

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 01, 2023

AvidXchange Holdings, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-40898
(Commission File Number)

86-3391192
(IRS Employer
Identification No.)

1210 AvidXchange Lane
Charlotte, North Carolina
(Address of Principal Executive Offices)

28206
(Zip Code)

Registrant's Telephone Number, Including Area Code: 800 560-9305

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	AVDX	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

As previously announced, members of the executive management team of AvidXchange Holdings, Inc. (the "Company") will host an Investor Day on Thursday, June 1, 2023, at the Company's Headquarters in Charlotte, North Carolina. Interested parties can access a simultaneous webcast of the presentation beginning at 8:10 a.m. ET in the Investor Relations section of the Company's website at <https://ir.avidxchange.com/>. For those unable to listen to the live broadcast, an archive of the webcast will be available on the Company's website. A copy of the slides that will be used in the presentation at the Investor Day are attached as Exhibit 99.1 and incorporated herein by reference.

The information in this Current Report on Form 8-K, including the attached Exhibit 99.1, is being furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. This information is not incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Investor Day Presentation Material, dated June 1, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AvidXchange Holdings, Inc.

Date: June 1, 2023

By: /s/ Joel Wilhite
Joel Wilhite
Chief Financial Officer

We'll Begin Shortly

Agenda

TOPIC	SPEAKER	TIME
AvidXchange & Market Overview	Michael Praeger	8:15am – 8:45am
Go-To-Market & Customers	James Sutton	8:45am – 9:00am
Powering the Flywheel (Gears 1&2)	Dan Drees	9:00am – 9:20am
Partner Fireside Chat	Dan Drees & Patrick Ghilani	9:20am – 9:40am
Break		9:40am – 9:50am
Powering the Flywheel (Gears 3&4)	Dan Drees	9:50am – 10:10am
Fireside Chat	Dan Drees and Kelly Vicknair	10:10am – 10:20am
Q&A	Michael Praeger & Dan Drees	10:20am – 10:30am
Operations	John Feldman	10:30am – 10:50am
Break		10:50am – 11:00am
Our DNA	Todd Cunningham	11:00am – 11:15am
Technology	Angelic Gibson	11:15am – 11:30am
Fireside Chat	Michael Praeger, Dan Drees, Angelic Gibson	11:30am – 11:45am
Lunch		11:45am – 12:20pm
Financial Overview	Joel Wilhite	12:20pm – 12:50pm
Closing Remarks	Michael Praeger	12:50pm – 1:00pm

Disclaimer

The material in this presentation (this "Presentation") has been made available to you with the consent of AvidXchange Holdings, Inc. (the "Company") for informational purposes only.

Forward-Looking Statements

This Presentation contains "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 prospects, including our guidance and 3 and 5 year milestones, targets and objectives, and often contain words such as: "anticipate," "strive to achieve," "intend," "plan," "goal," "objectives," "outlook," "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 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 the Company's filings with the Securities and Exchange Commission ("SEC"), including, without limitation, the Company's Annual Report on Form 10-K, Quarterly Report on Form 10-Q filed for the period ended March 31, 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 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.

This Presentation contains estimates, projections and other information concerning the Company's industry and its business, as well as data regarding market research, estimates and forecasts prepared by the Company's management. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information.

Non-GAAP Measures and Other Performance Metrics

This presentation contains certain non-GAAP measures, including free cash flow, non-GAAP gross profit and non-GAAP gross margin, Adjusted EBITDA, non-GAAP Adjusted EBITDA gross margin, which are provided to assist in an understanding of the business, performance and projections of AvidXchange. These measures should only be considered as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix and footnotes of this presentation for a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable financial measures prepared in accordance with GAAP.

Michael Praeger

Chairman, CEO & Co-Founder



Setting The Stage

Four Objectives We
Have for You Today



Our Business



Growth Strategies



Driving Profitability



Our Team

Our Mission

Transform the way middle market companies pay and receive bills.

Our Purpose

To realize potential, fulfill dreams and win big together for our customers, teammates, shareholders and the communities of our teammates.



Our 5 Key Ingredients to our Success – Applying Leadership & Vision

Our Key Ingredients for Creating Enterprise Value for Shareholders

1

Performance DNA / Culture

Leverage deep connections for increased levels of performance

Our Mindsets of **growth, connectedness** and **passion for our customers**

Our focus on performance, communication & developing our teammates

2

Customer Obsessed

Leverage **customer feedback** to delivery impactful products

Continue **this experience** beyond current offerings

3

Innovation

Deliver **next generation technology** to drive value for customers and shareholders

AP Automation Software

Payment Network

Cash Flow Management

4

Efficient Growth Focused

Embracing the change mgmt. required to achieve Rule of 40+ and continue growing at 20%+

Accelerate **new vertical markets** and innovative **product offerings**

5

Scale & Talent

Focus on developing our teammates and attracting talent for the next milestones of growth

Charlotte is a strategic advantage in building our talent base – **teammates are our greatest asset**

Recipe for Long Term "Rule of 50" Growth and Profitability

My Job as Chairman and CEO of AvidXchange

Importance of Getting Decisions Right in 4 Areas



Business Model and Growth Strategies

Build for both the **immediate market opportunity** and **longer-term overall industry opportunity** while striving to achieve efficient 20%+ growth



Scaling and Operational Efficiency Strategies

Relentless focus on gross margins in the near term, seeking to leverage AI across functions with greater focus on operating margins with scale and striving to **achieve industry leading "Rule of 40" metrics**



Capital Allocation is Our Oxygen

Take a **disciplined approach to strategic capital allocation** balancing future innovation, operating scale, and potential acquisitions



Managing our Talent at Each Level of Growth

Understanding the types, experiences, and skillsets of talent required at each level of growth is critical. **Focus on building current team to be successful when leading the middle market for AP / Payment Automation at our long-term goal of \$1 billion in revenue.**

Our Experienced, Founder-Led Management Team

Strong Leadership with Deep Bench of Talent



Michael Praeger
Chairman, CEO & Co-Founder



Dan Drees
President



Todd Cunningham
Chief People Officer



Joel Wilhite
Chief Financial Officer



Angelic Gibson
Chief Information Officer

Executive Team



Serdar Dincaslan
SVP, Product



John Feldman
SVP,
Operations



Mo Trezies
SVP, Software
Engineering



Christina Quaine
Chief Information
Security Officer



Ryan Stahl
SVP, General
Counsel



Martin Smith
SVP,
Strategic Initiatives
& Integration



Manu Sood
SVP, Platform
Delivery & Ops



Secil Baysal
SVP, Product



Cameron White
SVP,
Finance



Subhaash Kumar
SVP,
Investor Relations



James Sutton
Chief Revenue
Officer

Our Highly Experienced Board

The AvidXchange Board Satisfies Nasdaq's Listing Rule Regarding Diverse Board Representation



Matthew Harris
Lead Independent Director



Michael Praeger
Chairman, CEO & Co-Founder



Jim Hausman
Board Member



Asif Ramji
Board Member



Sonali Sambhus
Board Member



Wendy Murdock
Board Member



Teresa Mackintosh
Board Member



James (Mike) McGuire
Board Member



Lance Drummond
Board Member

What We Do





Middle market companies today **operating digitally** with an **automated accounts payable** and **payment process** according to *Payments Journal*.

We are the company that is transforming the middle market

AvidXchange Automates the Entire AP and Payment Workflow



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

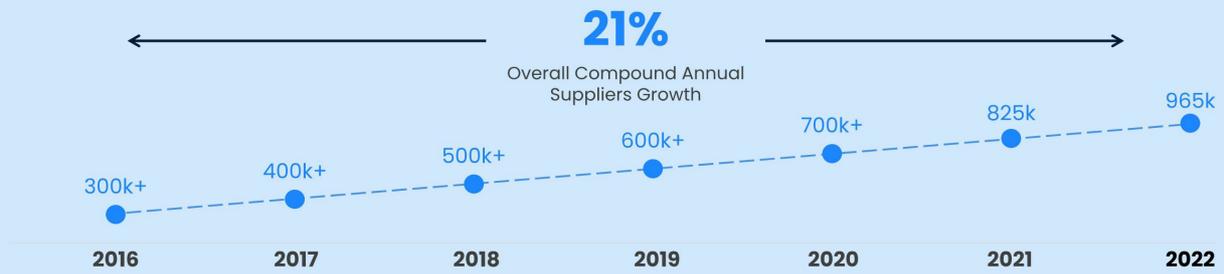


*Paid Within the past 5 years.

OUR SECRET SAUCE

GROWTH OF OUR AVIDPAY NETWORK

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



Enterprise



Middle Market



SMB



15

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*Represents suppliers paid during the prior 5-year period through the network.

avidxchange

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.**



220+ 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**

We Believe Middle Market Customers Have Unique Needs

	SMB	MIDDLE MARKET	ENTERPRISE
ILLUSTRATIVE AR/AP SOLUTIONS	bill	x avidxchange	coupa
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	xero qb intuit quickbooks.	sage Intacct NETSUITE SAP Concur	SAP Business One ORACLE workday.

