



EARNINGS PRESENTATION

Third QUARTER 2023

Nov 8, 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,” “outlook,” “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 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 continued strong operational execution, our customers’ perception of the value proposition associated with our products and services, our addressable market opportunity, the role our balance sheet plays in accelerating long-term growth, the impact of the macroeconomic environment on our business, 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 filed for the periods ended March 31, 2023 and June 30, 2023, Quarterly Report on Form 10-Q to be filed for the period ended September 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 our press release 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 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 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.

Q3 2023 HIGHLIGHTS

TOTAL REVENUE

\$98.7M

Q3 23

\$82.4M

Q3 22

19.7%



TOTAL TRANSACTIONS PROCESSED

19.2M

Q3 23

18.0M

Q3 22

6.4%



NON-GAAP GROSS PROFIT MARGIN

70.0%

Q3 23

65.0%

Q3 22

500bps



TOTAL PAYMENT VOLUME

\$19.6B

Q3 23

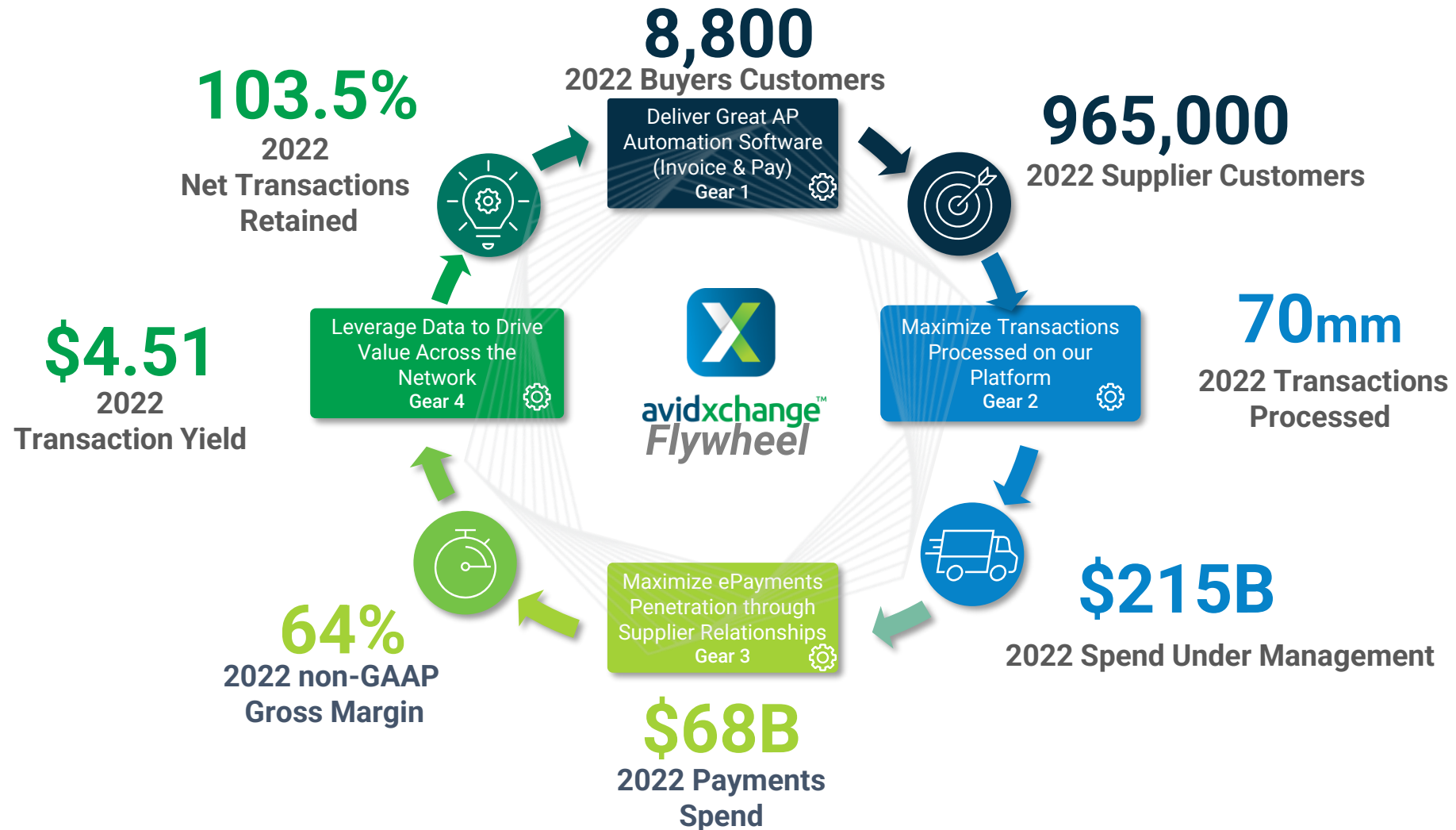
\$18.1B

Q3 22

8.4%

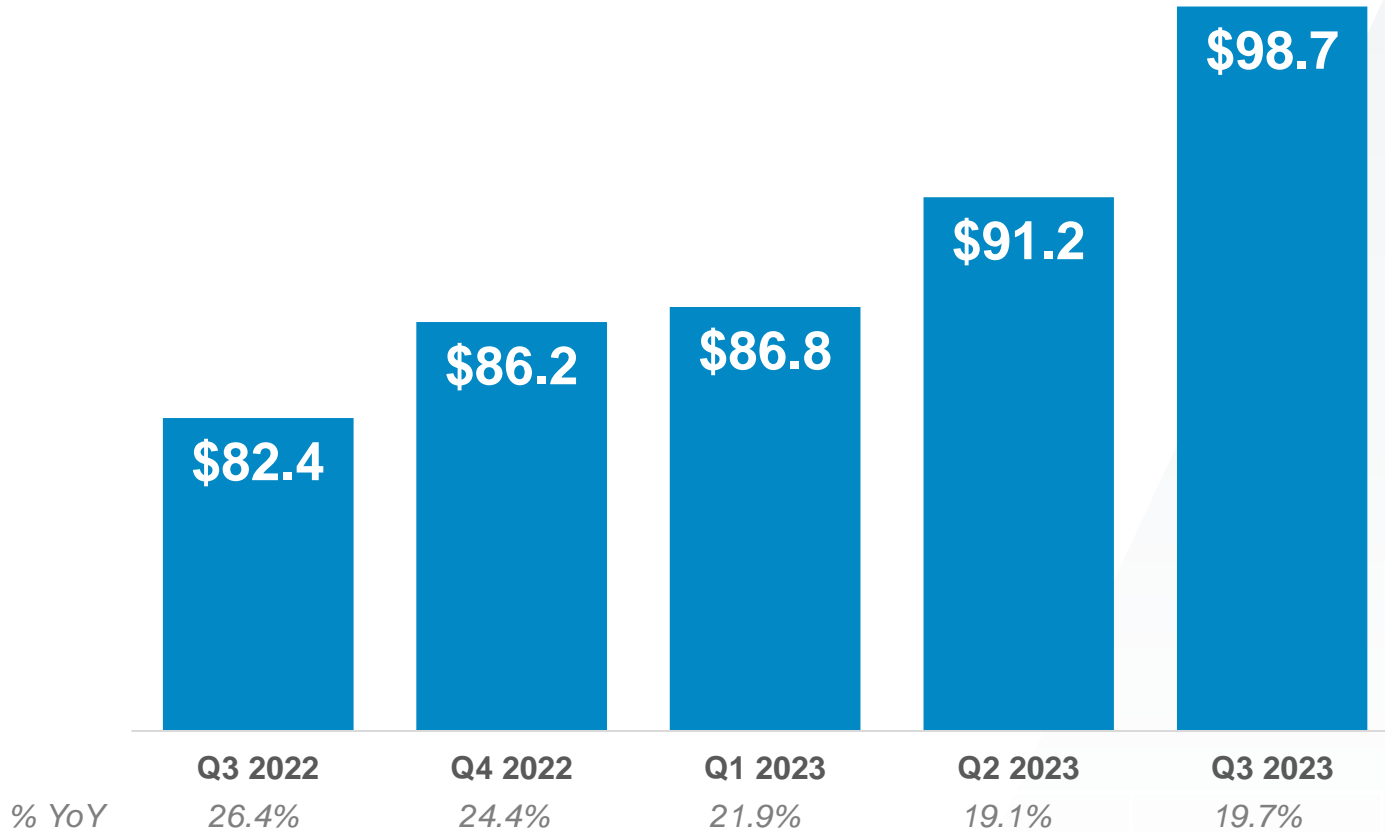


OUR FINANCIAL MONETIZATION STORY VIA OUR AVIDXCHANGE FLYWHEEL



TOTAL REVENUE

\$(MILLIONS)

