

# AvidXchange Investor Day

June 1, 2023



# Agenda

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

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## **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



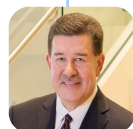
**Sonali Sambhus**  
Board Member



**Wendy Murdock**  
Board Member



**Teresa Mackintosh**  
Board Member



**James (Mike) McGuire**  
Board Member



**Lance Drummond**  
Board Member

# What We Do



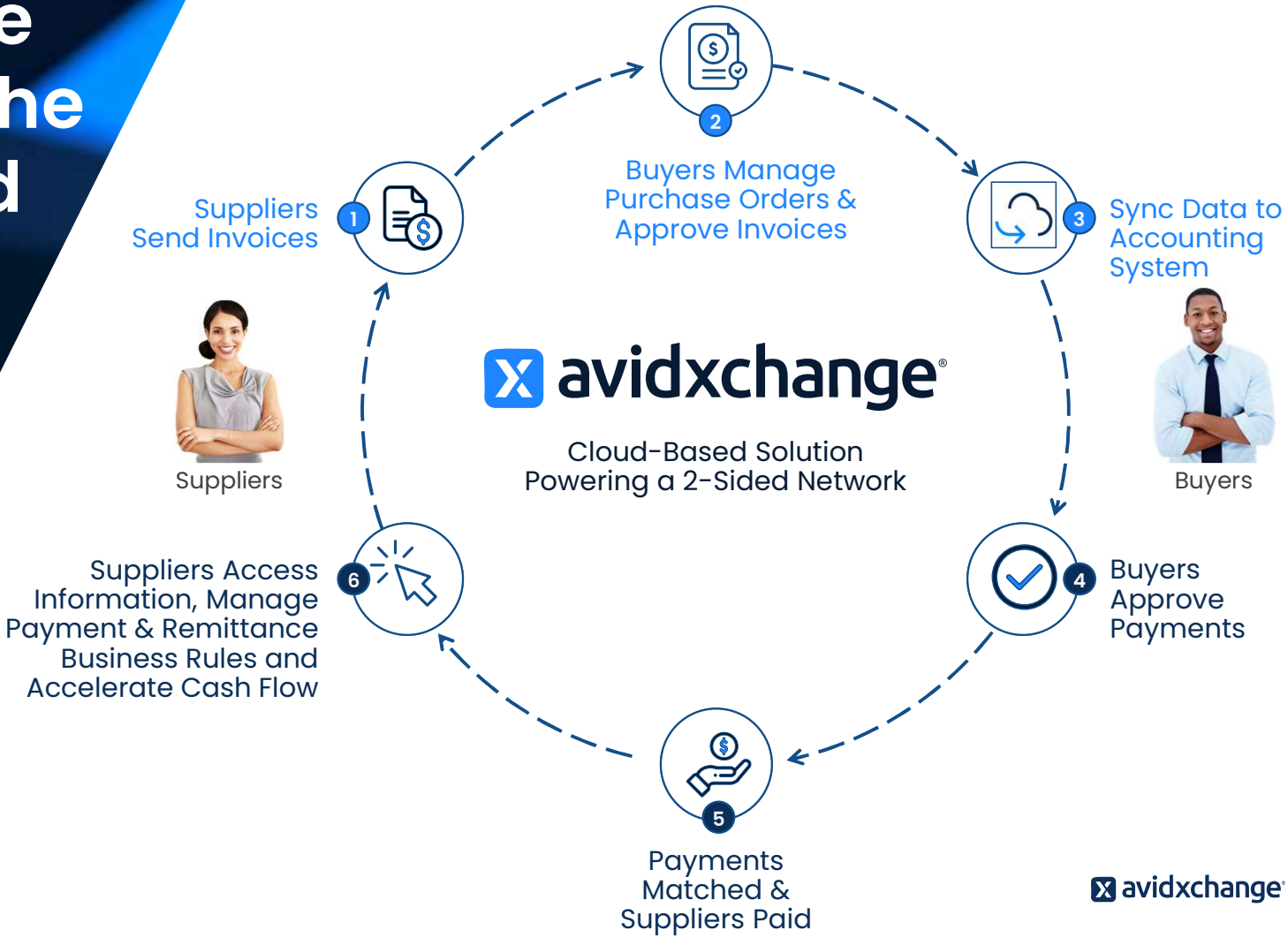


**30%**

**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**

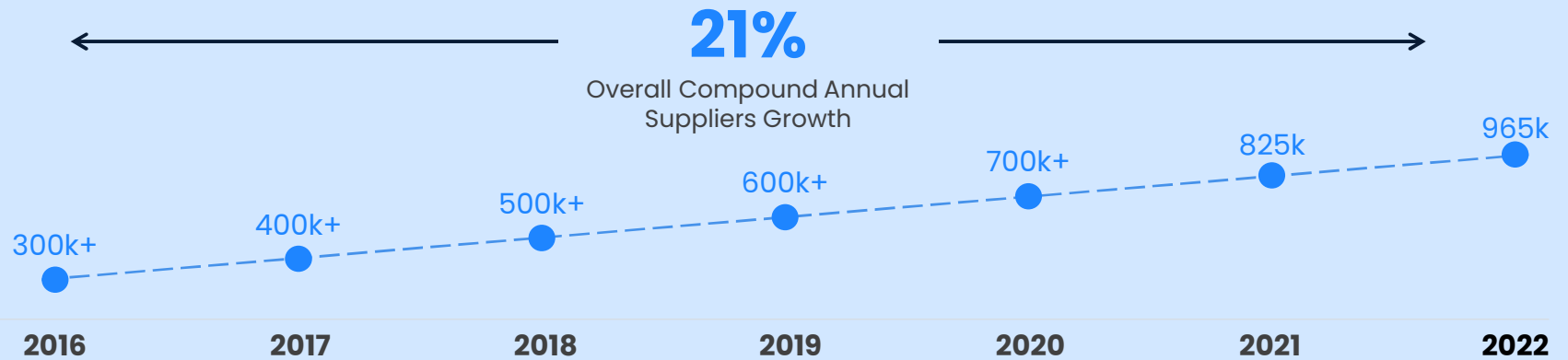




OUR SECRET SAUCE

# GROWTH OF OUR AVIDPAY NETWORK

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



## Enterprise



## Middle Market



## SMB

# 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



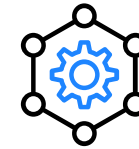
## The Largest Network of Unique Suppliers