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 with Supplier Financing / Cash Flow Management

\$40B

Est. AP Automation Solutions and B2B Payment Revenue Opportunity

\$20B

 **avidxchange**

\$316M

2022 Revenue

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

Traditional workflows are manual, slow, and Expensive

BEFORE AUTOMATION

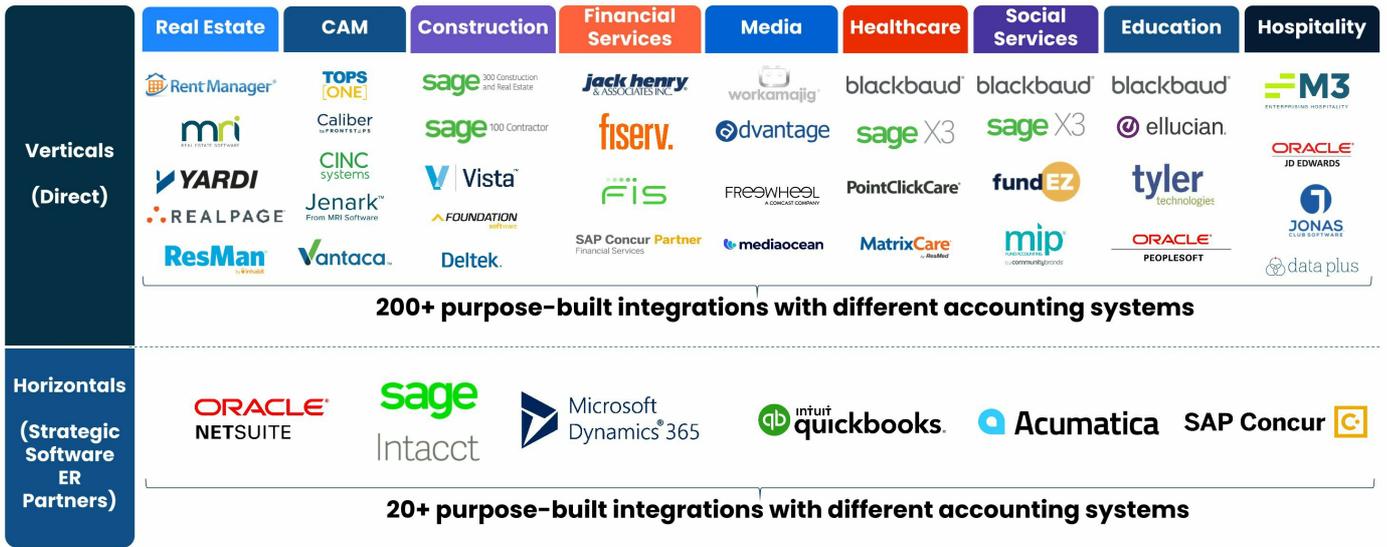
AFTER AUTOMATION



\$12 Estimated Savings Per Transaction

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

Our Vertical and Horizontal Strategy





Mastercard B2B HUB™ **Powered by AvidXchange™**

- Mastercard's AP automation and B2B payments offering for their Bank customers
- Multiyear agreement for the middle market
- Mastercard led go to market with highly integrated sales and integration team in place
- Key strategy for Mastercard's B2B expansion



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



190+
Referral
Partners

Our Growth Strategies



Our Five-Year Growth Objectives

Introducing our Organic Growth Plan to Reach the Following Milestones



Our Organic Growth Strategy via the AvidXchange Flywheel

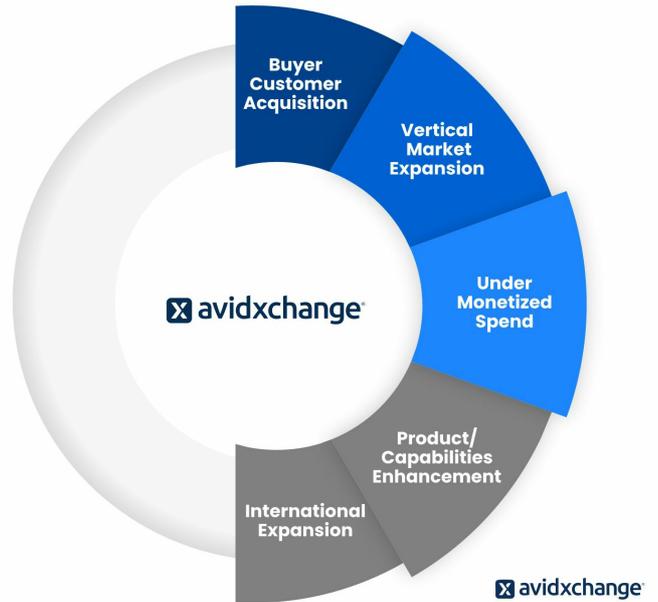


Our AvidXchange M&A Strategy

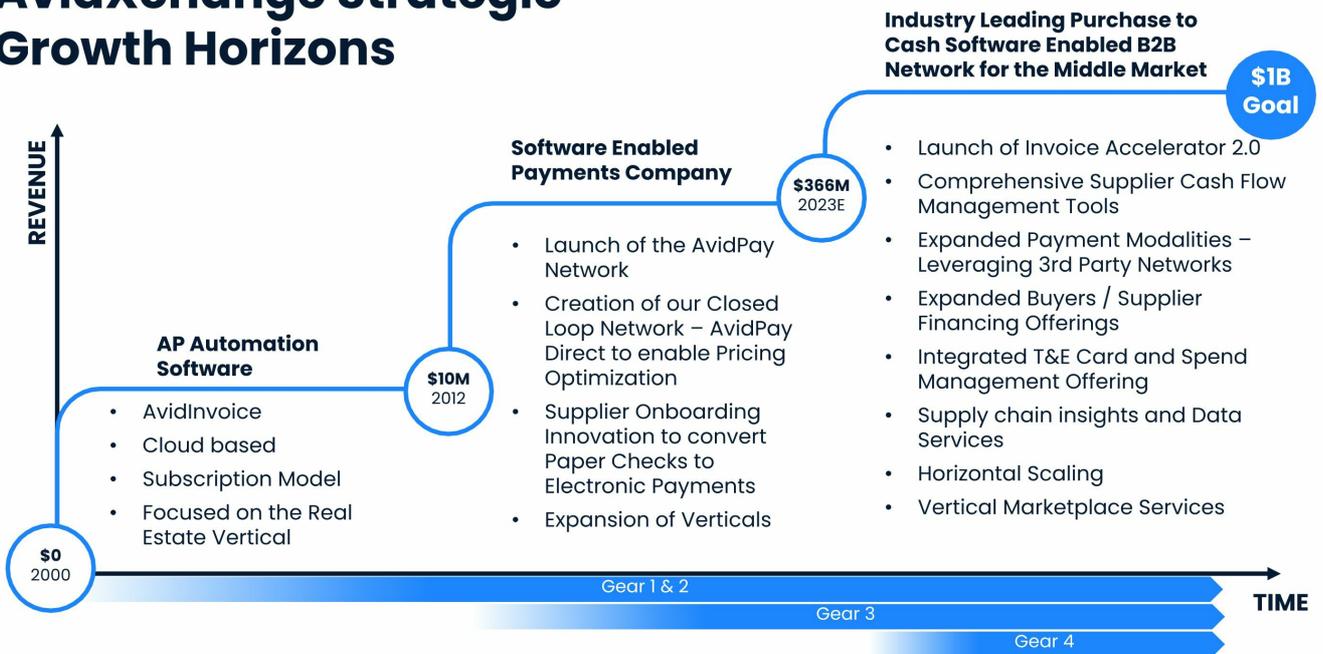
Tuck in Acquisitions to Advance our Vertical Markets Accelerates our Growth

AVDX Acquisitions by Strategy

Customer	Vertical	Spend	Product



AvidXchange Strategic Growth Horizons



Dan Drees

President



Organization Overview

Dan Drees, President

~1200 Teammates

Business Planning

~2 Teammates

Functions:

- Process and Strategy
- Business Planning and team enablement

Marketing

~30 Teammates

Functions:

- Customer, Internal & PR Communications
- Brand & Insights
- Creative
- Website and Digital

Revenue

~300 Teammates

Functions:

- Revenue Operations
- Sales
- Customer Success
- Product Marketing
- Demand Generation
- Campaign & Events Marketing

Product

~200 Teammates

Functions:

- Procure to Invoice
- Product Operations
- Product Design
- BIDS / Analytics
- Pay
- Platform

Operations

~700 Teammates

Functions:

- Service & Fulfillment
- Financial Services Technical Support
- Risk Management
- Change Delivery
- Treasury Operations & Onboarding
- Payments Operations
- Invoice & Utility Operations
- Program Management

James Sutton

Chief Revenue Officer



Revenue Organization Vision

Build a World Class Revenue Organization to Scale Growth to our Long-Term Goal of \$1B in Revenue



People

Customer Obsessed



Process

Connected



Performance

Growth Mindset

Performance Culture

Revenue Organization Structure

Revenue Organization Structure

~300 Teammates

GTM Strategy & Operations

~20 Teammates

Objective:

- Plan & processes

Functions:

- GTM Alignment
- Tools & analytics
- Process optimization

Product Marketing

~15 Teammates

Objective:

- Product positioning

Functions:

- Positioning product
- Pricing & packaging
- Collateral creation

Business Development

~60 Teammates

Objective:

- Generate demand

Functions:

- Campaigns
- Lead development
- Digital & human led

Sales (Buyer)

~100 Teammates

Objective:

- Grow customer base

Functions:

- Vertical specialization
- Solution selling
- Channels management

Sales (Supplier)

~65 Teammates

Objective:

- Grow network

Functions:

