



EARNINGS PRESENTATION

SECOND QUARTER 2022

Aug 3, 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 the significance of our strong performance in the first quarter and trend related to organic revenue 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. 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 of property and equipment, amortization of software development costs, amortization of acquired intangible assets, impairment 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 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

\$76.6M

2Q22
Revenue

30.3%

2Q22
Revenue Growth

107%

2021 Net Transactions
Processed Retention

SCALE

8,000

2021 Buyer
Customers

~\$180B

2021 Spend
Under Management

~17M

2Q22 Transactions Processed

DIFFERENTIATION

825,000

2021 Suppliers paid via
our B2B Network¹

180

2021 Referral
Relationships

220

2021 Accounting System
Integrations

Q2 2022 HIGHLIGHTS

TOTAL REVENUE

\$76.6M

Q2 22

\$58.8M

Q2 21

30.3%



TOTAL TRANSACTIONS PROCESSED

17.3M

Q2 22

15.3M

Q2 21

13.2%



NON-GAAP GROSS PROFIT MARGIN

63.7%

Q2 22

61.0%

Q2 21

270bps



TOTAL PAYMENT VOLUME

\$16.6B

Q2 22

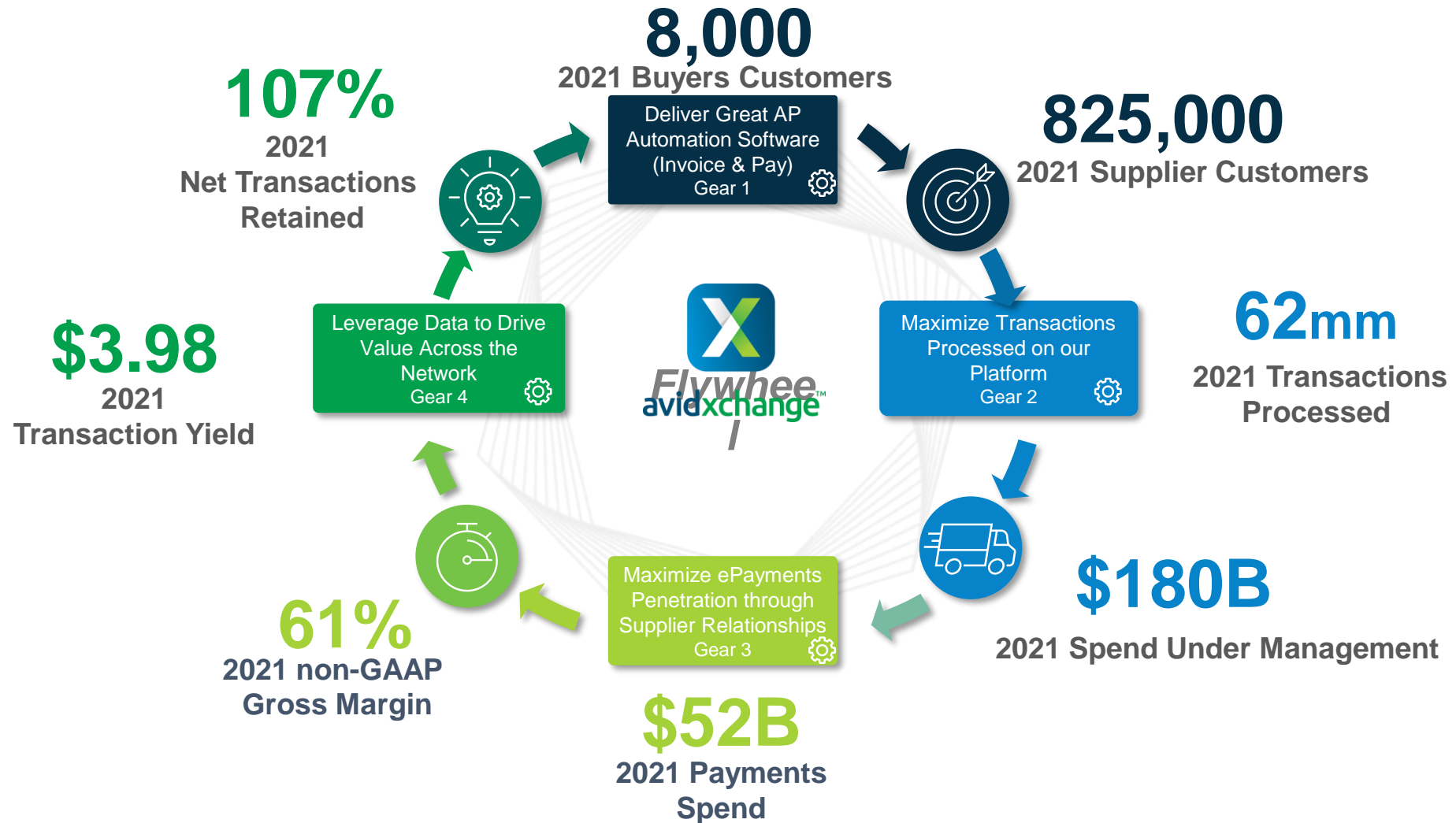
\$12.2B

Q2 21

36.0%

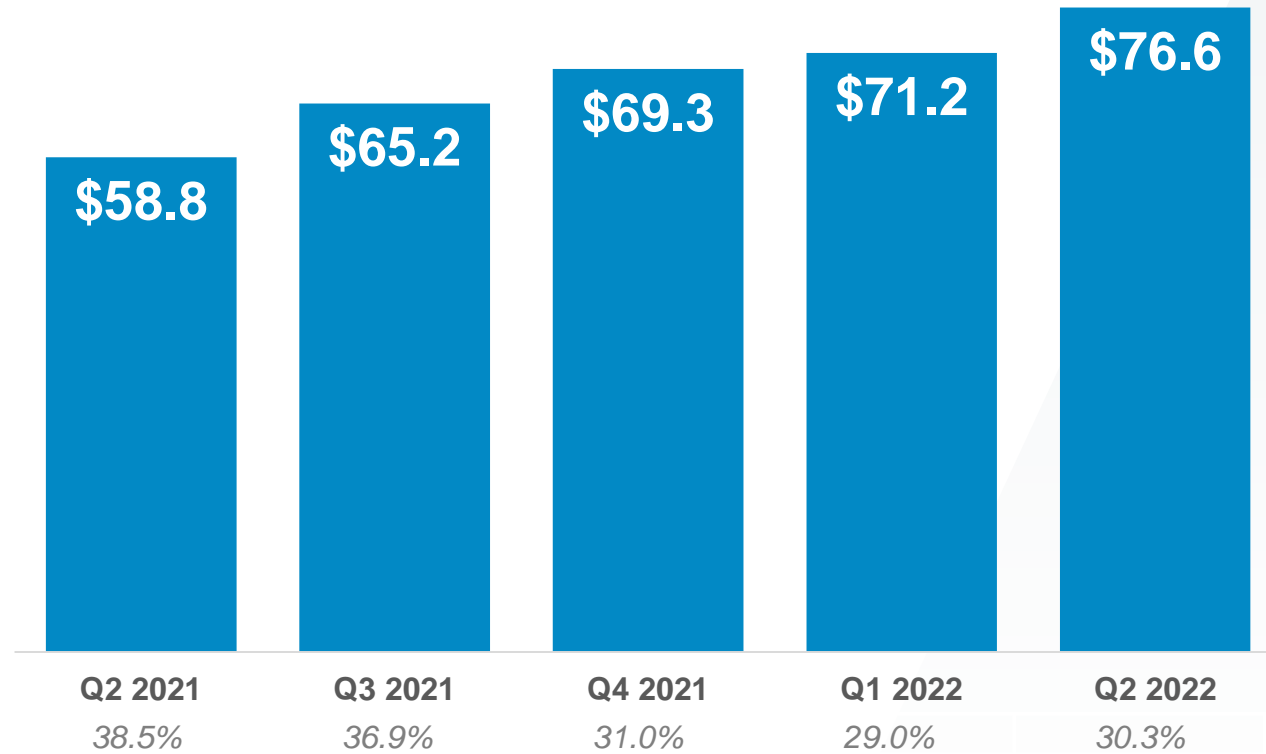


OUR FINANCIAL MONETIZATION STORY VIA OUR AVIDXCHANGE FLYWHEEL



TOTAL REVENUE

\$(MILLIONS)