**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	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



## 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



10+  
Bank Referral  
Partners

### Reseller Partners



### Referral Partners



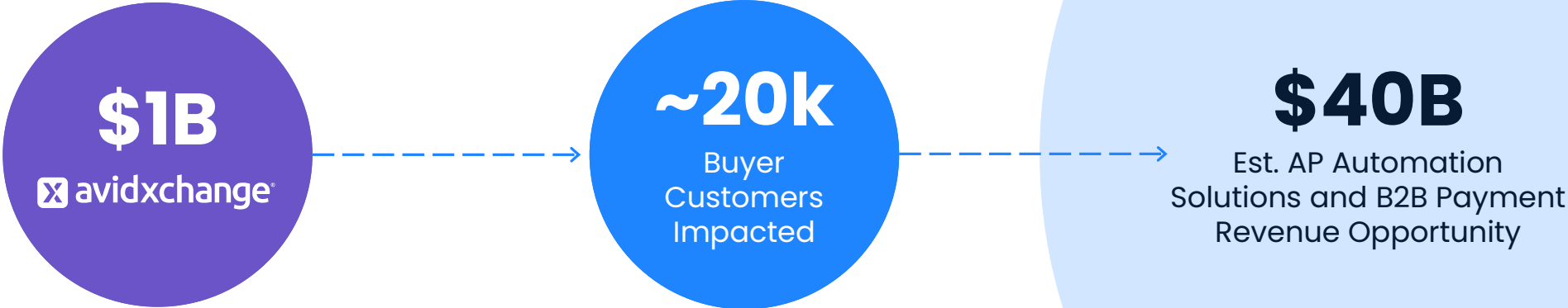
190+  
Referral  
Partners

# Our Growth Strategies



# Our Five-Year Growth Objectives

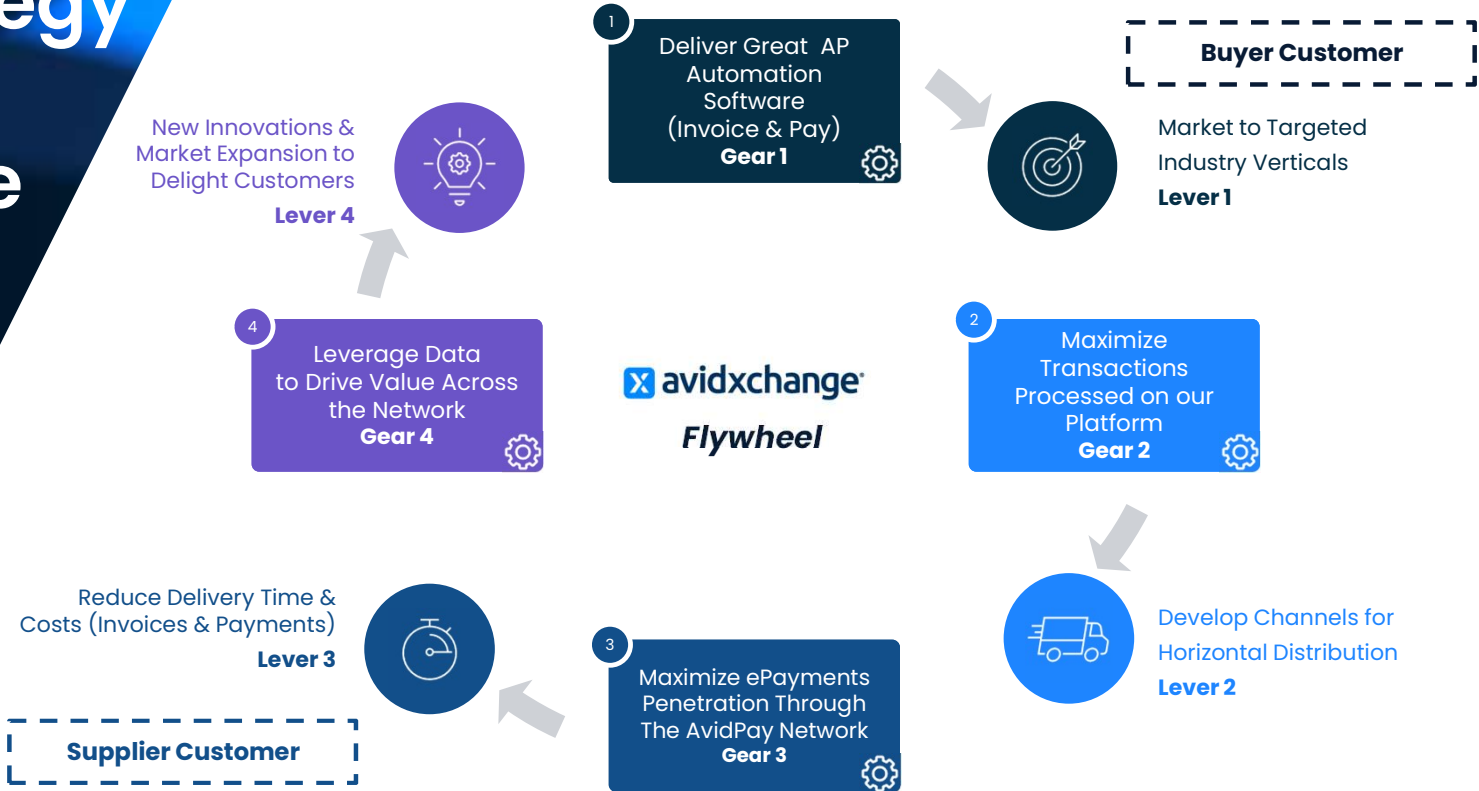
Introducing our Organic Growth Plan to Reach the Following Milestones



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.



# Our Organic Growth Strategy via the AvidXchange Flywheel

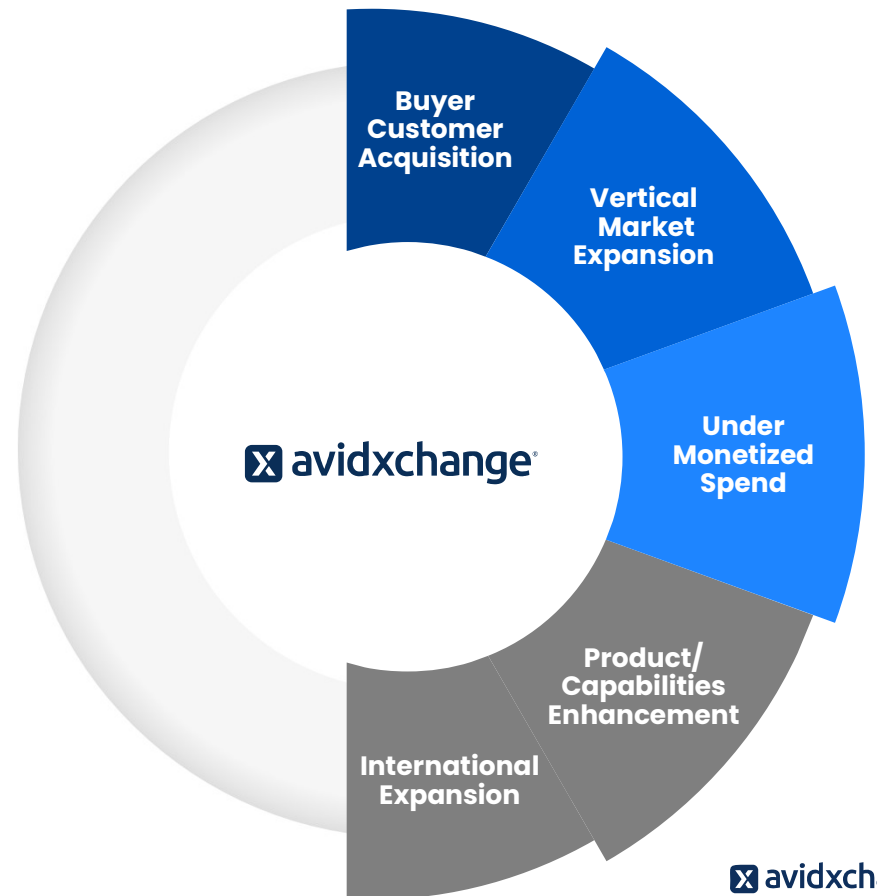


# Our AvidXchange M&A Strategy

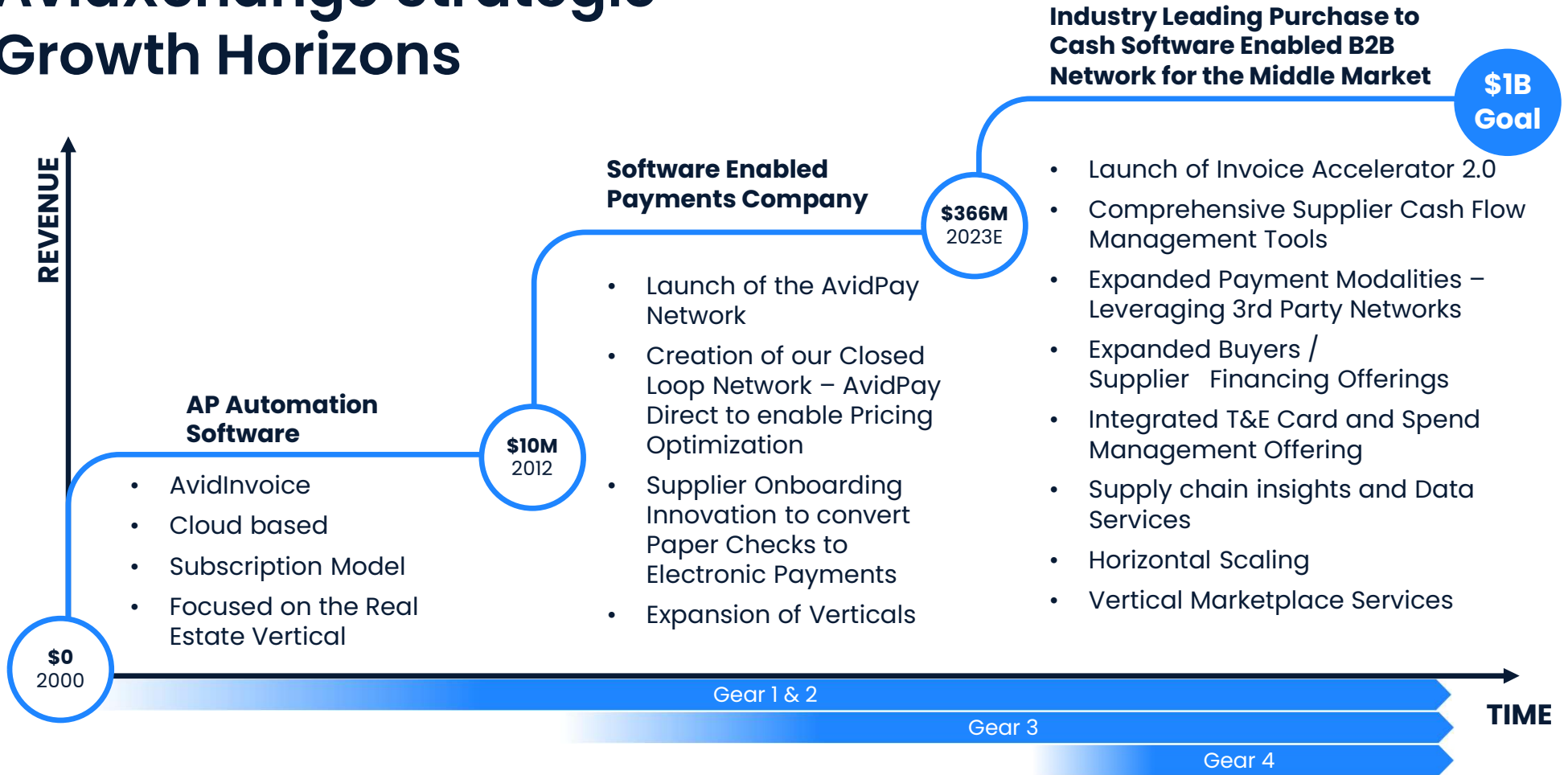
Tuck in Acquisitions to Advance our Vertical Markets Accelerates our Growth