- Velocity sales
- Efficient machine
- Scalable operation

Customer Success

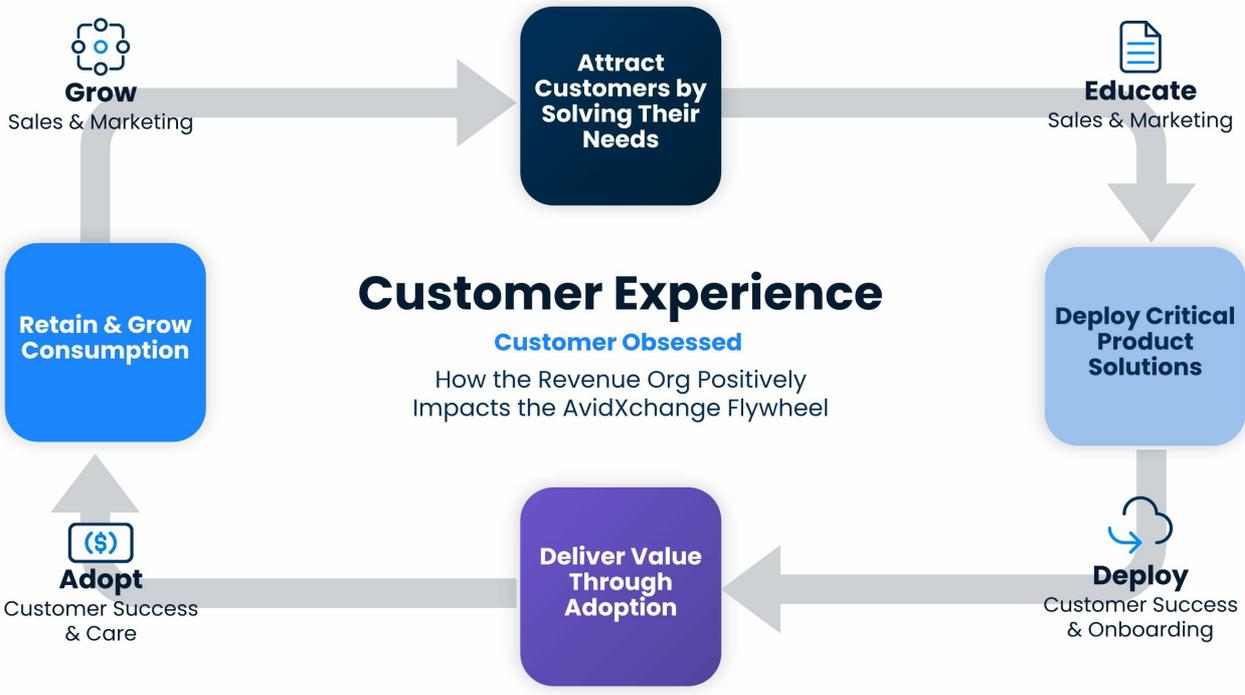
~30 Teammates

Objective:

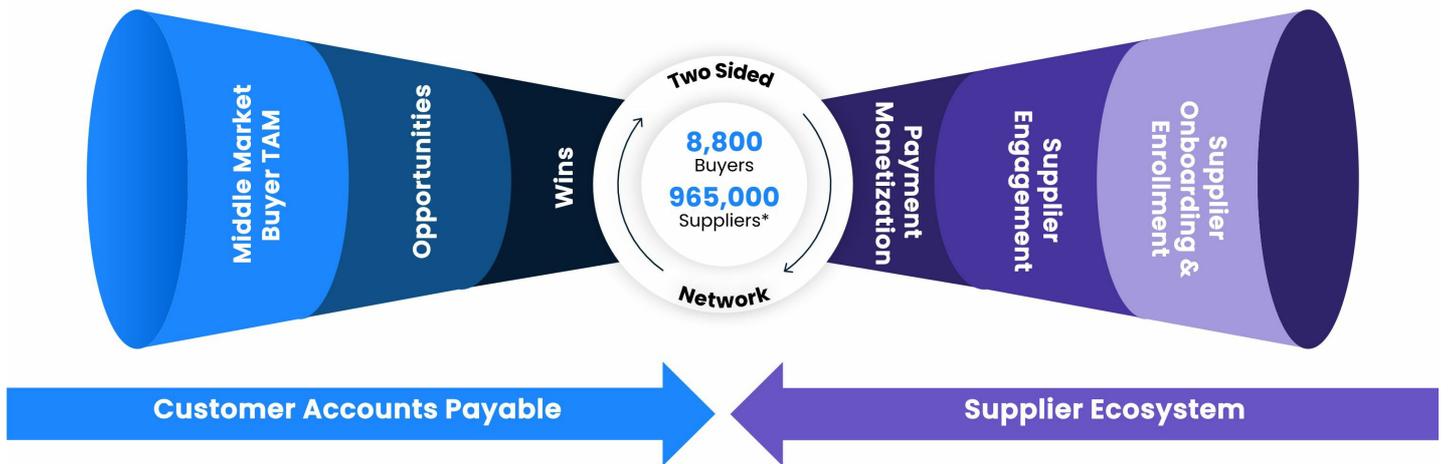
- Customer value

Functions:

- Onboarding & adoption
- Relationship management
- Expansion & renewals



AvidXchange's Dual Funnel Revenue Growth Model



Buyer – Go to Market

Demand Gen

Sales

Onboarding



Sales Funnel Overview

Strategy to Scale Efficiently

1 Increased Opportunity Growth

Customers are directed to the AvidXchange ecosystem from their ERP

2 Optimized Channel Mix

Efficiencies are unlocked with a profile that is inbound driven rather than outbound driven

3 Higher Conversion Rates

Building tailored solutions with the ERP unlock best of breed capabilities that are sticky and unique to customers

4 LTV to CAC Efficiencies

Specialization and Inbound funnel unlock a more efficient Go-To-Market



Sales Funnel Overview

Purpose Built Integrations & Exclusivity Unlock:

1 Increased Opportunity Growth

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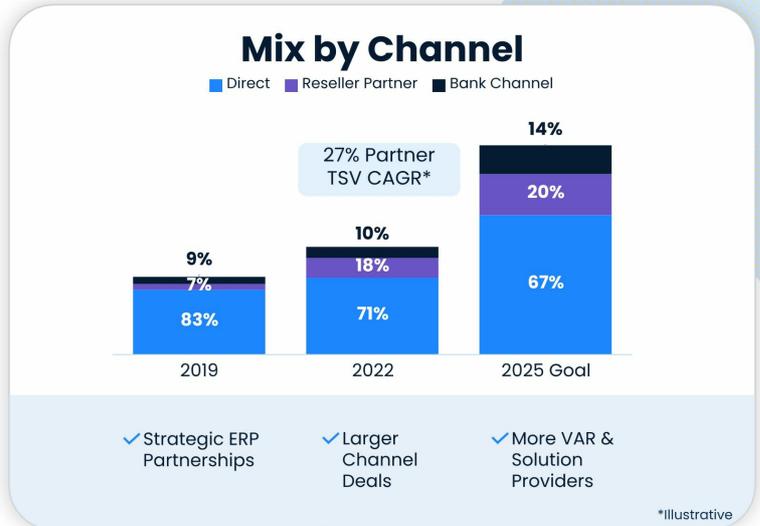
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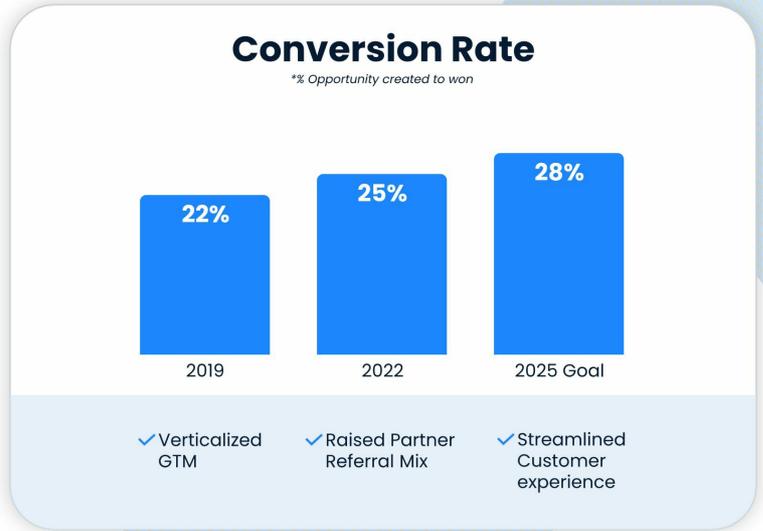
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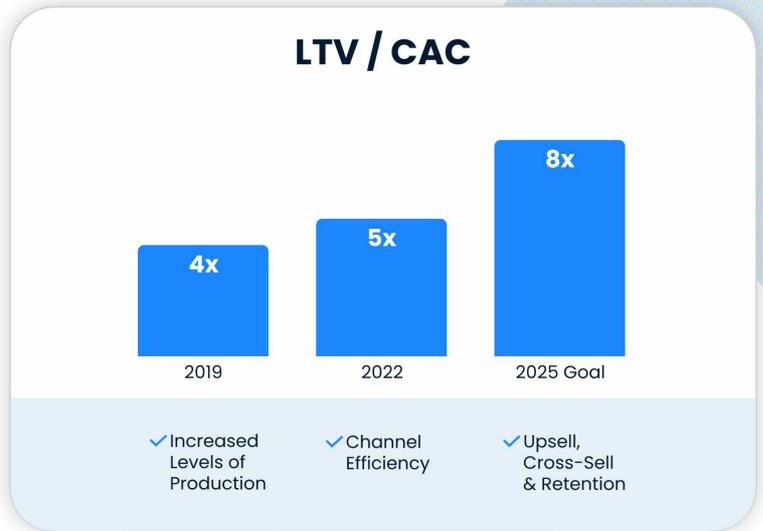
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Specialization and Inbound funnel unlock a more efficient Go-To-Market