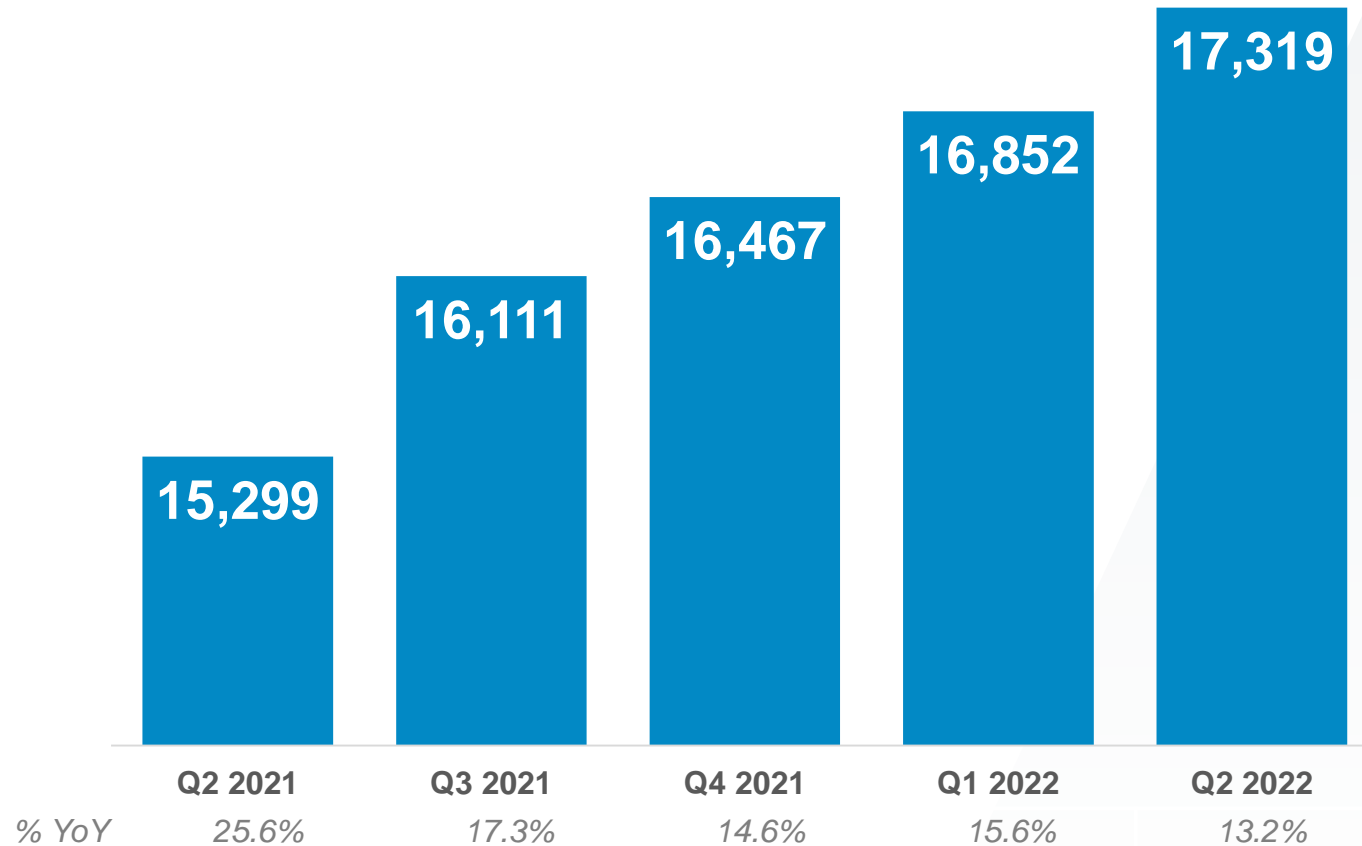


Q2 2022 Highlights

Total Revenue of \$76.6 million, an increase of 30.3% year-over-year

TOTAL TRANSACTIONS PROCESSED*

(THOUSANDS)