## 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:

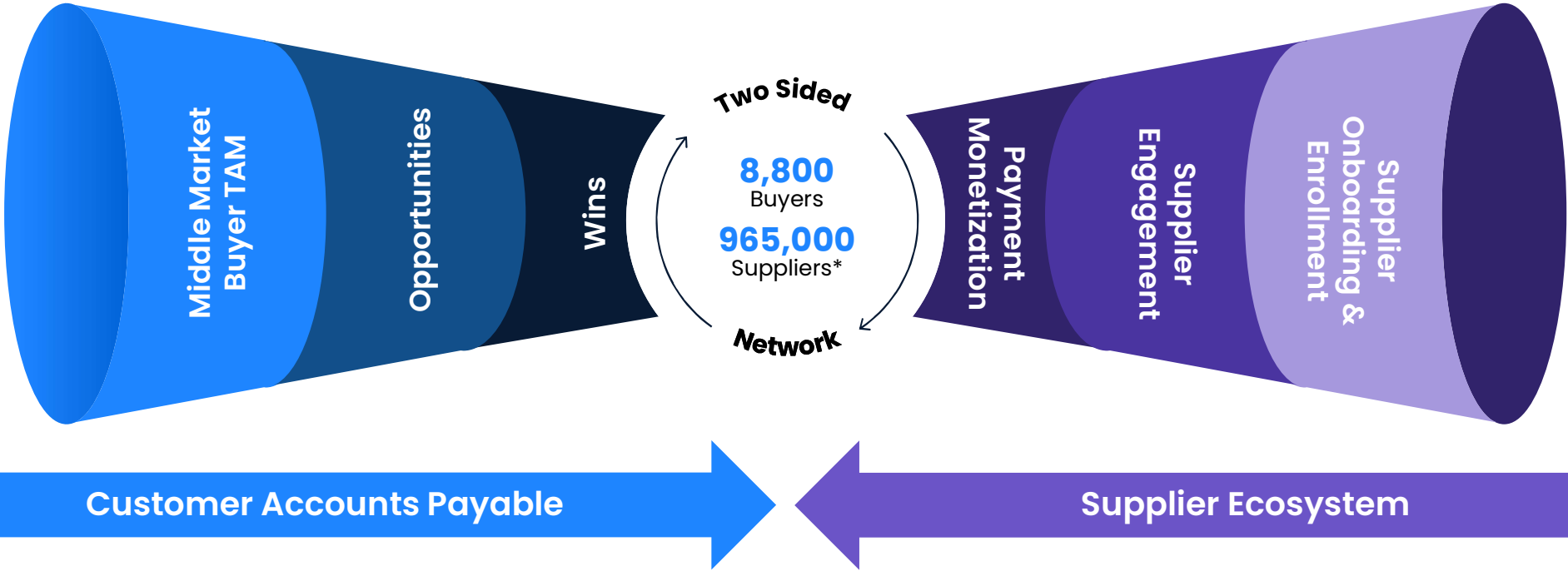
- Customer value

#### Functions:

- Onboarding & adoption
- Relationship management
- Expansion & renewals



# AvidXchange's Dual Funnel Revenue Growth Model



# Buyer – Go to Market

## Demand Gen

## Sales

## Onboarding

Direct

Marketing (Digital & In Person) ~70

ERP Referral Partners ~70 Partners

Referral Banks - 10+ Partners

9 Verticals with Sales Team of ~65

Solution Consultants ~10

Bank Channel



3 Banks with a Total of ~200 Sellers



Partner Channel



VAR Reseller & Partner Channels > 100 Sellers



Customer Onboarding  
~100

Customer Success  
~30

BUYER

# 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

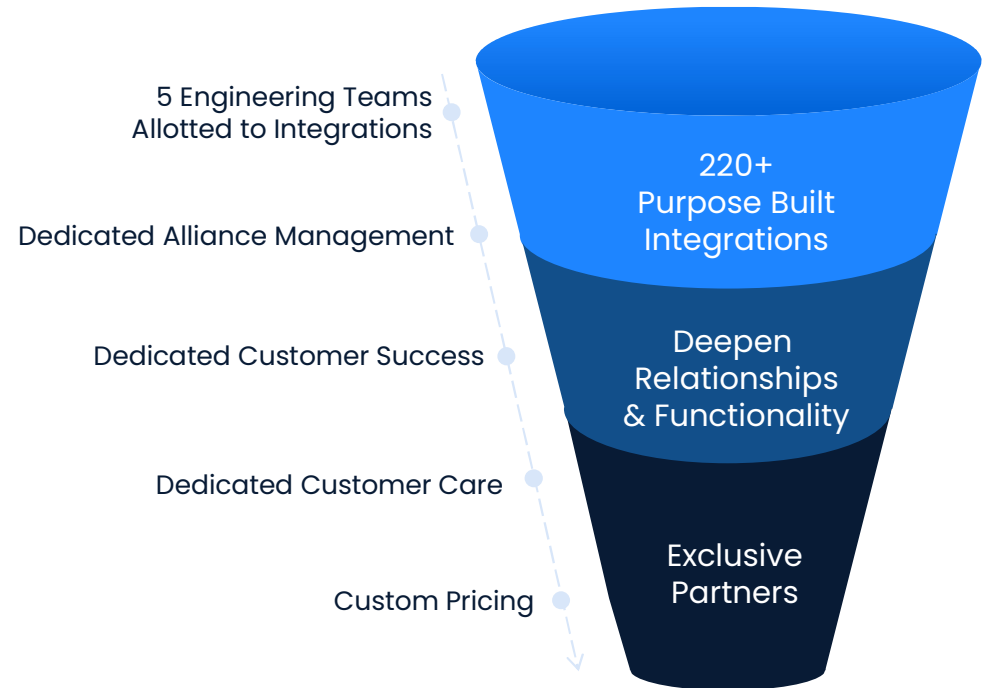
### 3 Higher Conversion Rates

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

## AvidXchange's Partnership Funnel





BUYER

# Sales Funnel Overview

Purpose Built Integrations & Exclusivity Unlock:

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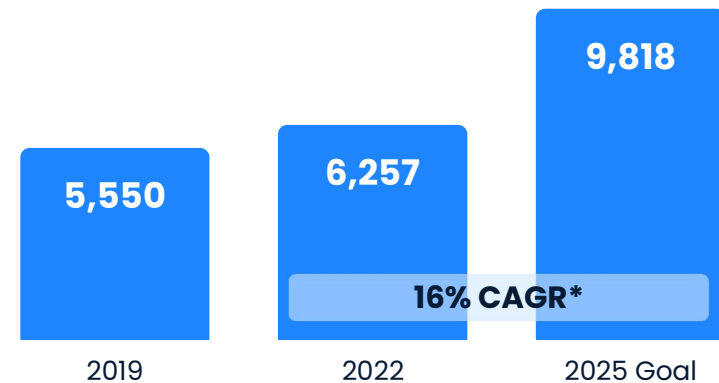
## 3 Higher Conversion Rates

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

## Opportunities Created



✓ Industry & Partner Expansion

✓ Product Evolution

✓ Verticalized Marketing

\*Illustrative

BUYER

# Sales Funnel Overview

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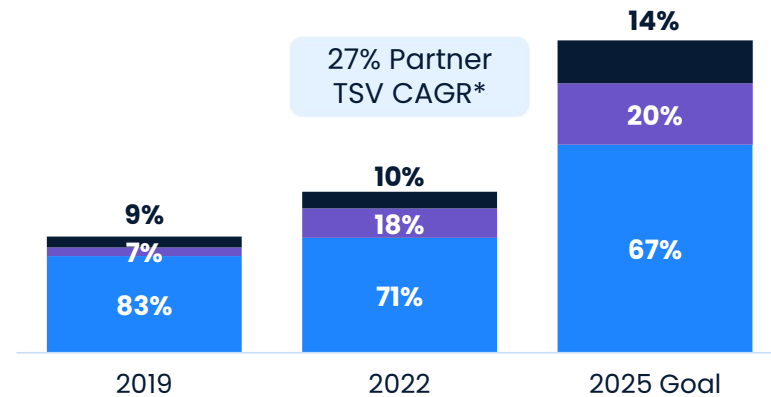
Building tailored solutions with the ERP unlock best of breed capabilities that are sticky and unique to customers

## 4 LTV to CAC Efficiencies

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

### Mix by Channel

Direct Reseller Partner Bank Channel



✓ Strategic ERP Partnerships

✓ Larger Channel Deals

✓ More VAR & Solution Providers

\*Illustrative

# Sales Funnel Overview

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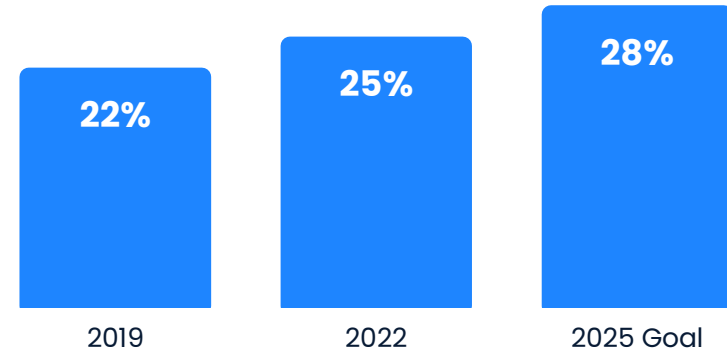
Building tailored solutions with the ERP unlock best of breed capabilities that are sticky and unique to customers

