



EARNINGS PRESENTATION

SECOND QUARTER 2023

Aug 2, 2023

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 EBITDA for the full year 2023, statements related to our ability to achieve our medium and long-term Rule of 40 and Rule of 40-plus targets, our progress on controlling unit costs, our response to the cyber security incident detected in April 2023 and its impact on our future results, 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, Quarterly Report on Form 10-Q to be filed for the period ended June 30, 2023, 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. Any forward-looking statements made by us in this press release 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, Adjusted EBITDA and Non-GAAP Net 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 Loss in this press release. 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 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.

In the quarter ended March 31, 2023, we revised our definition for Non-GAAP Net Loss to include tax expense adjusted for acquisition-related effects on income tax. This change did not materially change Non-GAAP Net Loss reported in previous periods. The Non-GAAP Net Loss reported for the three- and six-month periods ended June 30, 2022 have been revised to reflect the new definition.

Q2 2023 HIGHLIGHTS

TOTAL REVENUE

\$91.2M

Q2 23

\$76.6M

Q2 22

19.1%



TOTAL TRANSACTIONS PROCESSED

18.8M

Q2 23

17.3M

Q2 22

8.7%



NON-GAAP GROSS PROFIT MARGIN

68.3%

Q2 23

63.7%

Q2 22

460bps



TOTAL PAYMENT VOLUME

\$18.7B

Q2 23

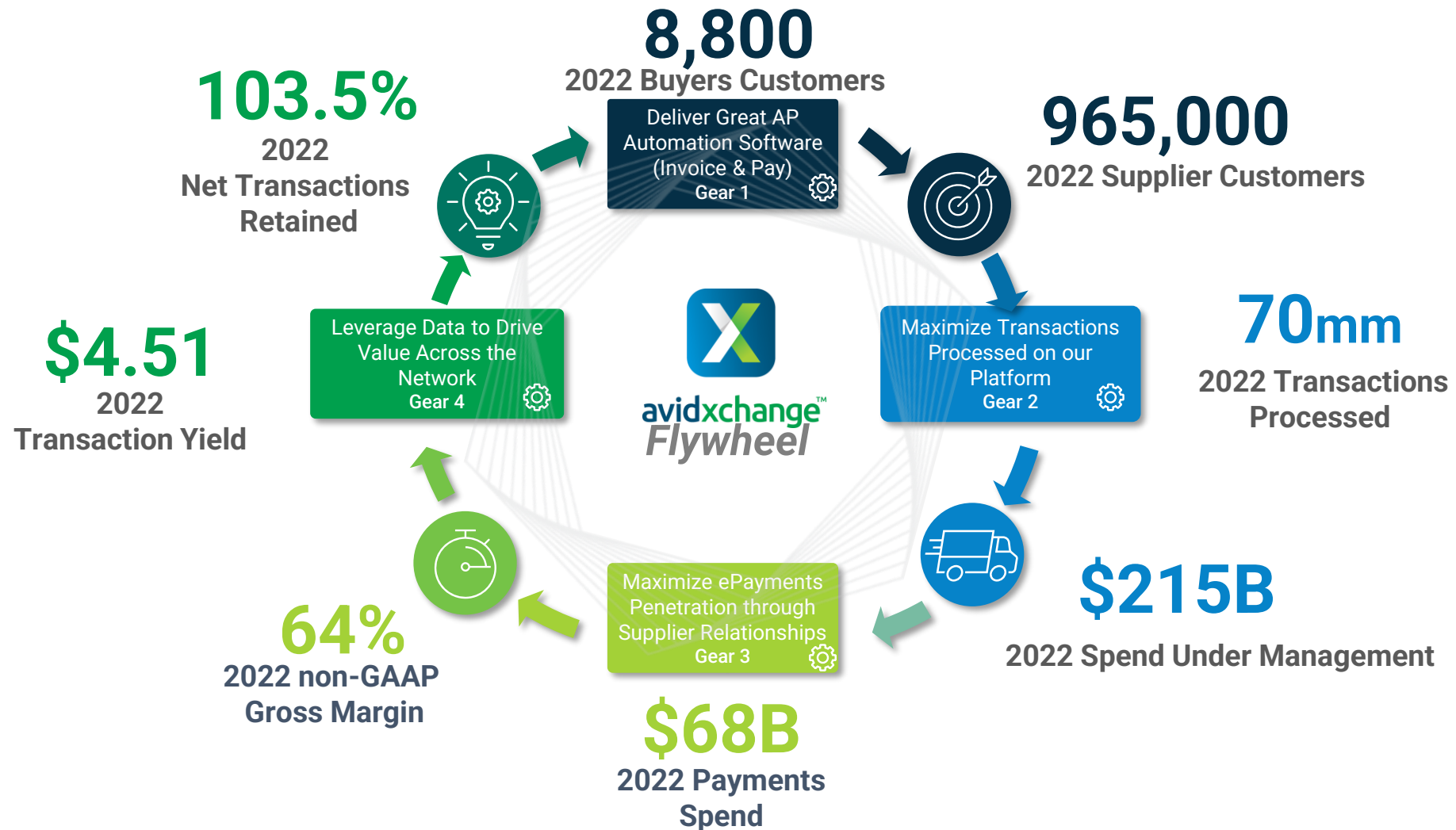
\$16.6B

Q2 22

12.6%

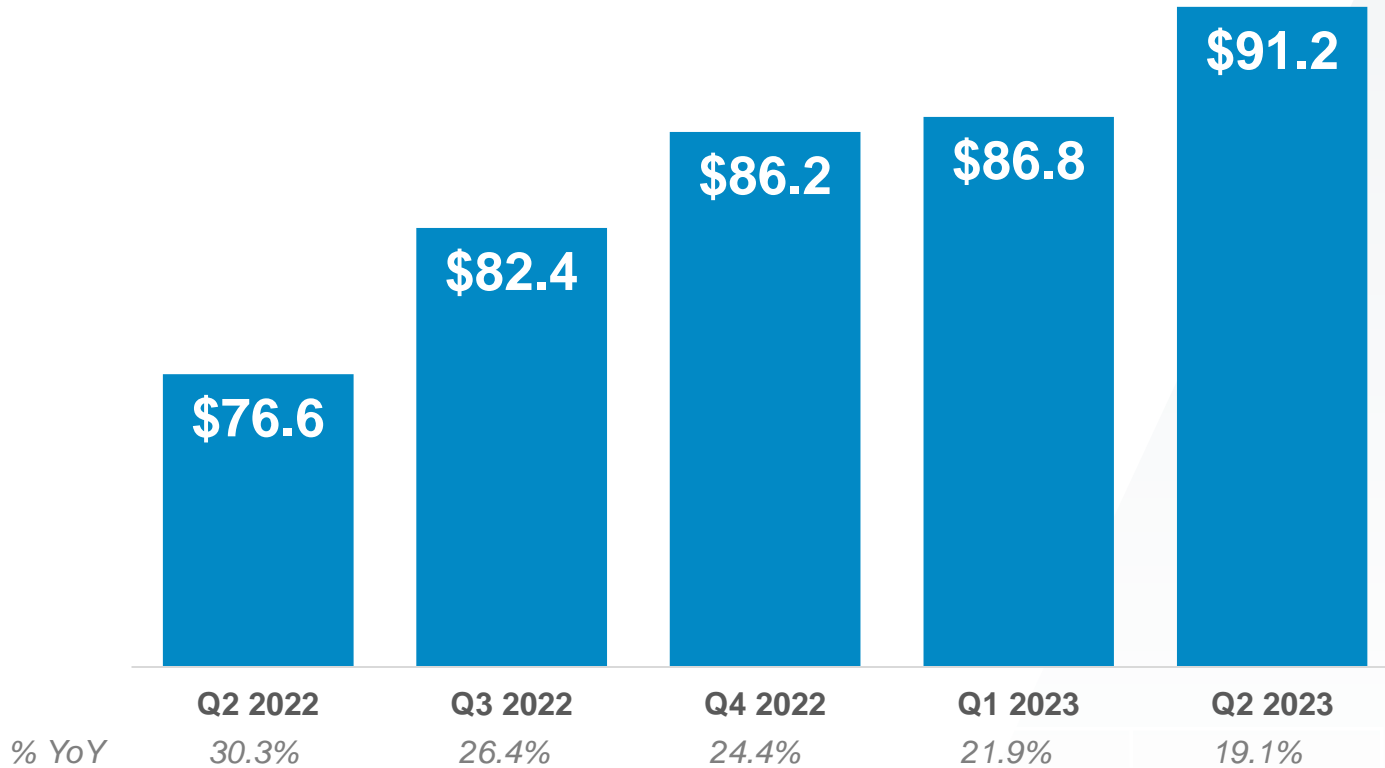


OUR FINANCIAL MONETIZATION STORY VIA OUR AVIDXCHANGE FLYWHEEL



TOTAL REVENUE

\$(MILLIONS)

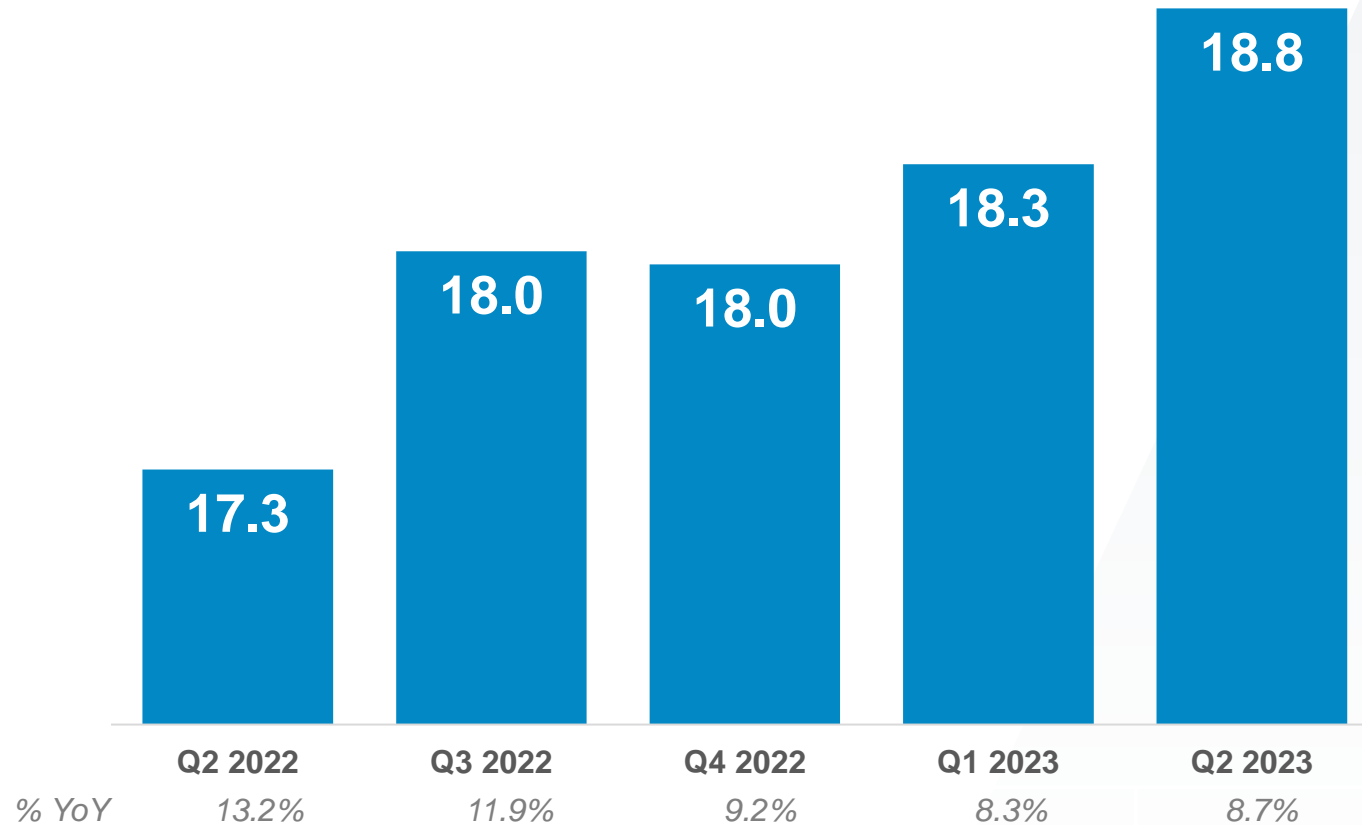


Q2 2023 Highlights

Total Revenue of \$91.2 million, an increase of 19.1% year-over-year

TOTAL TRANSACTIONS PROCESSED*

(MILLIONS)