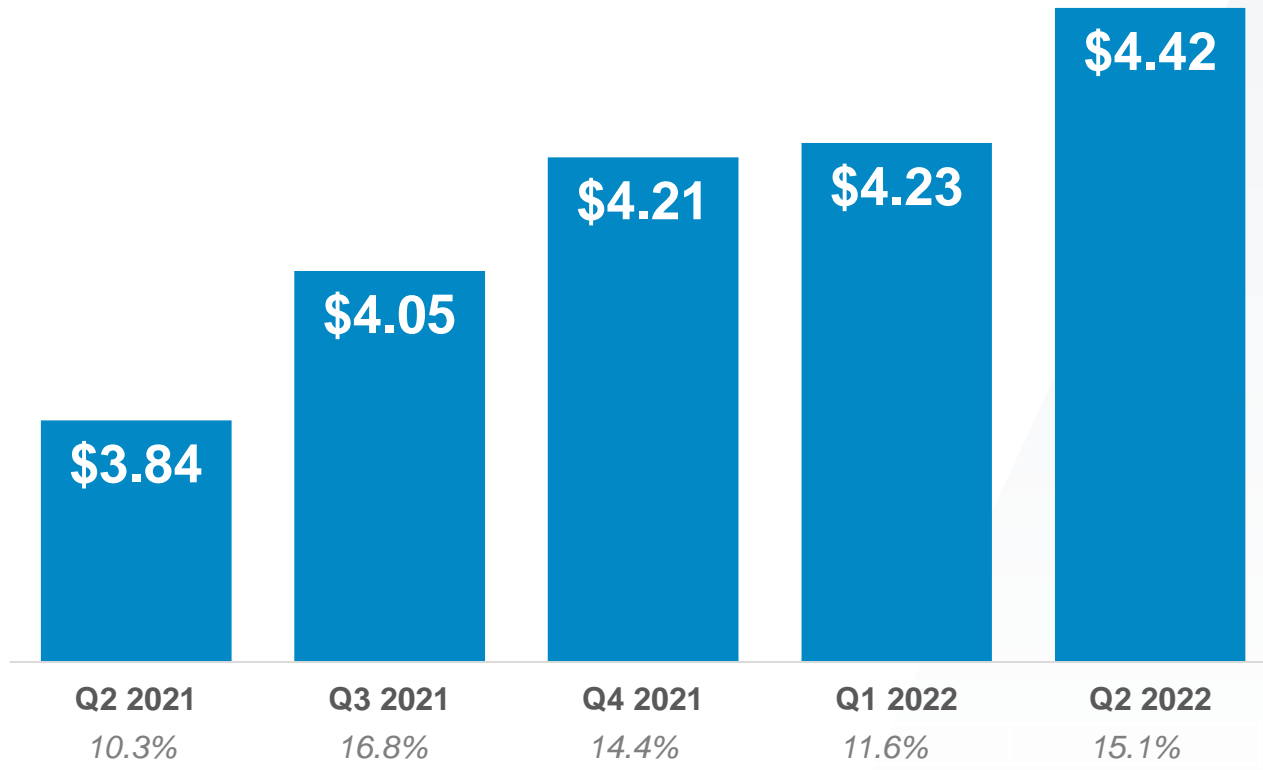


Q2 2022 Highlights

Total transactions processed of 17.3 million, an increase of 13.2% from 15.3 million in Q2 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*