## 4 LTV to CAC Efficiencies

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

### Conversion Rate

*\*% Opportunity created to won*



✓ Verticalized GTM

✓ Raised Partner Referral Mix

✓ Streamlined Customer experience

BUYER

# Sales Funnel Overview

Purpose Built Integrations & Exclusivity Unlock:

## 1 Increased Opportunity Growth

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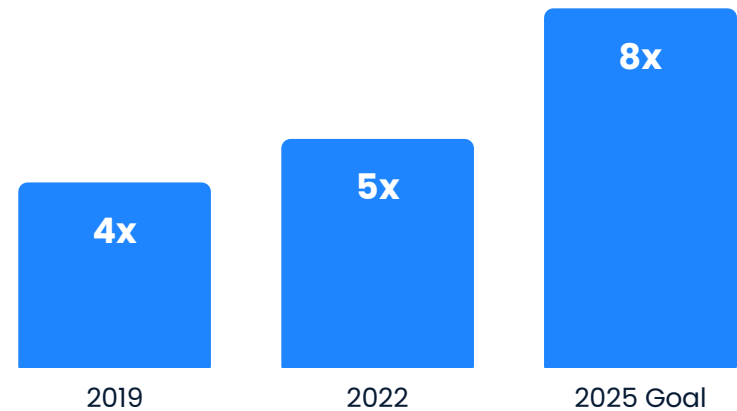
## 3 Higher Conversion Rates