Supplier Enrollment

Continuous Onboarding Process Upon Payment File Upload



Option 1

Virtual Card Capture
Quickest payment path



Option 2

AvidPay Direct
Enhanced direct deposit

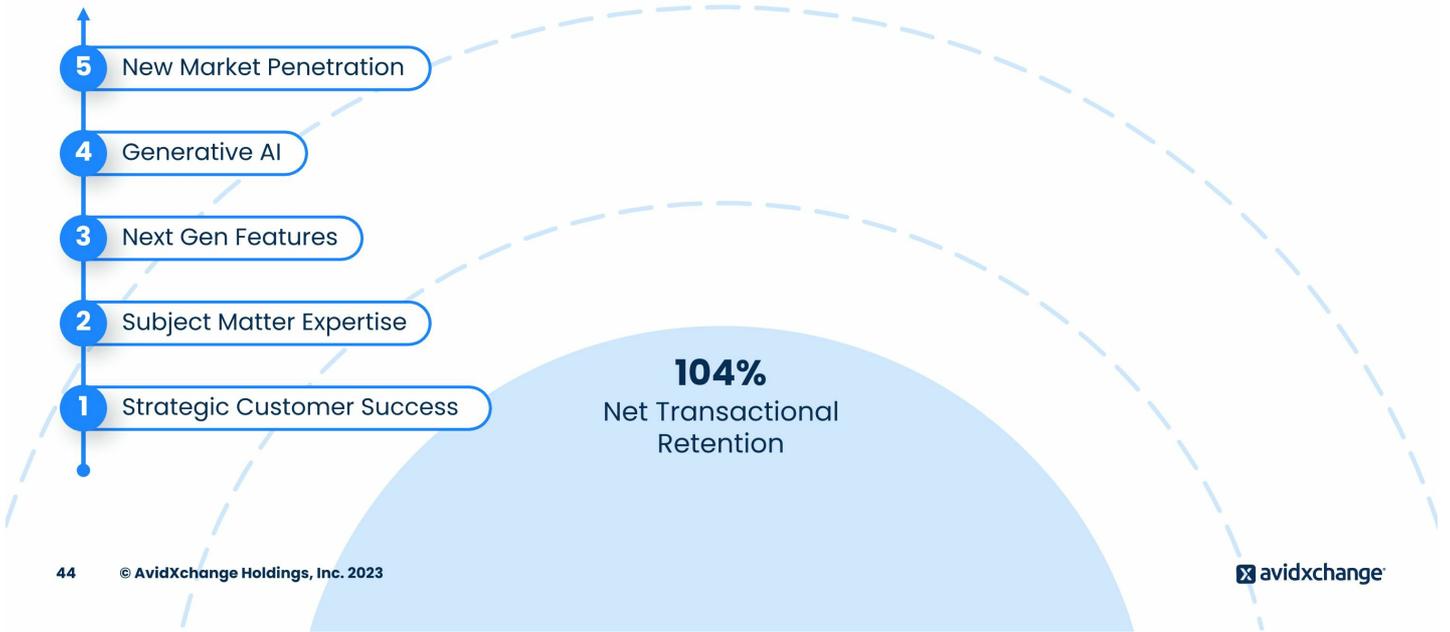


Option 3

Mail A Check
Aged payment path

Customer Growth Strategy

Increasing Customer Base Towards Our Long-Term Goal of \$1B in Revenue

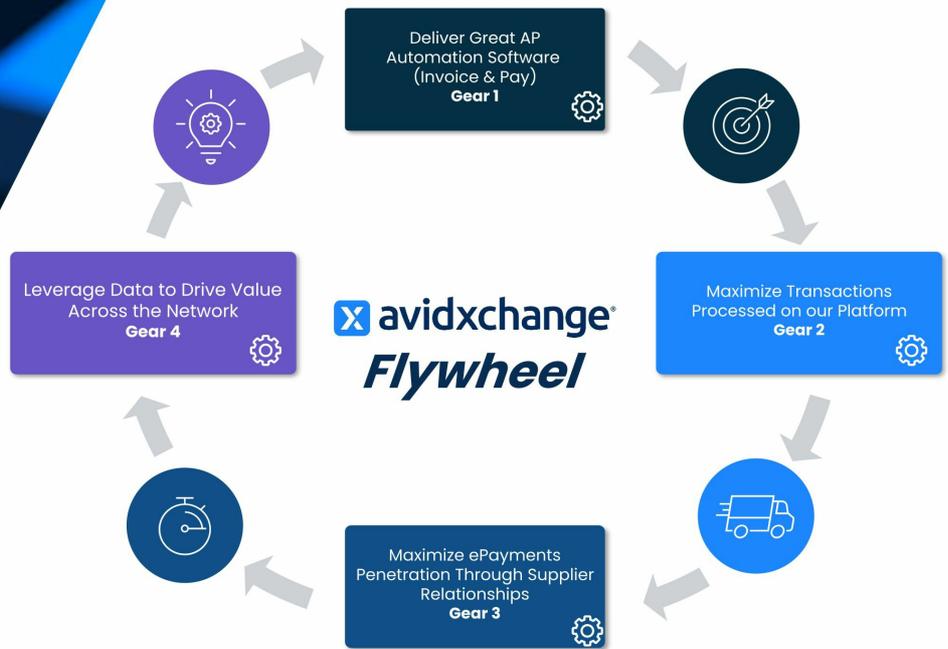


Dan Drees

President



Driving Organic Growth

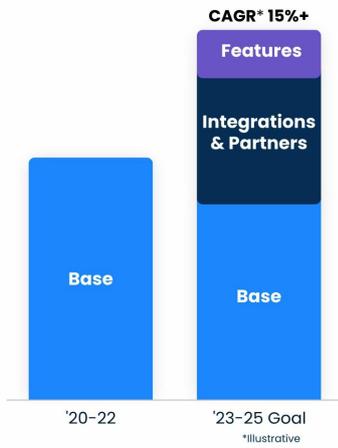


Gear 1 – Key Drivers of Buyer Sales

Breakdown of '23-'25 TSV Growth Levers



TSV



Gear 1 – Feature Themes

Purchase Automation

- Receipt Automation
- Line-Item Capture
- 2 & 3-Way Match
- Job Cost
- Lien Waiver

Invoice Automation

- AvidCapture
- Invoice Processing Module
- Due Date Capture
- Terms Capture

Next Gen Pay

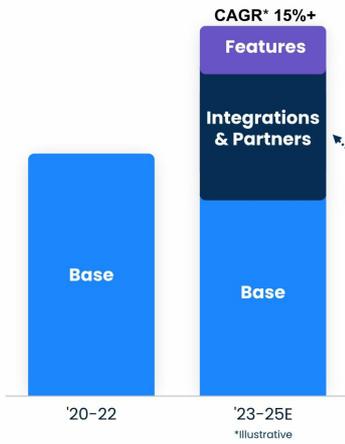
- Time Sensitive Payments
- Expanded Currencies
- Workflow Automation
- AvidAnalytics
- Spend Mgmt./T&E

Gear 2 – Key Drivers of Buyer Sales

Breakdown of '23-'25 TSV Growth Levers



TSV



Gear 2 – Integration Drivers

Accounting Systems

- Buildium
- Acumatica
- M3
- CINC
- Blackbaud
- MIP

Bank Channel Growth

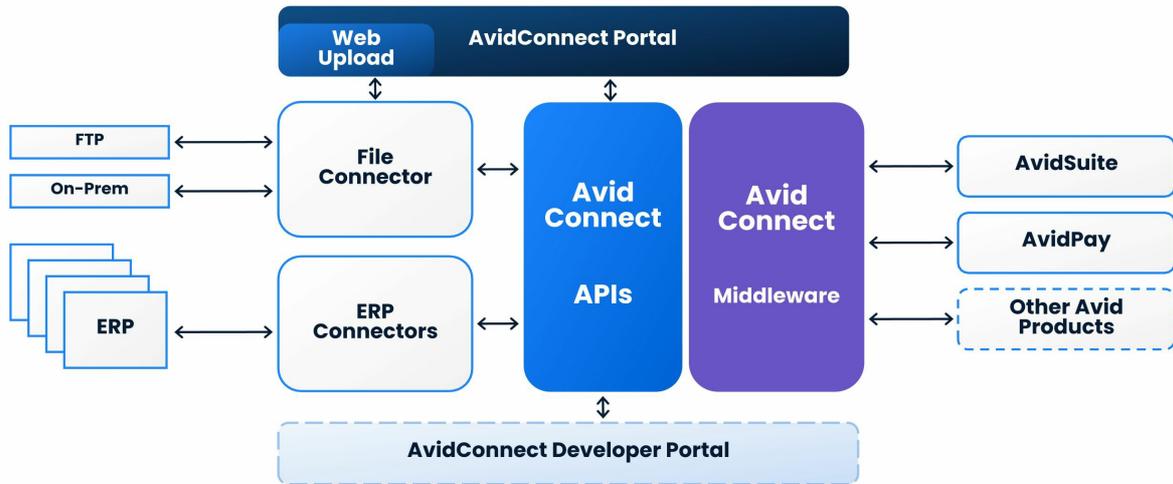
- Bank of America
- KeyBank
- Fifth Third Bank
- Referral Relationships