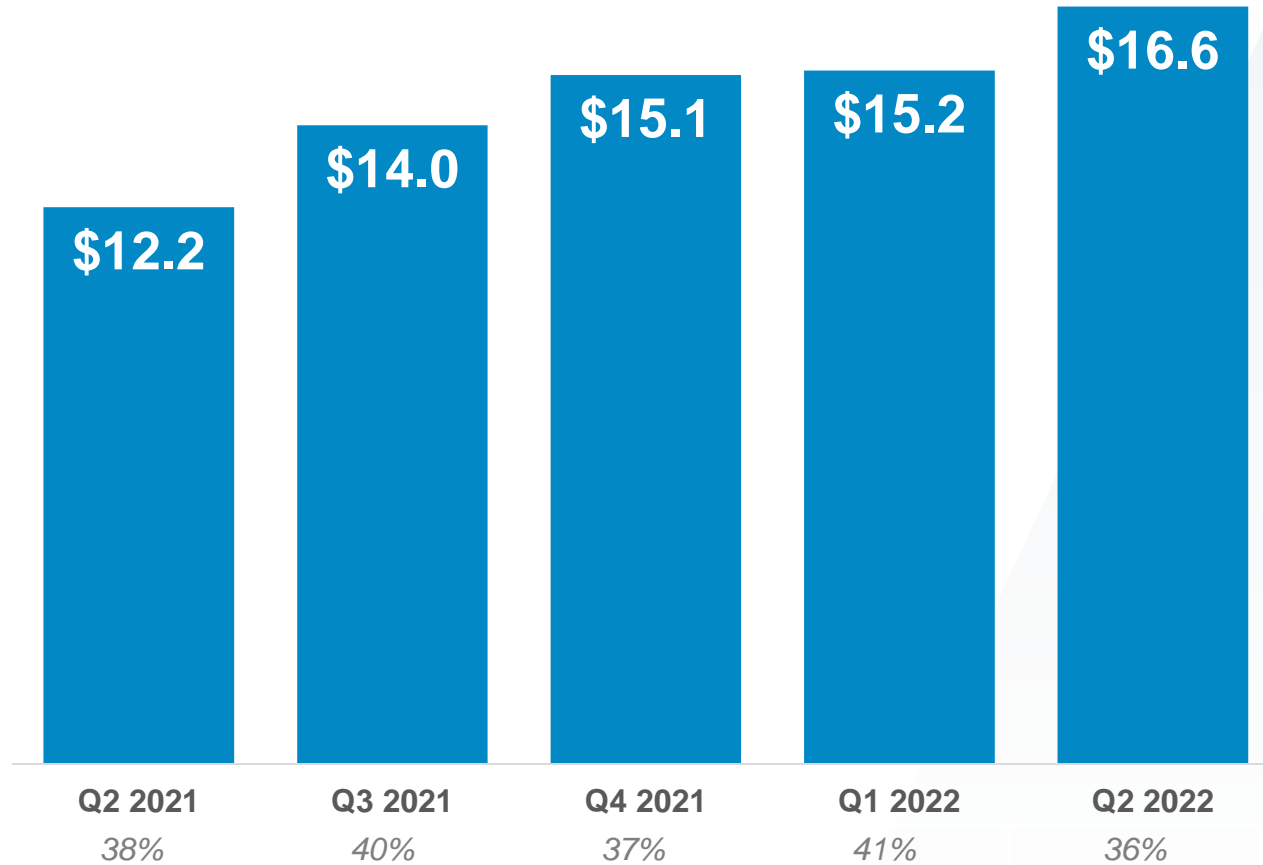
Q2 2022 Highlights

Total transaction yield was \$4.42, an increase of 15.1% from \$3.84 in Q2 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)