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

### LTV / CAC



✓ Increased Levels of Production

✓ Channel Efficiency

✓ Upsell, Cross-Sell & Retention

# Supplier Enrollment

Continuous Onboarding Process Upon Payment File Upload



## Option 1

Virtual Card Capture  
*Quickest payment path*



## Option 2

AvidPay Direct  
*Enhanced direct deposit*

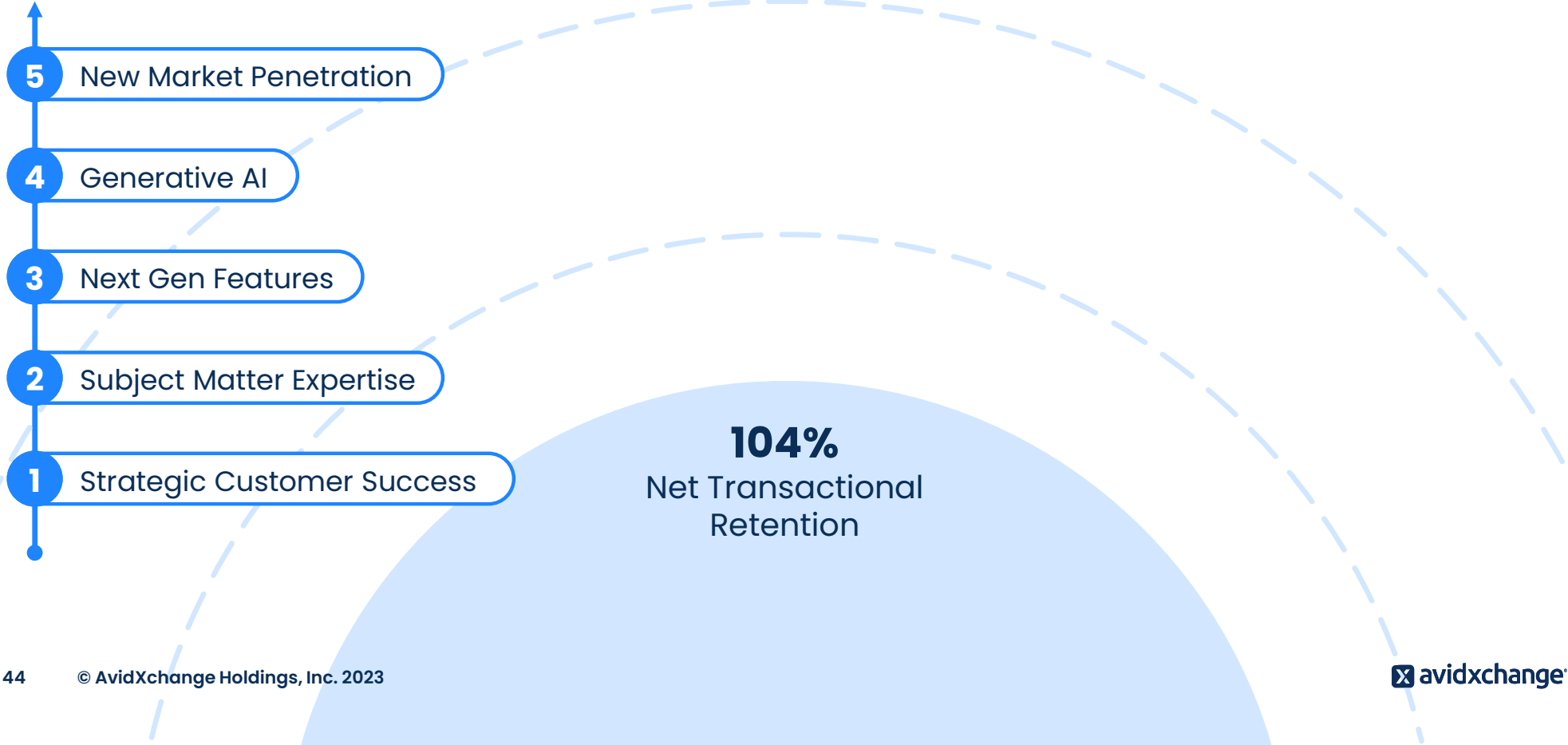


## Option 3

Mail A Check  
*Aged payment path*

# Customer Growth Strategy

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



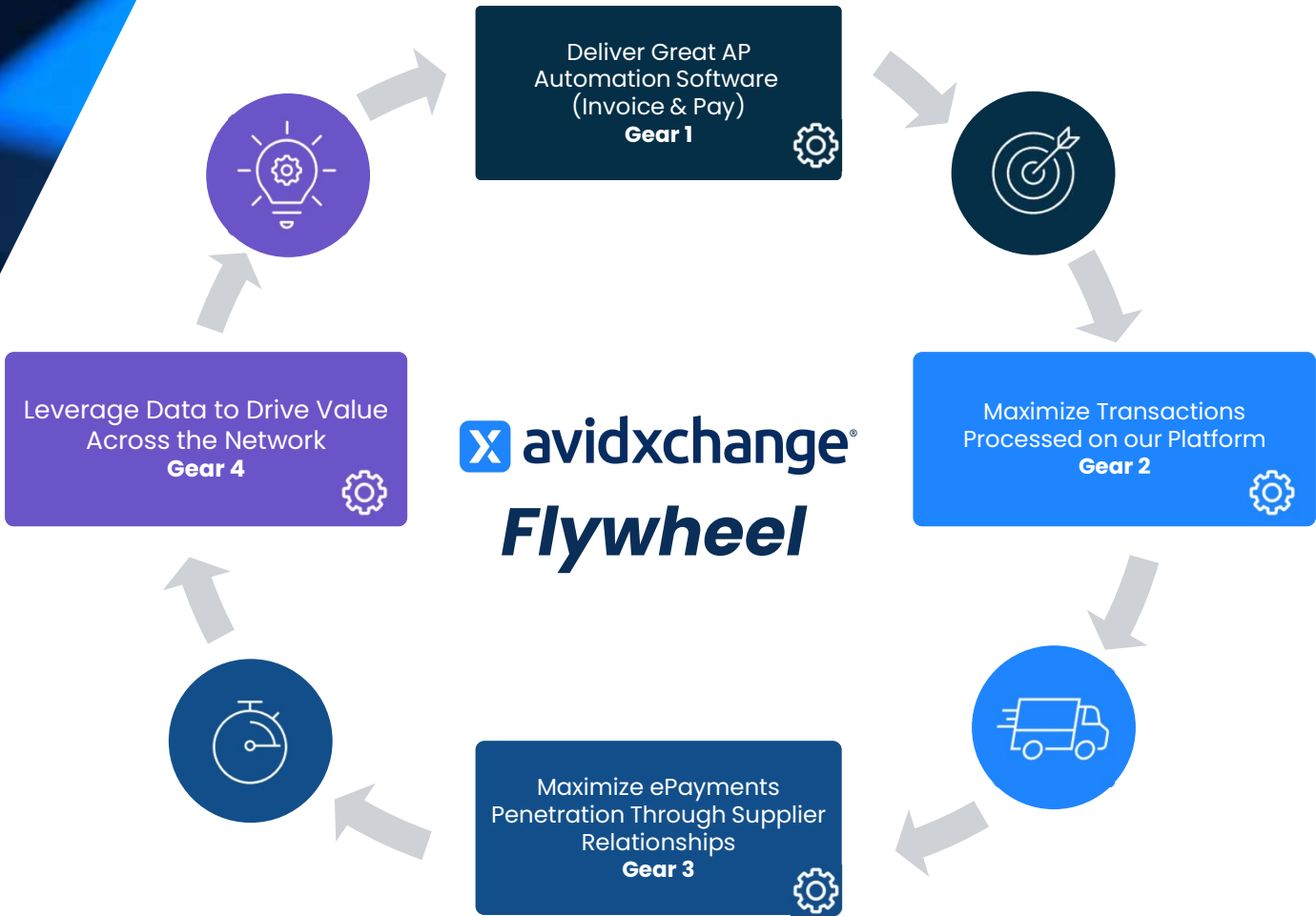


# Dan Drees

President



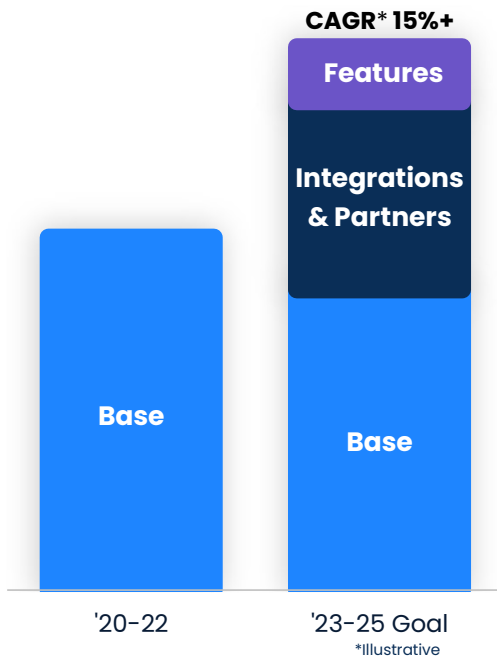
# Driving Organic Growth



# 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

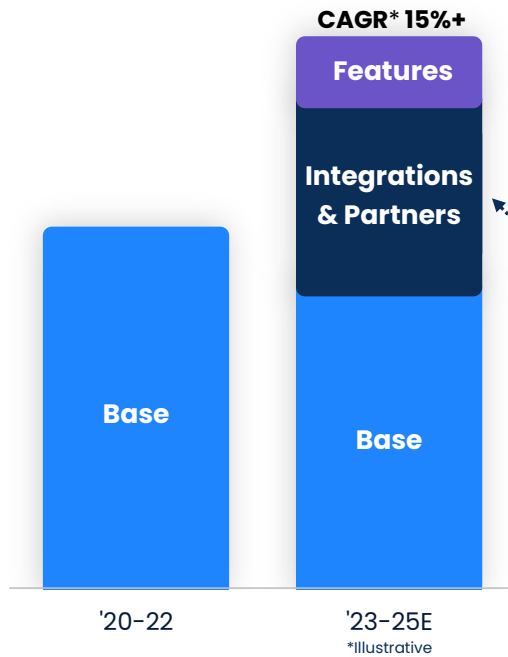
### Next Gen Pay

- 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

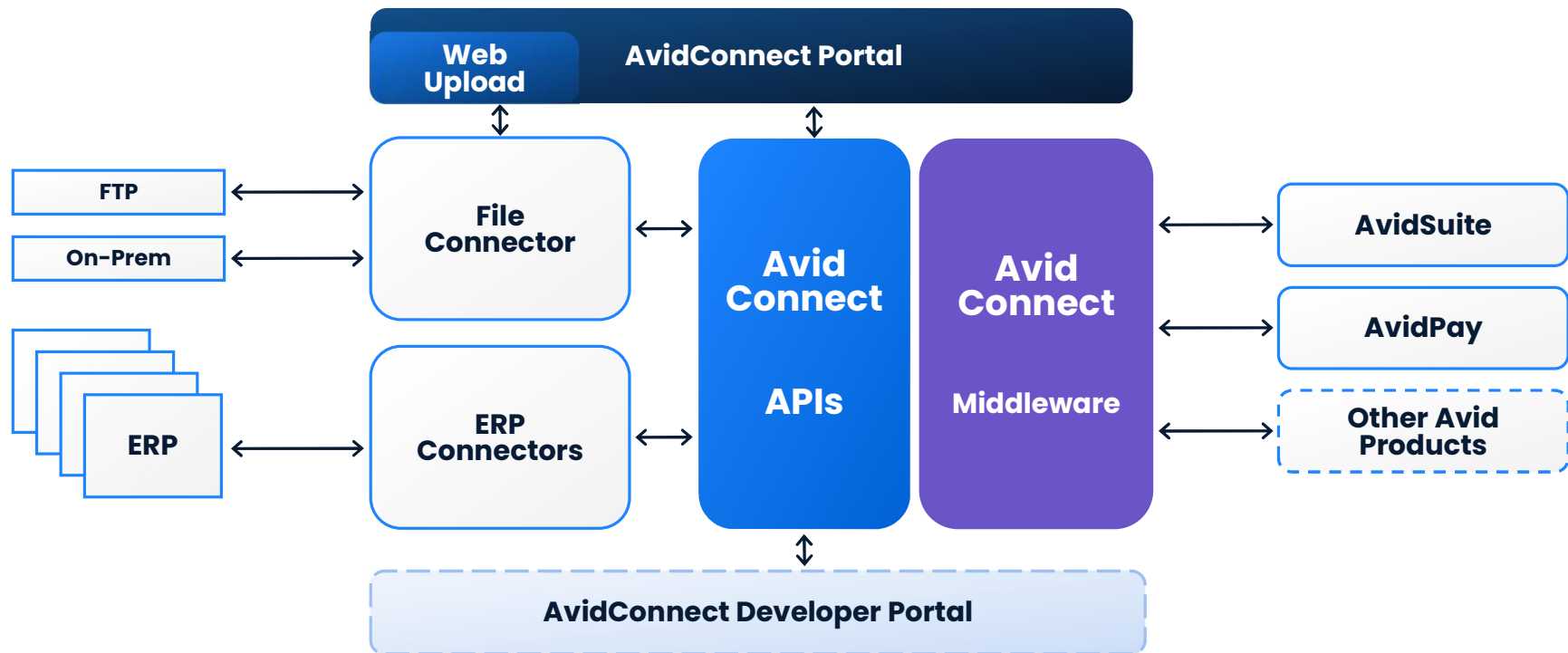
- Bank of America
- KeyBank
- Fifth Third Bank
- Referral Relationships

### Other Strategic

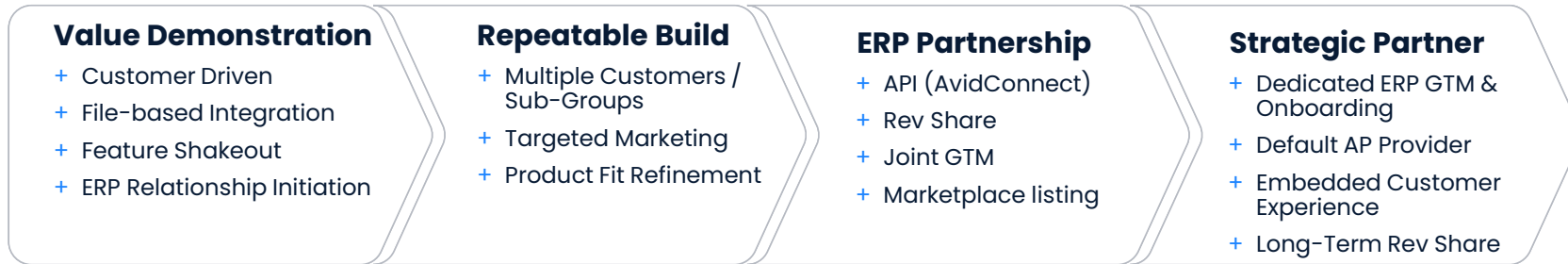
- Concur
- Paperless (Construction)
- Media Banks
- VAR Resellers