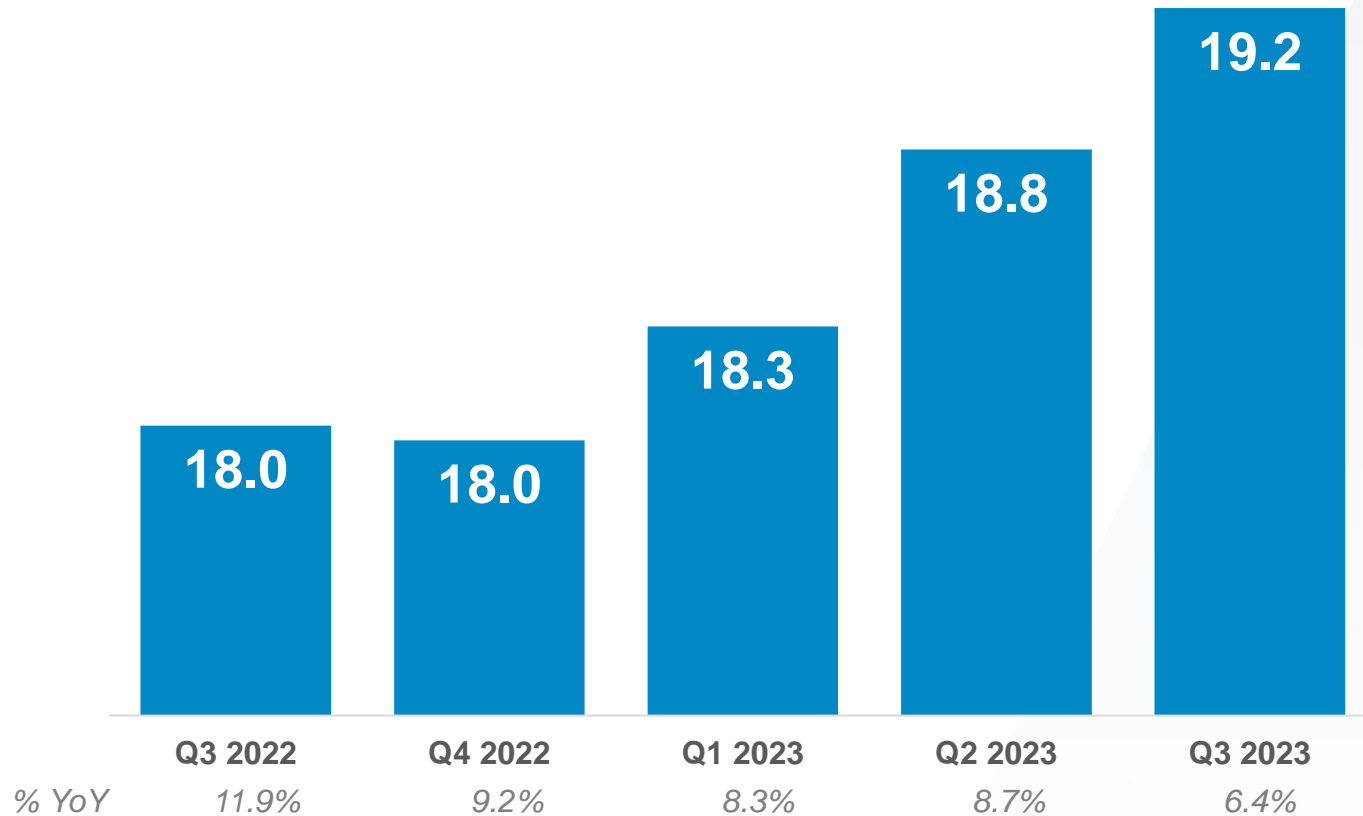


Q3 2023 Highlights

Total Revenue of \$98.7 million, an increase of 19.7% year-over-year

TOTAL TRANSACTIONS PROCESSED*

(MILLIONS)



Q3 2023 Highlights

Total transactions processed of 19.2 million, an increase of 6.4% from 