Other Strategic

- Concur
- Paperless (Construction)
- Media Banks
- VAR Resellers

AvidConnect Platform

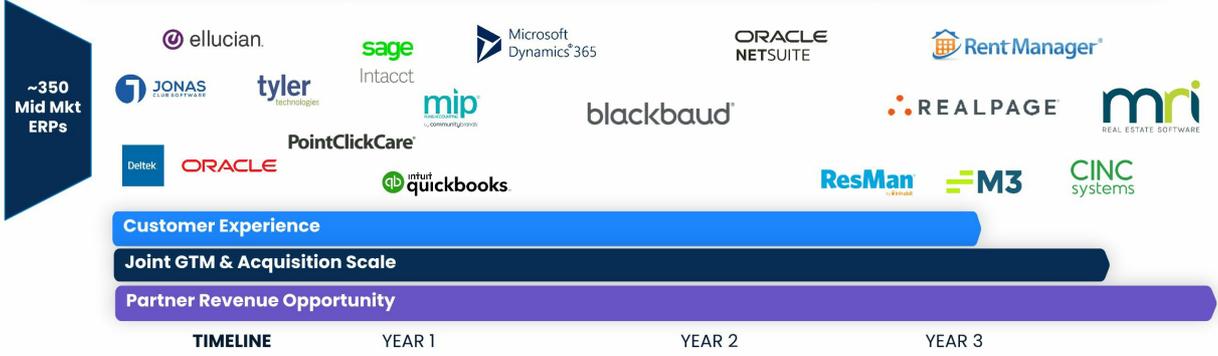
Scaling Our Integrations with Reliable, Cost Effective and User-Friendly Connections to Customers and ERP Partners



ERP Partnership Development Lifecycle



Long Term Partner Value



Fireside Chat



Dan Drees

President

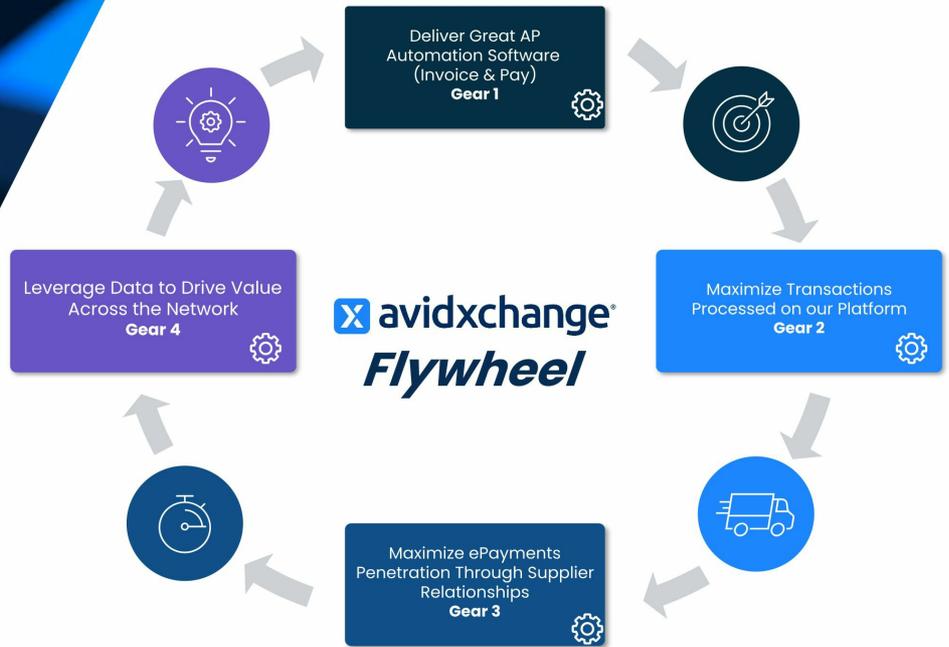


Patrick Ghilani

CEO, MRI

**Break
10 minutes**

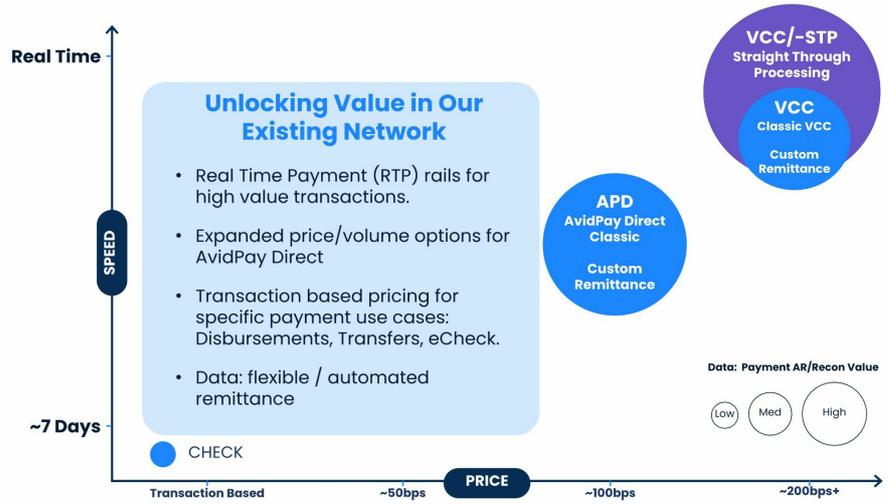
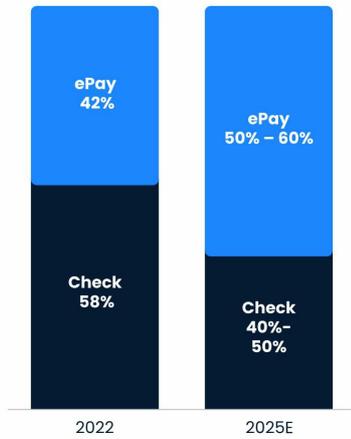
Gear 3: Maximize ePayment Adoption



Gear 3: Driving Pay Adoption

Capturing More of the Unmonetized Network Spend

Transaction Mix by Year



Fireside Chat



Dan Drees

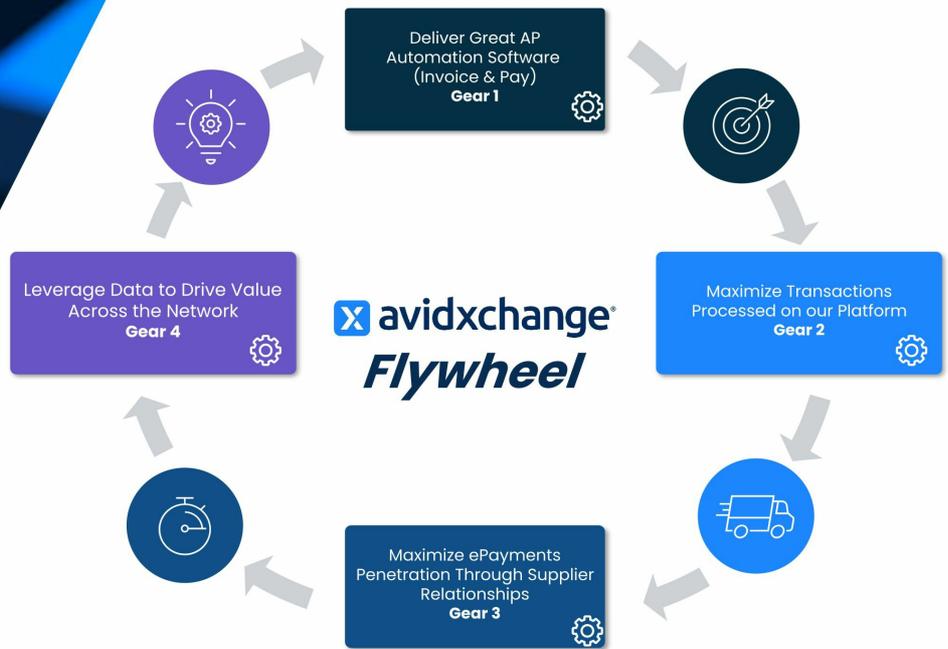
President



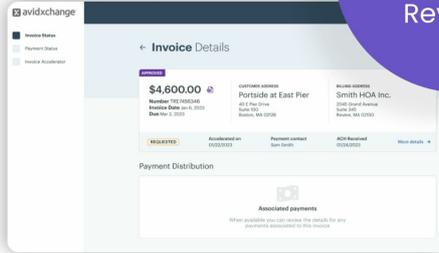
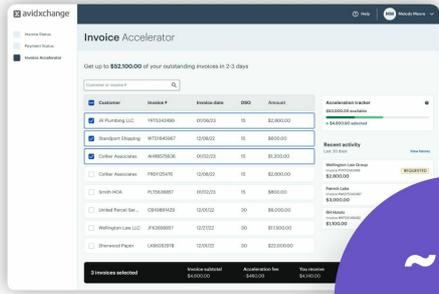
Kelly Vicknair

VP & GM of Sales

Gear 4: Leverage Data to Drive Value Across the Network



Invoice Accelerator Five-Year Growth Objectives



~5%
Of Total Revenue

75%+
Gross Margin

\$20B
Est. U.S. Annual B2B Opportunity with Supplier Financing / Cash Flow Management