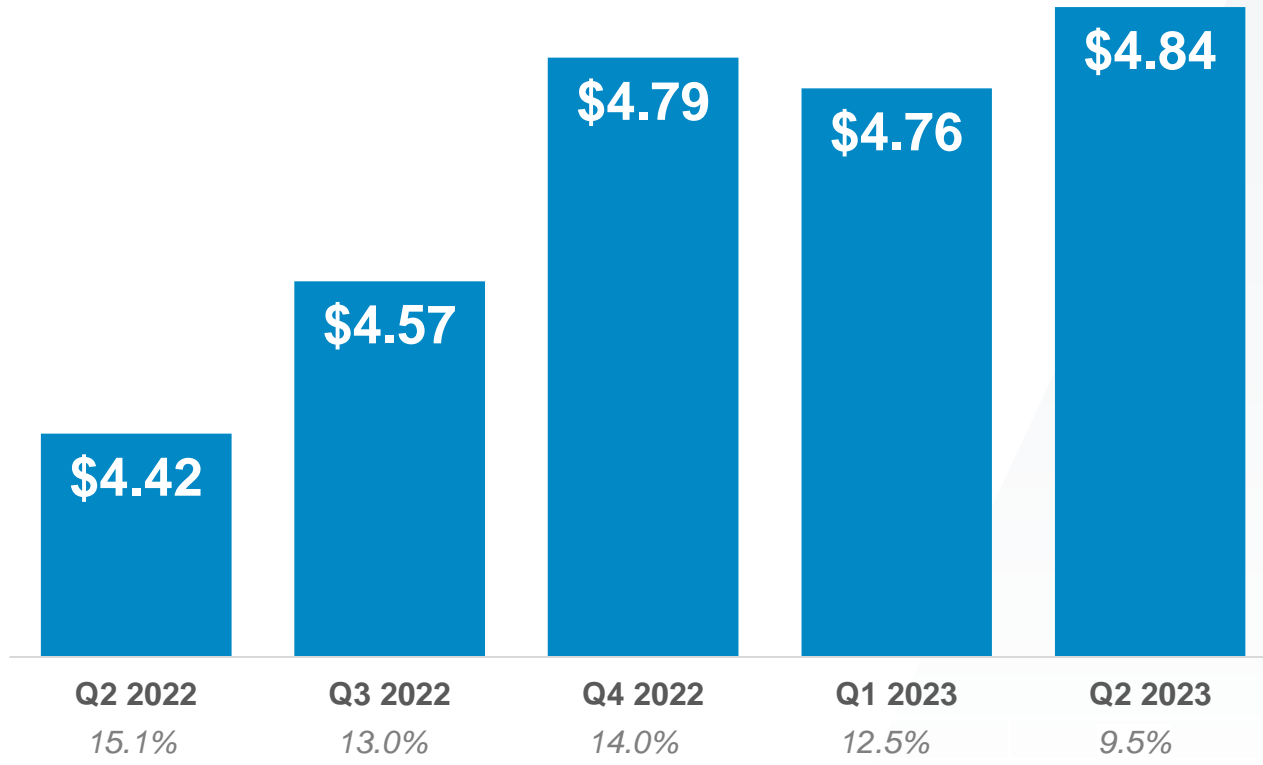


Q2 2023 Highlights

Total transactions processed of 18.8 million, an increase of 8.7% from 17.3 million in Q2 2022