18.0 million in Q3 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*

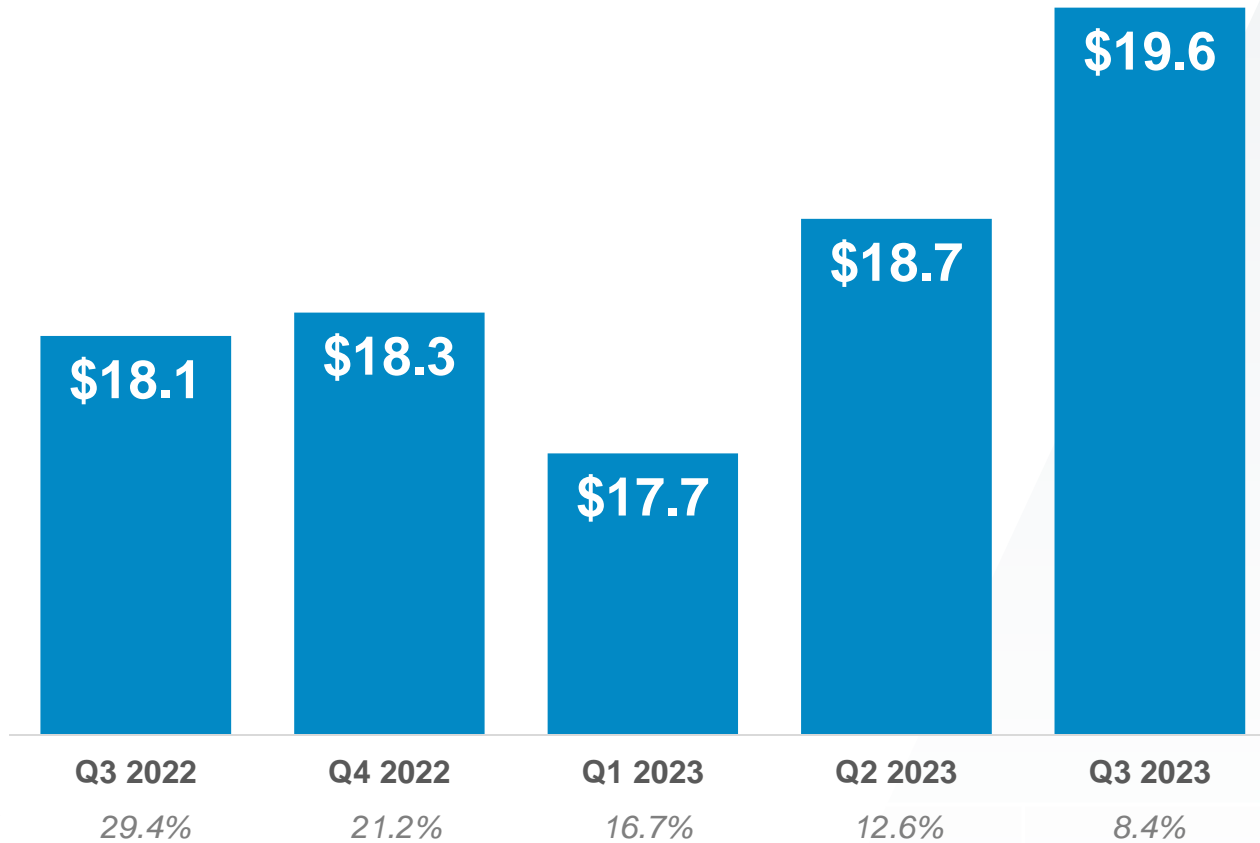


Q3 2023 Highlights

Total transaction yield was \$5.15, an increase of 12.7% from \$4.57 in Q3 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)