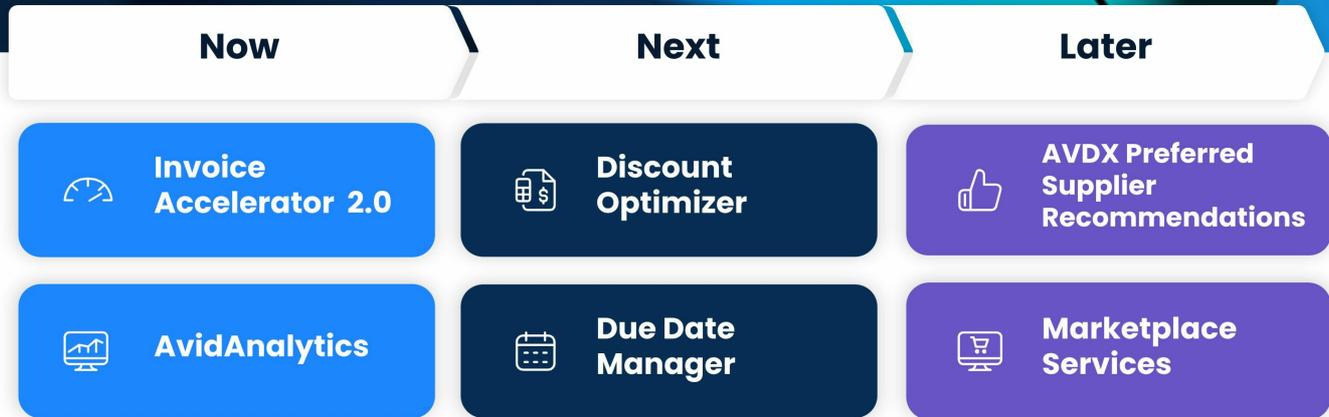
57 © AvidXchange Holdings, Inc. 2023

Note: The Company's illustrative growth objectives are based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results.

Invoice Accelerator Payment Advance Solution and the Benefits for Suppliers

CURRENT INVOICE ACCELERATOR 1.0	2023 INVOICE ACCELERATOR 2.0 PRODUCT	CUSTOMER VALUE
Agent Assisted Onboarding	Modern Digital Self-Service Onboarding	24/7 Access with Notifications
Limited Access to Auto-Accelerate	Customized "Set and Forget" Settings	Saves Time and Convenient
Rule-Based Transaction Eligibility	Real-Time AI/Machine Learning Risk Analysis	Intelligent Access to More Transactions
Limited Payment Method and Speed of Receipt Options	Instant and Same Day Fund Options	Immediate Access for Emergencies
Enhanced Security Verification + Multi-Layer Fraud Monitoring Technology		

Gear 4 Opportunity



Flywheel Driver Overview

GEAR 1

Purchase/Invoice
Automation

Next Gen
Pay Offering

Spend Mgmt./Card

GEAR 2

AvidConnect
ERP Funnel

GEAR 3

Flexible/Customized
Remittance Data

Next Gen
Pay Offering

GEAR 4

Invoice
Accelerator 2.0

AvidAnalytics

Q&A

John Feldman

SVP, Operations

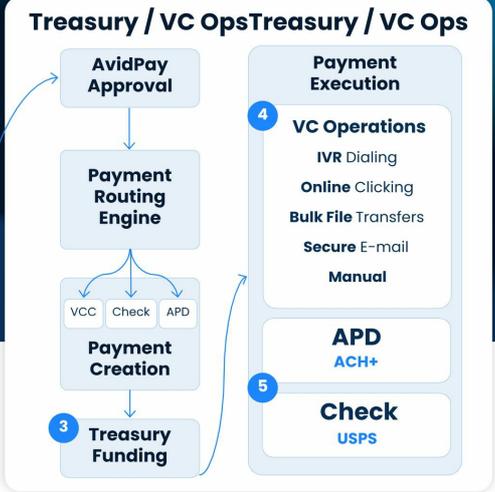
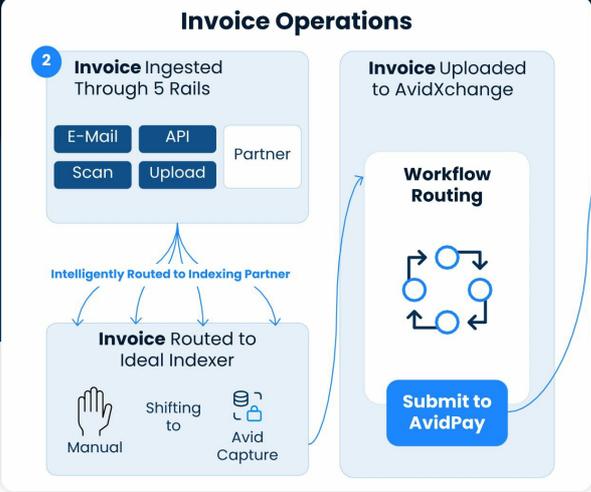


Lifecycle of a Buyer Customer

ONBOARDING

1 Implementation

- > Education
- > Configuration
- > Testing
- > Volume Certification
- > End User Training
- > Go Live Processing
- > Adoption Follow up



CUSTOMER SERVICE

Technical Support & Service via Phone, Chat and Email

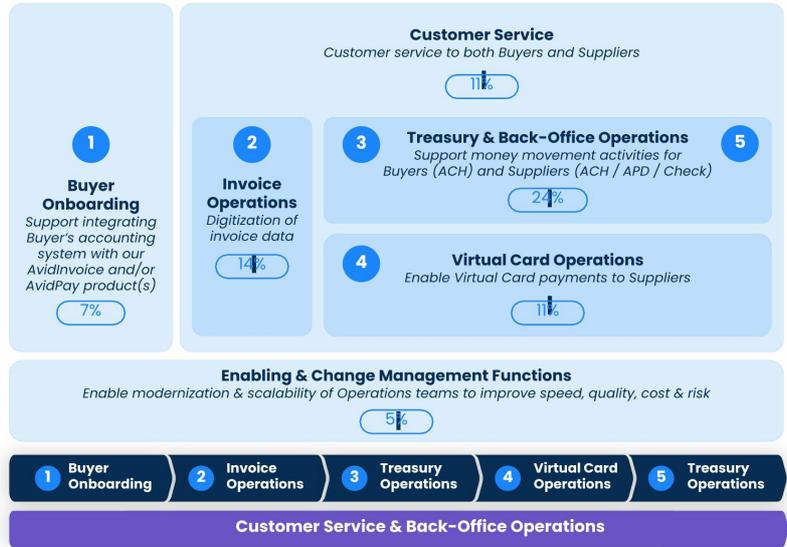
Planning & Analytics Process and Change Delivery Risk Management

Span of Control of the Operations Team

\$114M
Total Cost of Revenue (COR)

\$82M
Operations COR

72%
of COR is Operations



Guiding Principles to Drive Scale



Process Standardization

Standardize Processes; Reduce variability

Create Operating Centers of Excellence



Automate

Automate Manual Processes

Create Straight Through Processes



Eliminate Paper

Digitize Paper in our Processes

Migrate Check to Electronic Payments



Follow the Sun

Leverage Strategic Partners to Accelerate Speed

Unit Cost Plans

Cost per Transaction

■ Fixed ■ Variable



Key Drivers of Improvement

Invoice

Outsourcing & Automation



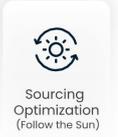
Pay

E-Payment Processing & Check Conversion Offset Through Allocations



Services

Opportunity To Further Scale Through Product Stability & Self-Service Capabilities



Q&A

**Break
10 minutes**

Todd Cunningham

Chief People Officer



What Differentiates Us From a People Perspective?



Experienced Leadership at the Helm

We have assembled a team of seasoned industry leaders who have the experience, knowledge & grit to execute our strategy



We are Winning the War for Talent

We have doubled the size of our technology team despite the global shortage of supply



Industry Leading Teammate Engagement

Our engagement levels outpace benchmarks for high engagement companies

Organization Overview

Todd Cunningham, Chief People Officer

Talent Acquisition

Objective:

- Hire great talent and onboard quickly to perform

Functions:

- Nationwide Recruiting
- Employer Branding
- Diversity Partnerships
- Internal Movement

Talent Development

Objective:

- Develop teammates into increasing level of performance

Functions:

- Teammate Experience
- Teammate Development
- Leadership Development
- Environmental, Social & Governance (ESG)

Total Rewards

Objective:

- Reward performance

Functions:

- Compensation
- Benefits
- Equity
- HR Technology

Talent Business Partners

Objective:

- Partner with leaders to meet or exceed business objectives

Functions:

- Create Business Plans That Raise Performance At The Individual, Team & Organizational Levels

Talent Operations

Objective:

- Seamless execution

Functions:

- Teammate Relations
- M&a
- Compliance
- Data Management

AvidXchange Talent Strategy

Everything is about Performance



**The
Objective**

Performance for the
Individual
Team
Organization



**The
Focus**

An **authentic culture** that
teammates *experience* via
caring connections & candid
feedback
**Care + Candor =
Performance**



**The
Outcomes**

Attract strong talent
Engaged teammates
who perform
Develop increasing levels
of performance
Retain strong talent

The Key to Making it Happen?

SHARED MINDSETS



mindsets

Our mindsets reflect who we are at AvidXchange – our DNA. We hire, develop and reward these mindsets in our teammates as essential ingredients for driving results.



CONNECTED as people

Because we're more than a Tech company, we're a People company.



GROWTH minded

Because we're all entrepreneurs who love to innovate and win, together.



CUSTOMER obsessed

Because our customers are who we're passionate about and why we do what we do.