*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*

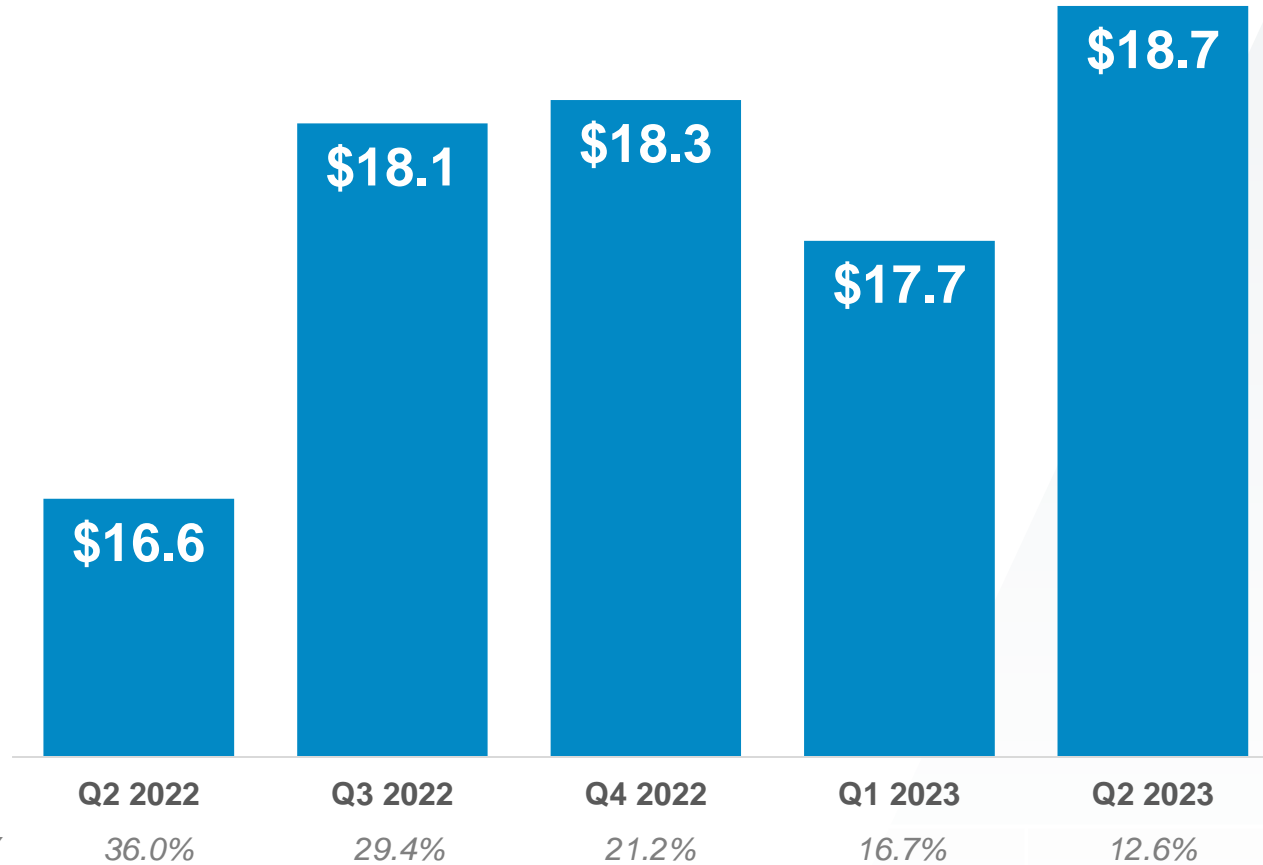


Q2 2023 Highlights

Total transaction yield was \$4.84, an increase of 9.5% from \$4.42 in Q2 2022

*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)

