	56.0%	60.3%	53.8%

# NON-GAAP RECONCILIATION

\$(THOUSANDS)

Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin (in thousands, except percentages)	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total revenues	\$ 47,600	\$ 52,863	\$ 55,214	\$ 58,754	\$ 65,176
Expenses:					
Cost of revenues (exclusive of depreciation and amortization expense)	(20,972)	(22,117)	(22,540)	(23,011)	(25,792)
Depreciation and amortization expense	(4,244)	(4,219)	(4,524)	(4,579)	(5,068)
GAAP Gross profit	\$ 22,384	\$ 26,527	\$ 28,150	\$ 31,164	\$ 34,316
Adjustments:					
Stock-based compensation expense	49	43	56	84	90
Depreciation and amortization expense	4,244	4,219	4,524	4,579	5,068
Non-GAAP gross profit	\$ 26,677	\$ 30,789	\$ 32,730	\$ 35,827	\$ 39,474
GAAP Gross margin	47.0%	50.2%	51.0%	53.0%	52.7%
Non-GAAP gross margin	56.0%	58.2%	59.3%	61.0%	60.6%



# NON-GAAP RECONCILIATION

\$(THOUSANDS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
<b>Reconciliation from GAAP Net Loss to Adjusted EBITDA:</b>				
Net loss	\$ (35,527)	\$ (17,984)	\$ (127,552)	\$ (68,624)
Depreciation and amortization	8,164	6,953	22,334	20,733
Impairment and write-off of intangible assets	-	-	574	924
Interest income	(35)	(613)	(332)	(1,590)
Interest expense	4,874	5,039	14,985	15,016
Provision for income taxes	2	58	203	175
Stock-based compensation expense	1,157	279	3,109	852
Transaction and acquisition-related costs	662	86	3,708	185
Change in fair value of derivative instrument	14,552	-	14,690	6,545
Non-recurring items not indicative of ongoing operations	174	24	50,224	76
Adjusted EBITDA	\$ (5,977)	\$ (6,158)	\$ (18,057)	\$ (25,708)

# SHARES OUTSTANDING

(MILLIONS)

	<b>3 Months Ended September 30, 2021</b>
Weighted average number of common shares used to compute net loss per share attributable to common stockholders, basic and diluted	57.2
	<b>November 18, 2021</b>
Projected number of common shares outstanding	196.8