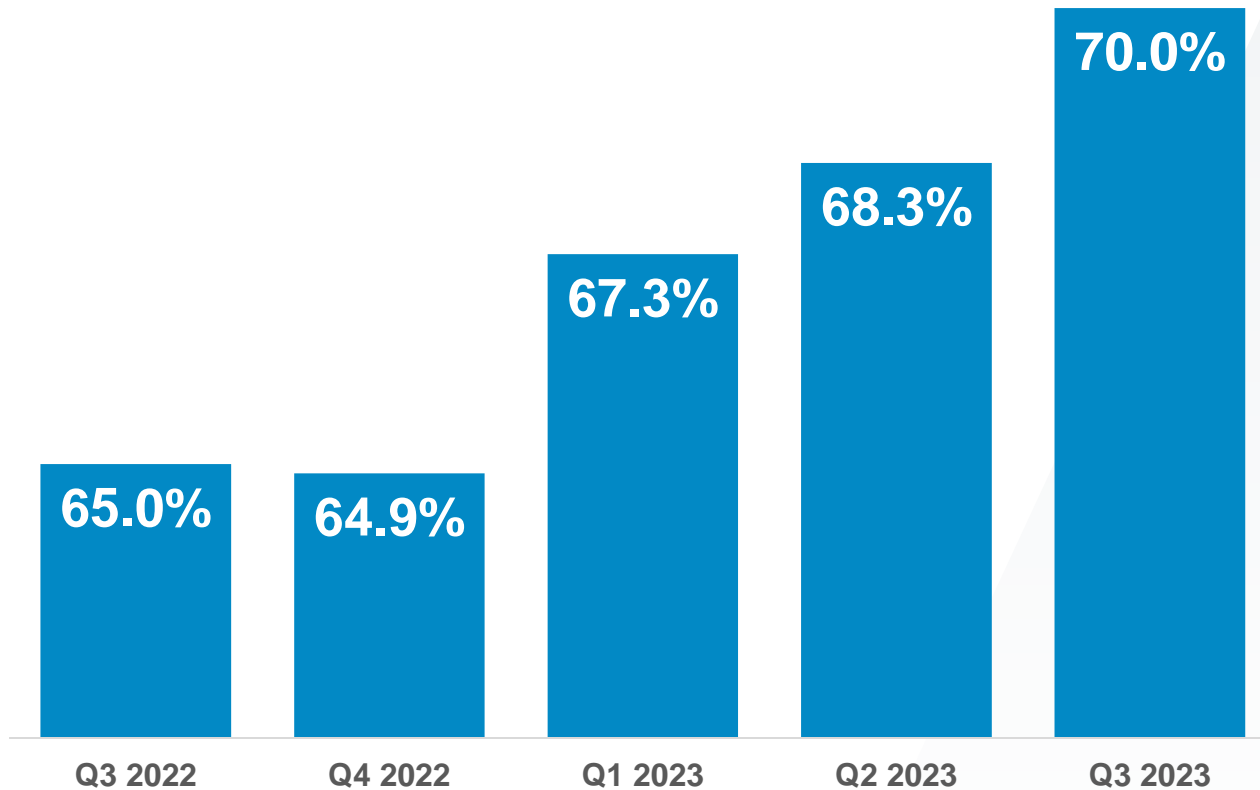


Q3 2023 Highlights

Total payment volume was \$19.6B, an increase of approx. 8.4% from \$18.1B in Q3 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