The Competitive Advantage of our Culture

Technology Teammates vs. Industry Benchmarks

32%

Faster Speed
of Hires

13%

Higher Quality
of Hires

28%

Higher
Engagement

32%

Lower
Turnover

Impact in Our Communities

One of our newest AvidXchange Foundation initiatives is **TECH RISING**, which focuses on our commitment to bridge the digital divide to create economic mobility for underserved members of our community. Through this initiative:

AvidXchange became the new home for the E2D laptop refurbishment lab in Charlotte, NC, enabling:

17,625

Laptops refurbished and distributed since the Tech Rising initiative began in August 2020

10,000

New laptops prepared and delivered in August 2021



Angelic Gibson

Chief Information Officer



Technology Delivery & Operations

The Enterprise Technology Delivery Engine of AvidXchange



Innovation

Innovating towards market driven needs



Automation

Automation for scale across the business



Recognition

Recognized as a true tech company and industry leader



Talent

TD&O talent is highly regarded as a competitive advantage



Performance

Teams are consistently hitting challenging, well-defined, performance targets

Business Unit Structure

Technology Delivery & Operations

Technology Delivery & Operations

~350 teammates

Architecture & Engineering

~210 Teammates

Functions:

- Developer Effectiveness
- Enterprise Architecture
- QA & app Performance Center of Excellence
- Software Engineering
- Solution Architecture
- UI Center of Excellence

Platform Delivery & Operations

~50 Teammates

Functions:

- Business Continuity & Disaster Recovery
- Cloud Operations
- Platform Engineering
- Site Reliability Engineering

Security & Teammate Solutions

~70 Teammates

Functions:

- Information Security
- Service Delivery
- Service Experience
- Teammate Technology Engineering & Operations
- Technology M&A

Tech Strategy, Planning & Process

~15 Teammates

Functions:

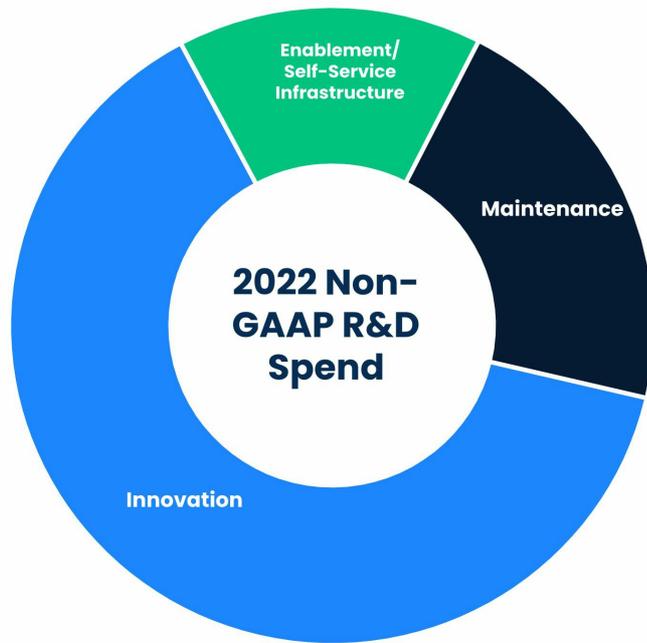
- Data Quality & Governance
- Strategic Sourcing
- Tech Strategy & Delivery Performance

Delivering Value with Speed & Quality

Technology Delivery & Operations



R&D Breakdown



Reinvest in Tech Stack Architected for a Modern Scalable Platform

Reliable Integration, Middleware, & Workflow Management



Modern Platform Delivery and Operations



Flexible User Interface Design and Development



Integrated Data Management, Quality & Enrichment



Trusted Information Security & Fraud Prevention



Leveraging Artificial Intelligence

Examples for AI Application	Growth & Innovation	Cost Reduction	Status
Teammate Enablement	✓	✓	PLANNED
Document Recognition	✓	✓	LIVE
Sales Chatbots	✓	✓	PLANNED
Demand Generation	✓	✓	EVALUATING
Predictive Analytics	✓	✓	EVALUATING
Business Process Automation		✓	LIVE
Customer Service Chatbots		✓	LIVE
Predictive Maintenance		✓	EVALUATING
Resume Screening		✓	LIVE
Fraud Detection		✓	EVALUATING

Fireside Chat



Michael Praeger

Chairman, CEO & Co-Founder



Dan Drees

President



Angelic Gibson

Chief Information Officer

Enabling AI at AvidXchange



**Training &
Awareness**



**Technology &
Infrastructure**



**Governance &
Value Capture**

Lunch

35 minutes

Joel Wilhite

Chief Financial Officer



Financial Highlights

Significant
Scale



\$316M

2022 Revenue

High
Retention



104%

Net Transactions
Processed Retention

Rapid
Growth



27%

2022 Revenue
Growth

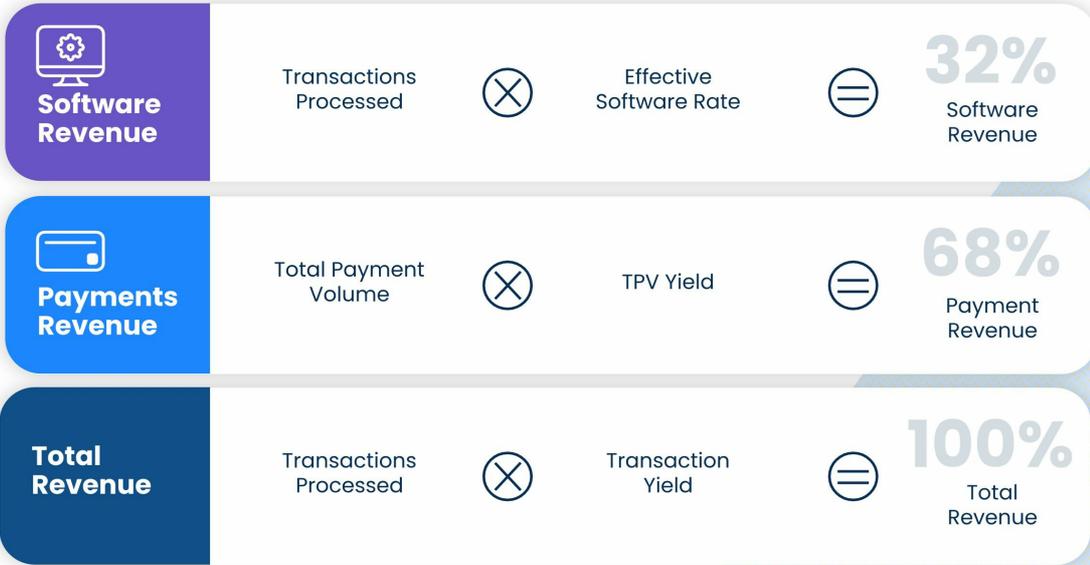
Attractive
Margins



64%

2022 Non-GAAP
Gross Margin

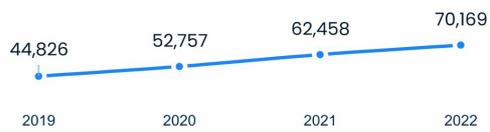
Our Revenue Model



Strength in Historical Metrics

Total Transactions Processed (000)

16% CAGR

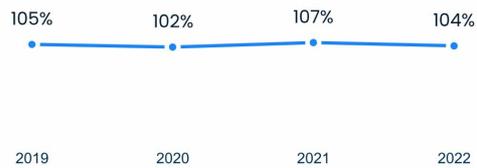


Total Payment Volume (\$M)

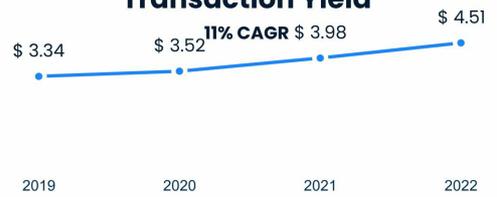
34% CAGR



Net Transactions Retention



Transaction Yield



Strong Visibility through Customer Onboarding

Financial Milestones

New TSV Booked

Invoice & Payment Transactions Monetized on the Platform % of Spend Monetized for ePayment Modalities

+1Q

+2Q

+3Q

+4Q

Buyers

Software Sale

Implementation

Migration of Invoices and/or Payments onto the Platform

Full Utilization

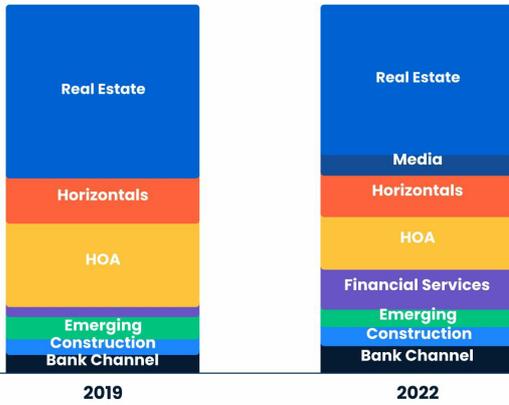
Suppliers

Onboarded with Preferred Payment Modality

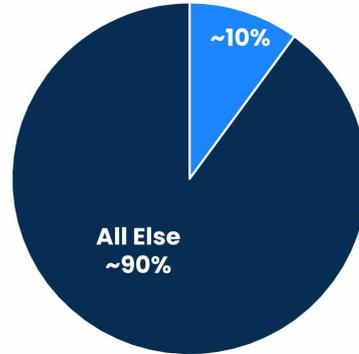
Payments Received in Preferred Modality from AvidXchange