# 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**

~350 Mid Mkt ERPs



TIMELINE      YEAR 1      YEAR 2      YEAR 3



# Fireside Chat

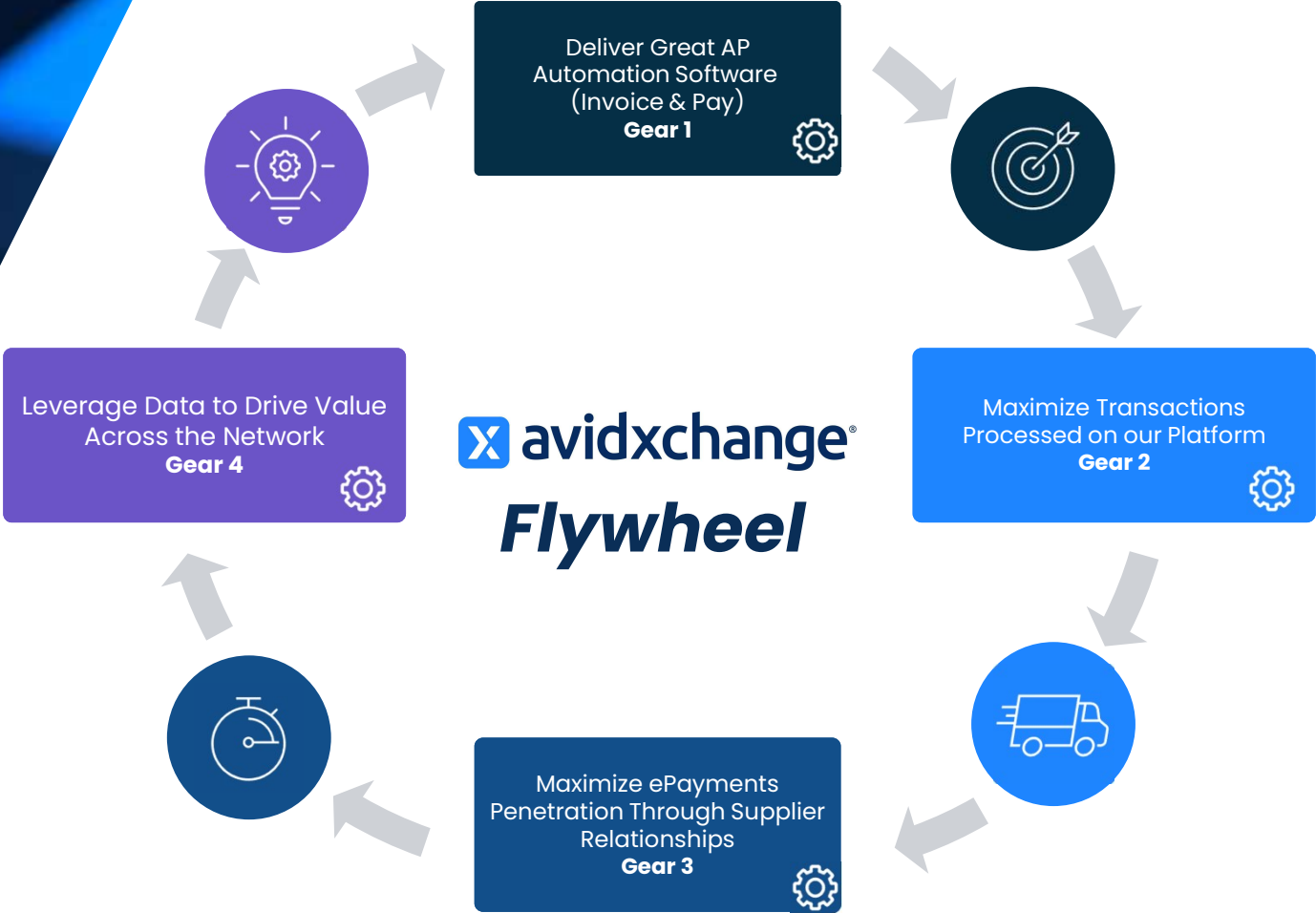


**Dan Drees**  
President



**Patrick Ghilani**  
CEO, MRI

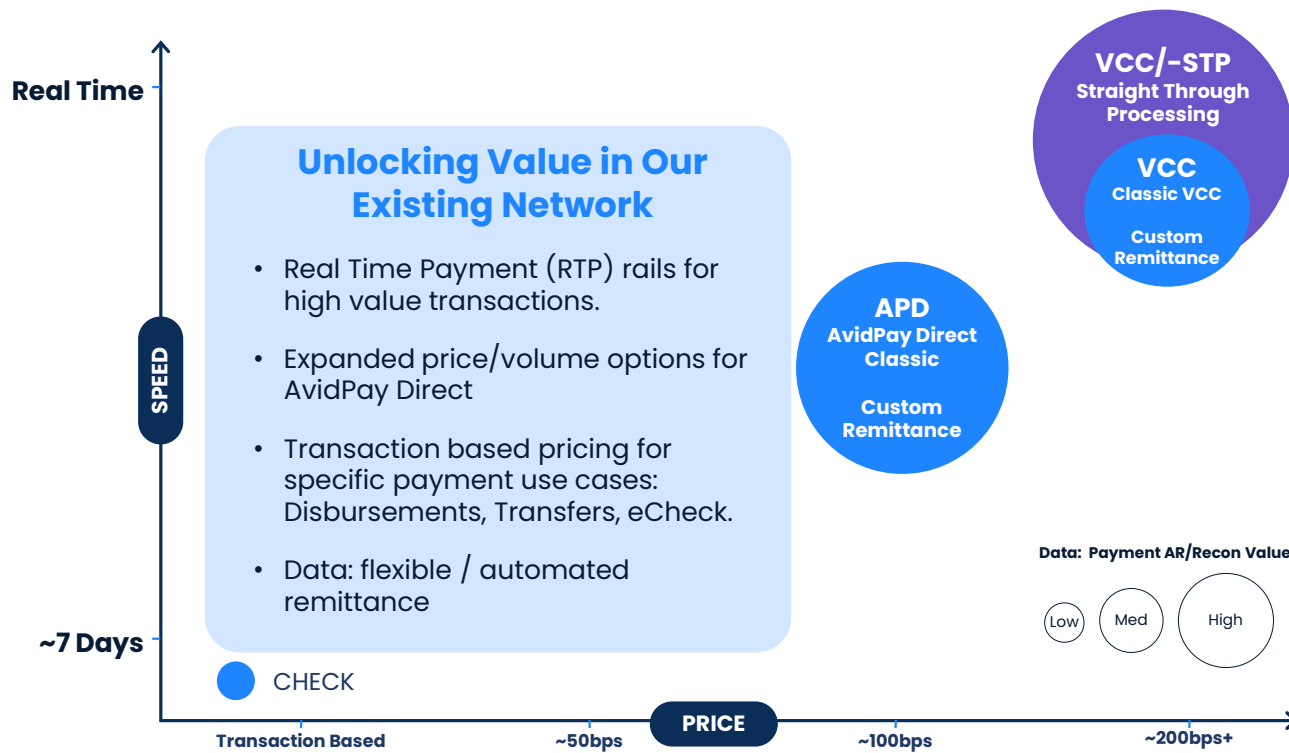
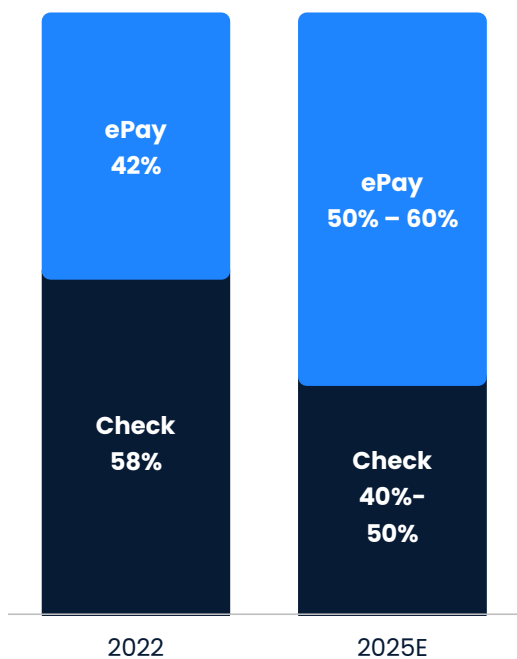
# Gear 3: Maximize ePayment Adoption