Q3 2023 Highlights

Non-GAAP gross profit of \$69.1 million, or 70.0% of total revenue

Gross margin expansion of 500 basis points year-over-year

FULL YEAR 2023 FINANCIAL OUTLOOK

\$(MILLIONS)

| FY 2023 | LOW | HIGH |
|--------------------------------|---------|---------|
| Revenue | \$374.5 | \$375.5 |
| % YoY Growth | 18.4% | 18.7% |
| Adjusted EBITDA ⁽¹⁾ | \$22.0 | \$23.0 |

(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, | |
|----------------------------|----------------------------------|-----------|---------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Software revenue | \$ 28,919 | \$ 25,039 | \$ 83,135 | \$ 73,152 |
| Payment revenue | 68,485 | 56,645 | 190,894 | 154,694 |
| Services revenue | 1,276 | 727 | 2,627 | 2,329 |
| Total revenues | \$ 98,680 | \$ 82,411 | \$ 276,656 | \$ 230,175 |

NON-GAAP GROSS MARGIN RECONCILIATION

\$(THOUSANDS)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|-----------|---------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin: | | | | |
| Total revenues ⁽¹⁾ | \$ 98,680 | \$ 82,411 | \$ 276,656 | \$ 230,175 |
| Expenses: | | | | |
| Cost of revenues (exclusive of depreciation and amortization expense) | (30,767) | (29,890) | (90,461) | (86,676) |
| Depreciation and amortization expense | (5,574) | (4,924) | (16,157) | (13,930) |
| GAAP Gross profit ⁽¹⁾ | \$ 62,339 | \$ 47,597 | \$ 170,038 | \$ 129,569 |
| Adjustments: | | | | |
| Stock-based compensation expense | 1,144 | 1,010 | 3,552 | 3,130 |
| Depreciation and amortization expense | 5,574 | 4,924 | 16,157 | 13,930 |
| Non-GAAP gross profit ⁽¹⁾ | \$ 69,057 | \$ 53,531 | \$ 189,747 | \$ 146,629 |
| GAAP Gross margin ⁽¹⁾ | 63.2% | 57.8% | 61.5% | 56.3% |
| Non-GAAP gross margin ⁽¹⁾ | 70.0% | 65.0% | 68.6% | 63.7% |

⁽¹⁾ The three months ended September 30, 2023 includes a favorable out of period adjustment of \$1,507 primarily related to recognition of deferred revenue.

NON-GAAP NET LOSS & EBITDA RECONCILIATION

\$(THOUSANDS)

Reconciliation from Net Loss to Non-GAAP Net Income (Loss):

| | | | | | | | | |
|---|----|---------|----|----------|----|----------|----|----------|
| Net loss ⁽¹⁾ | \$ | (8,091) | \$ | (25,371) | \$ | (42,852) | \$ | (76,255) |
| Exclude: Provision for income taxes | | 134 | | 69 | | 339 | | 207 |
| Loss before taxes ⁽¹⁾ | | (7,957) | | (25,302) | | (42,513) | | (76,048) |
| Amortization of acquired intangible assets | | 3,623 | | 3,623 | | 10,870 | | 10,952 |
| Stock-based compensation expense | | 11,229 | | 8,718 | | 31,181 | | 23,767 |
| Transaction and acquisition-related costs | | - | | 3 | | (7) | | 280 |
| Non-recurring items not indicative of ongoing operations ⁽²⁾ | | 773 | | 1,343 | | 4,408 | | 1,286 |
| Total net adjustments ⁽¹⁾ | | 15,625 | | 13,687 | | 46,452 | | 36,285 |
| Non-GAAP income (loss) before taxes | | 7,668 | | (11,615) | | 3,939 | | (39,763) |
| Non-GAAP tax expense ⁽³⁾ | | 1,909 | | 69 | | 981 | | 207 |
| Non-GAAP net income (loss) ⁽¹⁾ | \$ | 5,759 | \$ | (11,684) | \$ | 2,958 | \$ | (39,970) |