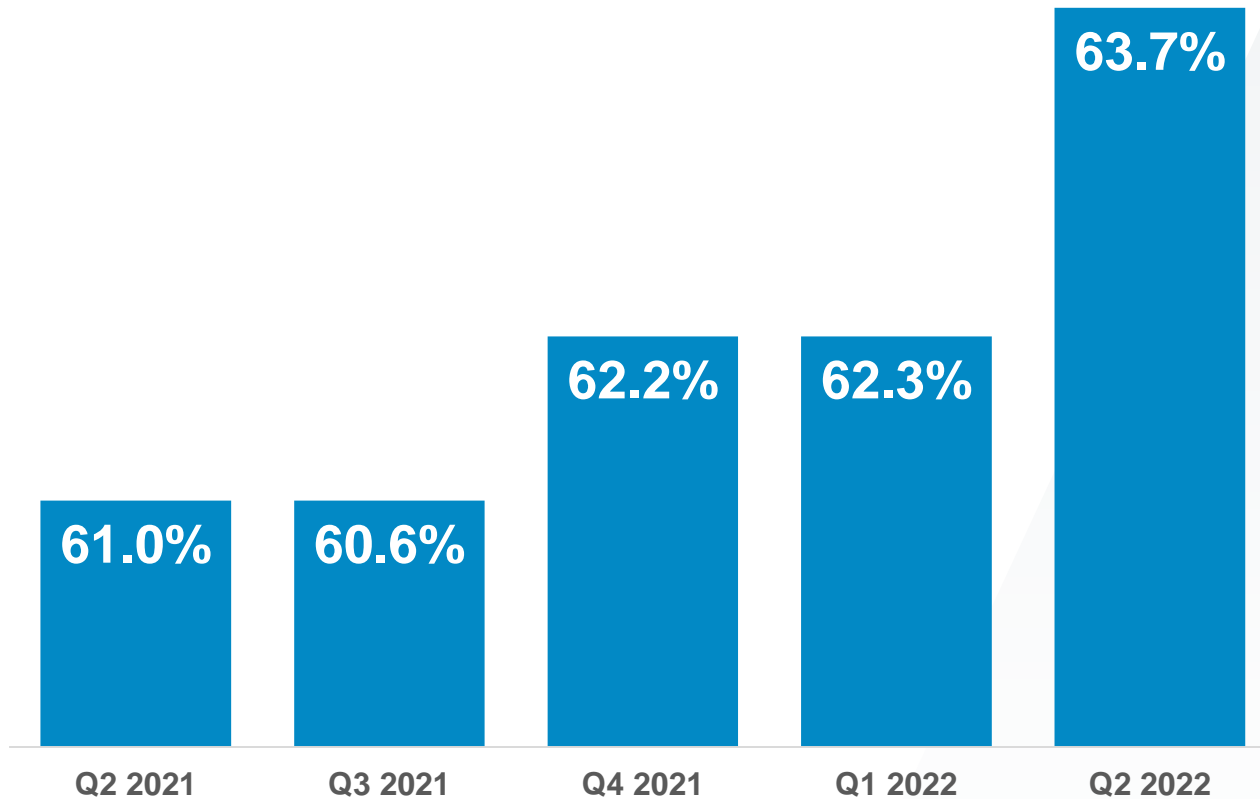


Q2 2022 Highlights

Total payment volume was \$16.6B, an increase of 36% from \$12.2 B in Q2 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



Q2 2022 Highlights

Non-GAAP gross profit of \$48.7 million, or 63.7% of total revenue

Gross margin expansion of 270 basis points year-over-year

FULL YEAR 2022 FINANCIAL OUTLOOK

\$(MILLIONS)

FY 2022	LOW	HIGH
Revenue	\$308.0	\$310.0
<i>% YoY Growth</i>	<i>24.0%</i>	<i>24.8%</i>
Adjusted EBITDA ⁽¹⁾	\$(27.0)	\$(29.0)

(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 June 30,	
	2022	2021
Software revenue	\$ 24,202	\$ 21,656
Payment revenue	51,581	36,459
Services revenue	778	639
Total revenues	\$ 76,561	\$ 58,754

NON-GAAP RECONCILIATION

\$(THOUSANDS)