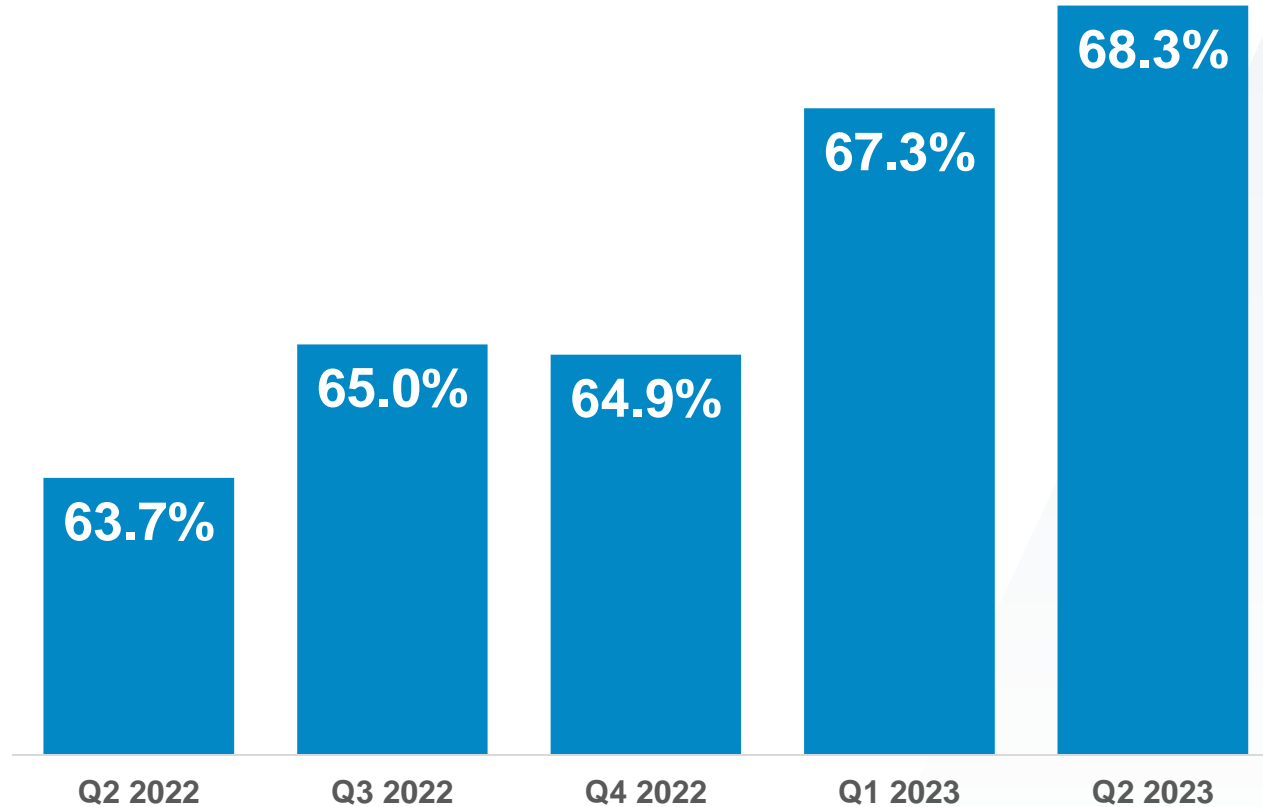


Q2 2023 Highlights

Total payment volume was \$18.7B, an increase of approx. 12.6% from \$16.6B in Q2 2022

*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



Q2 2023 Highlights

Non-GAAP gross profit of \$62.3 million, or 68.3% of total revenue

Gross margin expansion of 460 basis points year-over-year

FULL YEAR 2023 FINANCIAL OUTLOOK

\$(MILLIONS)

FY 2023	LOW	HIGH
Revenue	\$368.0	\$370.0
<i>% YoY Growth</i>	16.3%	17.0%
Adjusted EBITDA ^(1&2)	\$7.0	\$8.0

- (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
- (2) The non-GAAP adjusted EBITDA guidance does not include non-recurring costs that AvidXchange has incurred or expects to incur relating to its response to a cyber security incident that AvidXchange detected in early April 2023 as part of its security monitoring protocols. In response to the incident, AvidXchange launched an investigation with the support of leading cybersecurity experts, reached out to law enforcement and has taken and will continue to take actions to implement additional safeguards. The incident has not had a material impact on the ability of AvidXchange's customers to use its products and services. The investigation, which is ongoing, has so far revealed that the incident affected certain of AvidXchange's systems and that some data from these systems was exfiltrated. AvidXchange posted notice of the event on its website and is committed to notifying any impacted customers. AvidXchange maintains cyber insurance and will likely seek reimbursement for certain expenses incurred in connection with this event although the extent to which its insurance will cover such expenses remains uncertain.