# Gear 3: Driving Pay Adoption

Capturing More of the Unmonetized Network Spend

Transaction Mix by Year



# Fireside Chat

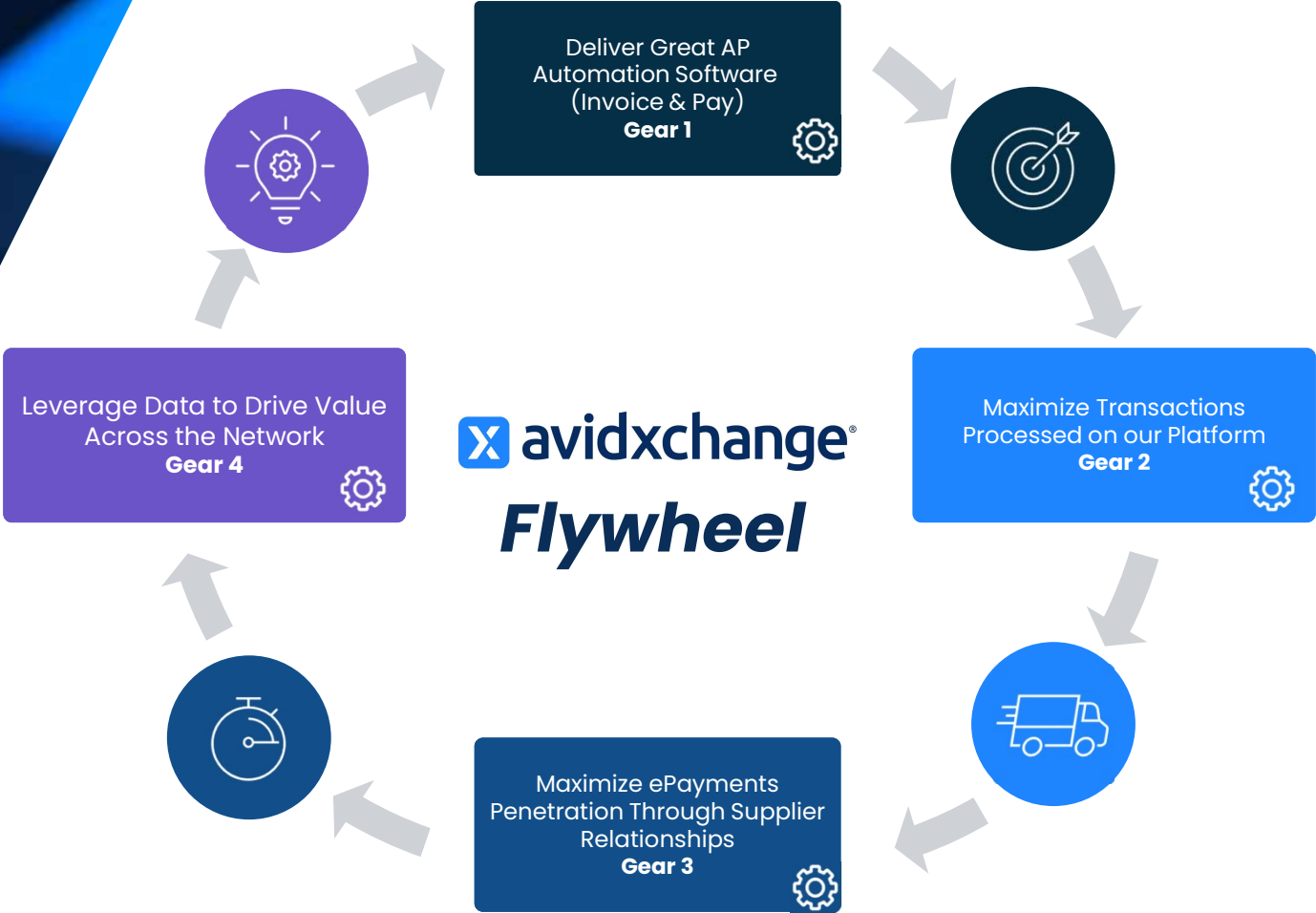


**Dan Drees**  
President

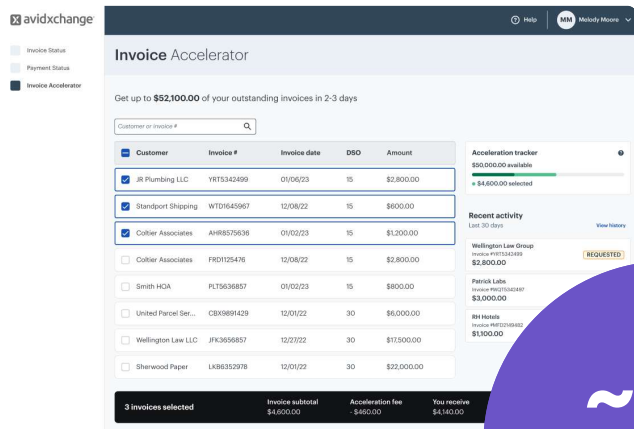


**Kelly Vicknair**  
VP & GM of Sales

# Gear 4: Leverage Data to Drive Value Across the Network



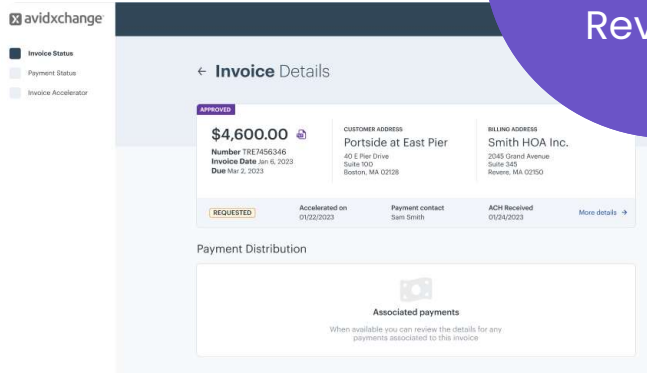
# Invoice Accelerator Five-Year Growth Objectives



**~5%**  
Of Total  
Revenue

**75%+**  
Gross Margin

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



# 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

Now

Next

Later



**Invoice Accelerator 2.0**



**Discount Optimizer**



**AVDX Preferred Supplier Recommendations**



**AvidAnalytics**



**Due Date Manager**



**Marketplace Services**

# 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

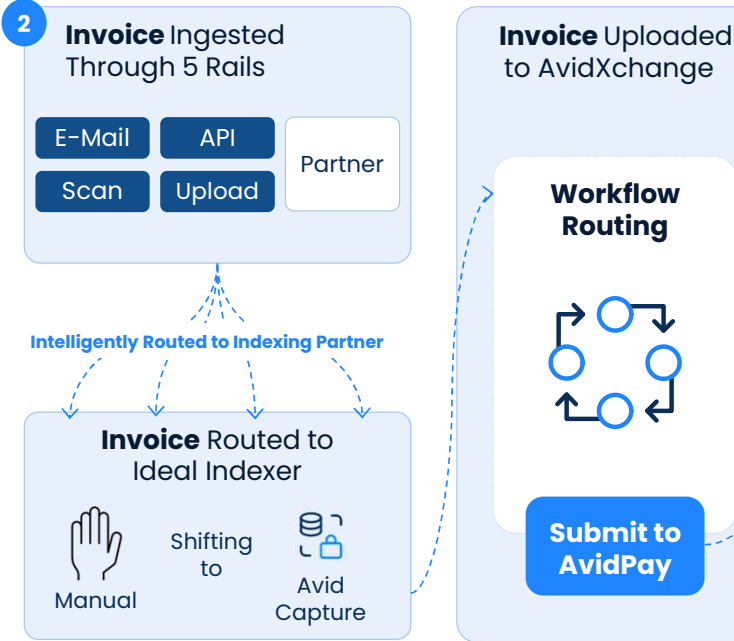
## ONBOARDING

1

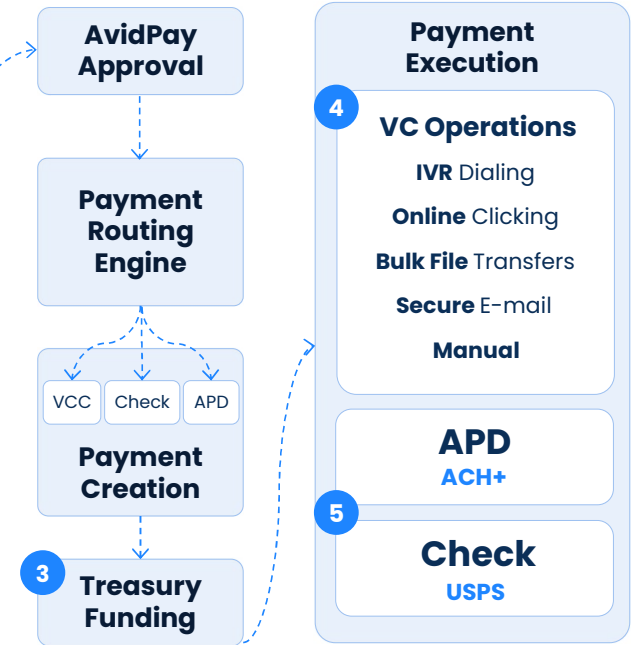
### Implementation

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

## Invoice Operations



## Treasury / VC Ops



## CUSTOMER SERVICE

Technical Support & Service via Phone, Chat and Email

Planning & Analytics

Process and Change Delivery

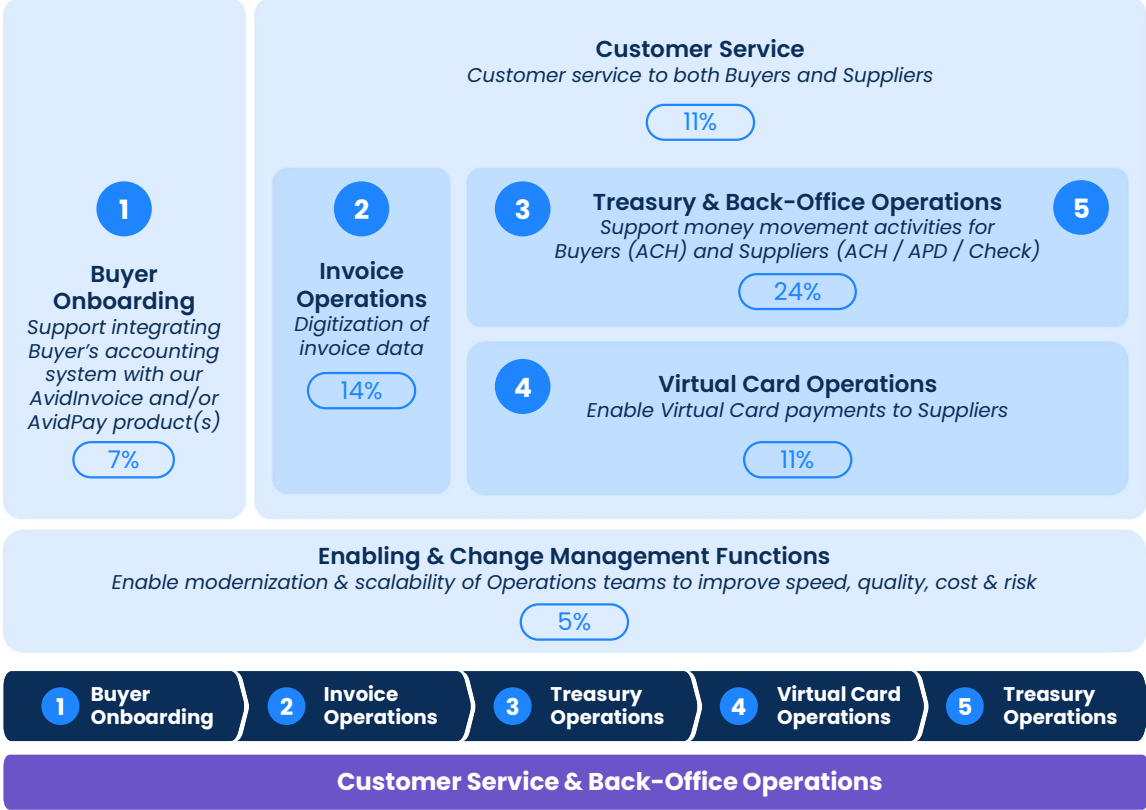
Risk Management

# Span of Control of the Operations Team

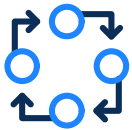
**\$114M**  
Total Cost of Revenue (COR)