Expanding Revenue Diversification

Vertical Diversification



Customer Diversification beyond Top 30*



*as of FY2022

Strong Revenue Growth Trajectory

We have been growing at 20+% per year

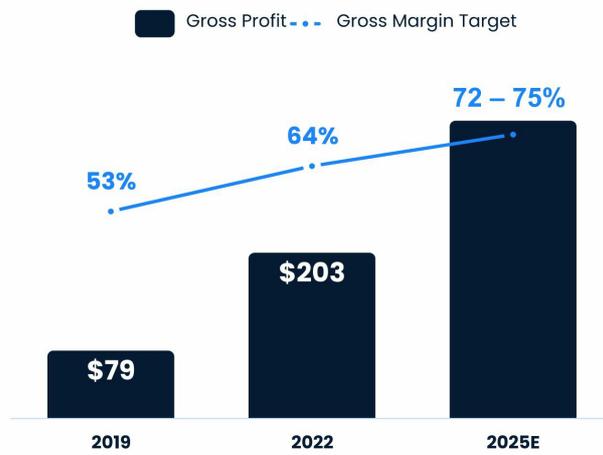
- › 2019 – 2022 has a CAGR of 28%
- › ~6.5% of growth is associated with acquisitions
- › Organic growth is ~20%
- › Intend to leverage all gears to support our goal of 20%+ growth



Solid Foundation for Continued Gross Margin Expansion

- › Expect continued progression toward our long-term goals
- › Two key drivers:
 - › Increasing transaction yield from expanding Gear 3 & 4
 - › Decreasing Unit Costs from
 - › Driving ePayment adoption
 - › Improved operational efficiency

Non-GAAP Gross Profit (\$ mm)

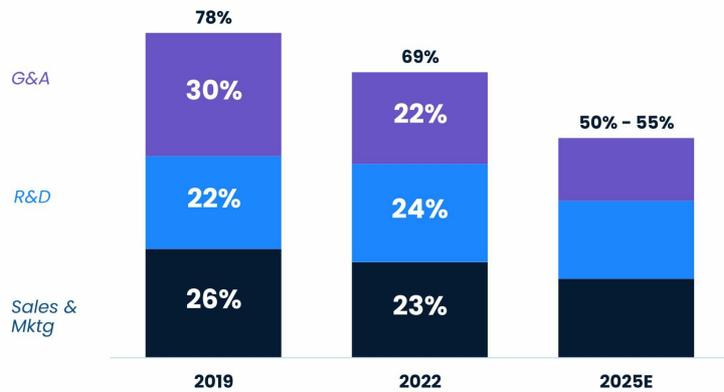


Emerging Operating Leverage

Gaining leverage in operating expenses

- › Expanding partnership and referral channels will create efficiency in Sales & Marketing
- › R&D efficiency expected
- › G&A expected to gain the most leverage

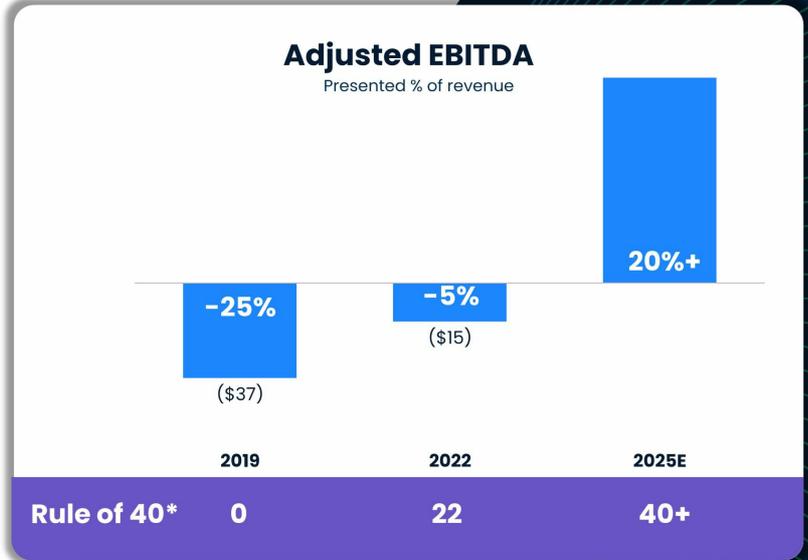
Non-GAAP Operating Expenses



Adjusted EBITDA Expansion

Adjusted EBITDA driven by:

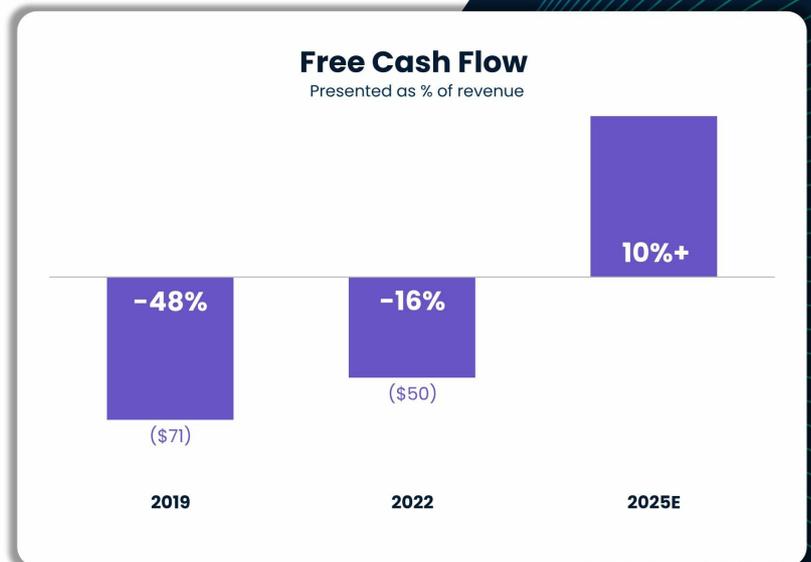
- ✓ Consistent 20+% revenue growth goal
- ✓ Gross Margin Expansion
- ✓ Operating Leverage



Becoming Free Cash Flow Positive

From adjusted EBITDA to free cash flow, primary differences are:

- › Facilities Lease Interest
- › Interest Income and Expense, net
- › PP&E
- › Capitalized Software
- › Working Capital Changes



Long Term Goals (5 Years)

75%+

Non-GAAP Gross
Profit Margin

30%+

Adjusted EBITDA
Margin

50+

Rule of 40

Q&A

Final Remarks

Chairman, CEO & Co-Founder



Thank You for Attending

Appendix

Definitions

- **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.
- **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.
- **Transaction Yield:** We define transaction yield as the total revenue during a particular period divided by the total transactions processed during such period.
- **Net Transactions Retention:** We calculate the net transactions processed retention rate for a current period by dividing the (i) number of total transactions processed for customers in the comparable prior period by (ii) the number of total transactions processed for the same customers in the current period.

GAAP to Non-GAAP reconciliations

	Year Ended December 31,	
	2022	2019
Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin:		
Total revenues	\$ 316,350	\$ 149,584
Expenses:		
Cost of revenues (exclusive of depreciation and amortization expense)	(117,864)	(71,133)
Depreciation and amortization expense	(19,004)	(15,828)
GAAP Gross profit	\$ 179,482	\$ 62,623
Adjustments:		
Stock-based compensation expense	4,113	114
Depreciation and amortization expense	19,004	15,828
Non-GAAP gross profit	\$ 202,599	\$ 78,565
GAAP Gross margin	56.7%	41.9%
Non-GAAP gross margin	64.0%	52.5%
Reconciliation from Net Loss to Adjusted EBITDA:		
Net loss	\$ (101,284)	\$ (93,546)
Depreciation and amortization	32,842	22,340
Impairment and write-off of intangible assets	-	7,891
Interest income	(7,164)	(1,383)
Interest expense	20,749	17,259
Income tax expense (benefit)	321	60
Stock-based compensation expense	31,838	1,379
Transaction and acquisition-related costs	1,988	2,363
Change in fair value of derivative instrument	-	555
Non-recurring items not indicative of ongoing operations	3,945	5,644
Charitable contribution of stock	1,473	-
Adjusted EBITDA	\$ (15,292)	\$ (37,438)
Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow:		
Net cash used in operating activities	\$ (28,701)	\$ (61,791)
Purchases of property and equipment	(3,149)	(1,944)
Capitalization of internal-use software costs	(17,890)	(7,349)
Free Cash Flow	\$ (49,740)	\$ (71,084)

GAAP to Non-GAAP reconciliations

	2019	2022
Operating Expense Adjustments		
GAAP Sales & Marketing	\$39,583	\$77,733
(-) Stock Compensation	-\$354	-\$4,800
(-) Other expenses not indicative of ongoing operations	\$0	\$0
(=) Non-GAAP Sales & Marketing	\$39,230	\$72,933
GAAP Research & Development	\$33,591	\$83,905
(-) Stock Compensation	-\$106	-\$8,953
(-) Other expenses not indicative of ongoing operations	\$0	\$0
(=) Non-GAAP Research & Development	\$33,485	\$74,952
GAAP General & Administrative	\$52,100	\$91,385
(-) Stock Compensation	-\$805	-\$13,973
(-) Transaction and acquisition-related costs	-\$2,364	-\$1,988
(-) Non-recurring items not indicative of ongoing operations	-\$5,644	-\$3,945
(-) Charitable Contributions	\$0	-\$1,473
(=) Non-GAAP General & Administrative	\$43,287	\$70,005