Reconciliation from Net Loss to Adjusted EBITDA:

| | | | | | | | | |
|---|----|---------|----|----------|----|----------|----|----------|
| Net loss ⁽¹⁾ | \$ | (8,091) | \$ | (25,371) | \$ | (42,852) | \$ | (76,255) |
| Depreciation and amortization | | 9,051 | | 8,365 | | 26,515 | | 24,384 |
| Interest income | | (5,100) | | (2,031) | | (14,820) | | (2,906) |
| Interest expense | | 3,428 | | 5,209 | | 10,106 | | 15,261 |
| Provision for income taxes | | 134 | | 69 | | 339 | | 207 |
| Stock-based compensation expense | | 11,229 | | 8,718 | | 31,181 | | 23,767 |
| Transaction and acquisition-related costs | | - | | 3 | | (7) | | 280 |
| Non-recurring items not indicative of ongoing operations ⁽²⁾ | | 773 | | 1,343 | | 4,408 | | 1,286 |
| Adjusted EBITDA ⁽¹⁾ | \$ | 11,424 | \$ | (3,695) | \$ | 14,870 | \$ | (13,976) |

⁽¹⁾ The three months ended September 30, 2023 includes a favorable out of period adjustment of \$1,507 primarily related to recognition of deferred revenue.

⁽²⁾ For the three and nine months ended September 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, net of insurance recoveries. For the three and nine months ended September 30, 2022, includes \$1,621 of restructuring costs and a benefit of \$308 for a liability release related to the FastPay acquisition that closed in July 2021.



⁽³⁾ 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 September 30, | | Nine Months Ended September 30, | |
|---|----------------------------------|-----------|---------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Cost of revenues (exclusive of depreciation and amortization expense) | \$ 30,767 | \$ 29,890 | \$ 90,461 | \$ 86,676 |
| Adjustment: Stock-based compensation expense | (1,144) | (1,010) | (3,552) | (3,130) |
| Non-GAAP Cost of revenues (exclusive of depreciation and amortization expense) | \$ 29,623 | \$ 28,880 | \$ 86,909 | \$ 83,546 |
| Operating expenses | | | | |
| Sales and marketing | \$ 18,735 | \$ 20,241 | \$ 58,946 | \$ 57,928 |
| Adjustment: Stock-based compensation expense | (1,246) | (1,235) | (3,863) | (3,543) |
| Non-GAAP Sales and marketing | \$ 17,489 | \$ 19,006 | \$ 55,083 | \$ 54,385 |
| Research and development | \$ 24,754 | \$ 21,997 | \$ 72,616 | \$ 62,176 |
| Adjustment: Stock-based compensation expense | (3,068) | (2,717) | (8,470) | (6,753) |
| Non-GAAP Research and development | \$ 21,686 | \$ 19,280 | \$ 64,146 | \$ 55,423 |
| General and administrative | \$ 25,002 | \$ 24,042 | \$ 75,345 | \$ 62,704 |
| Adjustment: Stock-based compensation expense | (5,771) | (3,756) | (15,296) | (10,341) |
| Adjustment: Transaction and acquisition-related costs | - | (3) | 7 | (280) |
| Adjustment: Non-recurring items not indicative of ongoing operations ⁽¹⁾ | (773) | (1,343) | (4,408) | (1,286) |
| Non-GAAP General and administrative | \$ 18,458 | \$ 18,940 | \$ 55,648 | \$ 50,797 |
| Depreciation and amortization | \$ 9,051 | \$ 8,365 | \$ 26,515 | \$ 24,384 |
| Adjustment: Amortization of acquired intangibles | (3,623) | (3,623) | (10,870) | (10,952) |
| Non-GAAP Depreciation and amortization | \$ 5,428 | \$ 4,742 | \$ 15,645 | \$ 13,432 |
| Total operating expenses | \$ 77,542 | \$ 74,645 | \$ 233,422 | \$ 207,192 |
| Total Non-GAAP operating expenses | \$ 63,061 | \$ 61,968 | \$ 190,522 | \$ 174,037 |

⁽¹⁾For the three and nine months ended September 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, net of insurance recoveries. For the three and nine months ended September 30, 2022, includes \$1,621 of restructuring costs and a benefit of \$308 for a liability release related to the FastPay acquisition that closed in July 2021.