Reconciliation from Revenue to Non-GAAP <i>(in thousands, except percentages)</i>	Three Months Ended June 30,	
	2022	2021
Total revenues	\$ 76,561	\$ 58,754
Expenses:		
Cost of revenues (exclusive of depreciator	(28,979)	(23,011)
Depreciation and amortization expense	(4,700)	(4,579)
GAAP Gross profit	\$ 42,882	\$ 31,164
Adjustments:		
Stock-based compensation expense	1,161	84
Depreciation and amortization expense	4,700	4,579
Non-GAAP gross profit	\$ 48,743	\$ 35,827
GAAP Gross margin	56.0%	53.0%
Non-GAAP gross margin	63.7%	61.0%

NON-GAAP RECONCILIATION

\$(THOUSANDS)

Reconciliation of Net Loss to Adjusted <i>(in thousands)</i>	Three Months Ended June 30,	
	2022	2021
Net loss	\$ (25,737)	\$ (21,999)
Depreciation and amortization	8,301	7,093
Impairment and write-off of intangible assets	-	574
Interest income	(655)	(165)
Interest expense	5,075	5,086
Provision for income taxes	69	133
Stock-based compensation expense	8,258	1,105
Transaction and acquisition-related costs	73	1,436
Change in fair value of derivative instruments	-	1,084
Non-recurring items not indicative of ongoing operations	(65)	25
Adjusted EBITDA	\$ (4,681)	\$ (5,628)

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,		Six Months Ended June 30,	
	2022	2021	2022	2021
Cost of revenues (exclusive of depreciation and amortization expense)	\$ 28,979	\$ 23,011	\$ 56,786	\$ 45,551
Adjustment: Stock-based compensation expense	(1,161)	(84)	(2,120)	(140)
Non-GAAP Cost of revenues (exclusive of depreciation and amortization expense)	\$ 27,818	\$ 22,927	\$ 54,666	\$ 45,411
Operating expenses				
Sales and marketing	\$ 20,448	\$ 14,547	\$ 37,687	\$ 28,058
Adjustment: Stock-based compensation expense	(1,382)	(201)	(2,308)	(358)
Non-GAAP Sales and marketing	\$ 19,066	\$ 14,346	\$ 35,379	\$ 27,700
Research and development	\$ 20,107	\$ 13,620	\$ 40,179	\$ 27,553
Adjustment: Stock-based compensation expense	(2,188)	(185)	(4,036)	(286)
Non-GAAP Research and development	\$ 17,919	\$ 13,435	\$ 36,143	\$ 27,267
General and administrative	\$ 19,974	\$ 15,770	\$ 38,662	\$ 29,934
Adjustment: Stock-based compensation expense	(3,527)	(635)	(6,585)	(1,168)
Adjustment: Transaction and acquisition-related costs	(73)	(1,436)	(277)	(3,046)
Adjustment: Non-recurring items not indicative of ongoing operations	65	(25)	57	(50)
Non-GAAP General and administrative	\$ 16,439	\$ 13,674	\$ 31,857	\$ 25,670
Impairment and write-off of intangible assets	\$ -	\$ 574	\$ -	\$ 574
Adjustment: Impairment and write-off of intangible assets	-	(574)	-	(574)
Non-GAAP Impairment and write-off of intangible assets	\$ -	\$ -	\$ -	\$ -
Depreciation and amortization	\$ 8,301	\$ 7,093	\$ 16,019	\$ 14,170
Adjustment: Amortization of acquired intangibles	(3,736)	(2,752)	(7,329)	(5,505)
Non-GAAP Depreciation and amortization	\$ 4,565	\$ 4,341	\$ 8,690	\$ 8,665
Total operating expenses	\$ 68,830	\$ 51,604	\$ 132,547	\$ 100,289
Total Non-GAAP operating expenses	\$ 57,989	\$ 45,796	\$ 112,069	\$ 89,302

OUR FLYWHEEL FOR ACCELERATED GROWTH – EXECUTING AGAINST INVESTMENT OBJECTIVES SET AT IPO

- 1 Launched Next Gen Procurement and Purchase Order Management tools
- 2 Launched Next Gen Integrations to Accounting Systems
- 3 Launched Straight Through Processing (STP)
- 4 Launched Avid Analytics to Early Adopter Customers