APPENDIX

REVENUE DISAGGREGATION

\$(THOUSANDS)

Disaggregation of Revenue:	Three Months Ended June 30,	
	2023	2022
Software revenue	\$ 27,248	\$ 24,202
Payment revenue	63,228	51,581
Services revenue	678	778
Total revenues	\$ 91,154	\$ 76,561

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 June 30,	
	2023	2022
Total revenues	\$ 91,154	\$ 76,561
Expenses:		
Cost of revenues (exclusive of depreciation and amortization expense)	(30,221)	(28,979)
Depreciation and amortization expense	(5,364)	(4,700)
GAAP Gross profit	\$ 55,569	\$ 42,882
Adjustments:		
Stock-based compensation expense	1,344	1,161
Depreciation and amortization expense	5,364	4,700
Non-GAAP gross profit	\$ 62,277	\$ 48,743
GAAP Gross margin	61.0%	56.0%
Non-GAAP gross margin	68.3%	63.7%

NON-GAAP NET LOSS & EBITDA RECONCILIATION

\$(THOUSANDS)

	Three Months Ended June 30,	
	2023	2022
Reconciliation from Net Loss to Non-GAAP Net Loss:		
Net loss	\$ (18,771)	\$ (25,737)
Exclude: Provision for income taxes	135	69
Loss before taxes	(18,636)	(25,668)
Amortization of acquired intangible assets	3,624	3,736
Stock-based compensation expense	11,021	8,258
Transaction and acquisition-related costs	-	73
Non-recurring items not indicative of ongoing operations ⁽¹⁾	3,626	(65)
Total net adjustments	18,271	12,002
Non-GAAP loss before taxes	(365)	(13,666)
Non-GAAP tax expense ⁽²⁾	135	69
Non-GAAP net loss	\$ (500)	\$ (13,735)
Reconciliation from Net Loss to Adjusted EBITDA:		
Net loss	\$ (18,771)	\$ (25,737)
Depreciation and amortization	8,878	8,301
Interest income	(5,204)	(655)
Interest expense	3,363	5,075
Provision for income taxes	135	69
Stock-based compensation expense	11,021	8,258
Transaction and acquisition-related costs	-	73
Non-recurring items not indicative of ongoing operations ⁽¹⁾	3,626	(65)
Adjusted EBITDA	\$ 3,048	\$ (4,681)



(1) For the three months ended June 30, 2023, this amount is comprised of response costs, including professional services and legal fees incurred in connection with the cybersecurity incident that was detected in April 2023.

(2) Non-GAAP tax expense is based on GAAP tax expense as the Company is in a loss position under both GAAP and non-GAAP.

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 June 30,	
	2023	2022
Cost of revenues (exclusive of depreciation and amortization expense)	\$ 30,221	\$ 28,979
Adjustment: Stock-based compensation expense	(1,344)	(1,161)
Non-GAAP Cost of revenues (exclusive of depreciation and amortization expense)	\$ 28,877	\$ 27,818
Operating expenses		
Sales and marketing	\$ 20,076	\$ 20,448
Adjustment: Stock-based compensation expense	(1,421)	(1,382)
Non-GAAP Sales and marketing	\$ 18,655	\$ 19,066
Research and development	\$ 24,740	\$ 20,107
Adjustment: Stock-based compensation expense	(3,060)	(2,188)
Non-GAAP Research and development	\$ 21,680	\$ 17,919
General and administrative	\$ 27,716	\$ 19,974
Adjustment: Stock-based compensation expense	(5,196)	(3,527)
Adjustment: Transaction and acquisition-related costs	-	(73)
Adjustment: Non-recurring items not indicative of ongoing operations ⁽¹⁾	(3,626)	65
Non-GAAP General and administrative	\$ 18,894	\$ 16,439
Depreciation and amortization	\$ 8,878	\$ 8,301
Adjustment: Amortization of acquired intangibles	(3,624)	(3,736)
Non-GAAP Depreciation and amortization	\$ 5,254	\$ 4,565
Total operating expenses	\$ 81,410	\$ 68,830
Total Non-GAAP operating expenses	\$ 64,483	\$ 57,989