**\$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

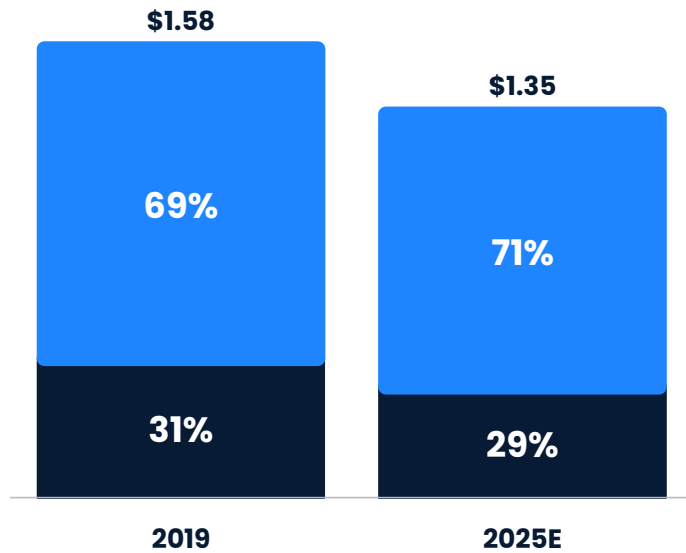
Leverage Strategic Partners to Accelerate Speed



# Unit Cost Plans

## Cost per Transaction

■ Fixed ■ Variable



## Key Drivers of Improvement

### Invoice

Outsourcing & Automation



Sourcing Optimization



Drive AvidCapture Migration (Automation)

### Pay

E-Payment Processing & Check Conversion Offset Through Allocations



Drive VC Automation Growth



Sourcing Optimization



Migrate Checks to Electronic Payments

### Services

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



Improve Product Stability



Digitize Service



Sourcing Optimization (Follow the Sun)

# Q&A

# 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**



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:

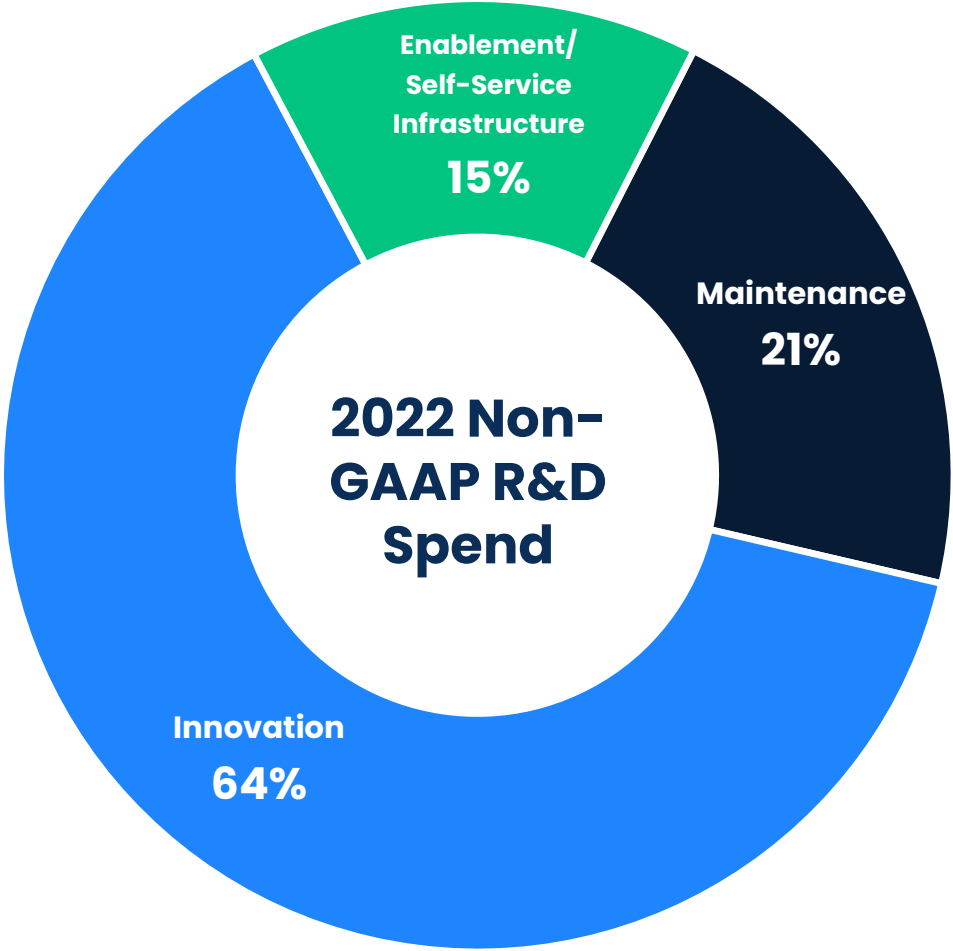
- Data Quality & Governance
- Strategic Sourcing
- Tech Strategy & Delivery Performance

# Delivering Value with Speed & Quality

## Technology Delivery & Operations



# R&D Breakdown





# Technology Delivery & Operations

## 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**

# 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



**Software Revenue**

Transactions Processed



Effective Software Rate



**32%**  
Software Revenue



**Payments Revenue**

Total Payment Volume



TPV Yield



**68%**  
Payment Revenue

**Total Revenue**

Transactions Processed



Transaction Yield

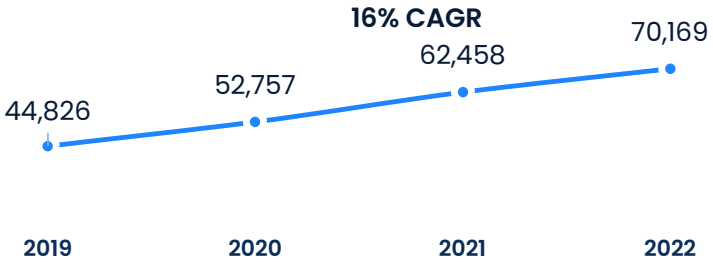


**100%**  
Total Revenue

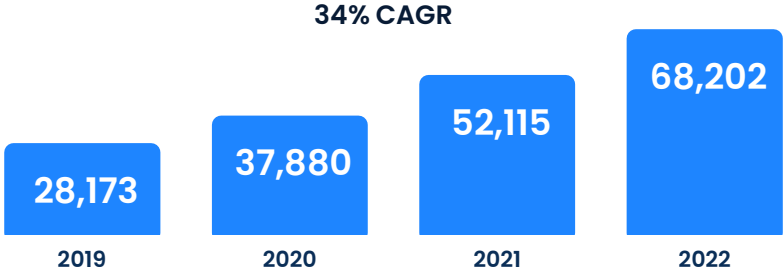


# Strength in Historical Metrics

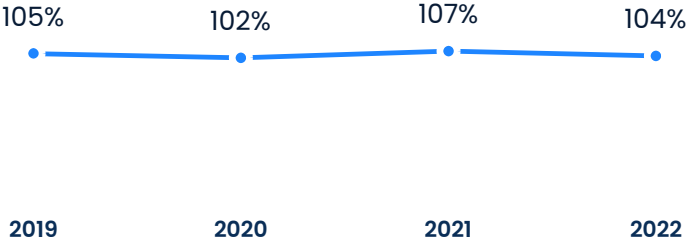
### Total Transactions Processed (000)



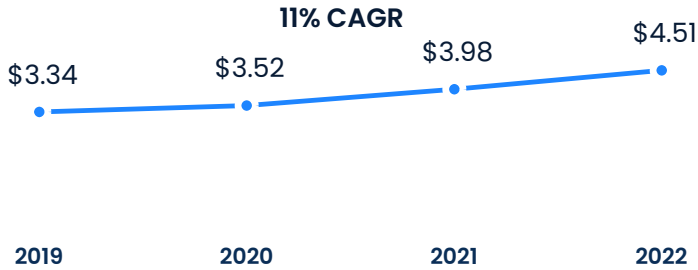
### Total Payment Volume (\$M)



### 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

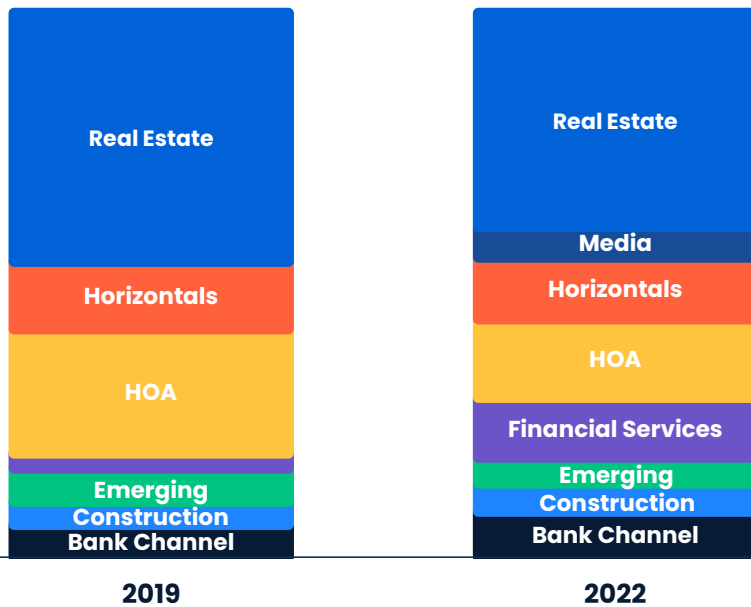
## Suppliers

Onboarded with Preferred Payment Modality

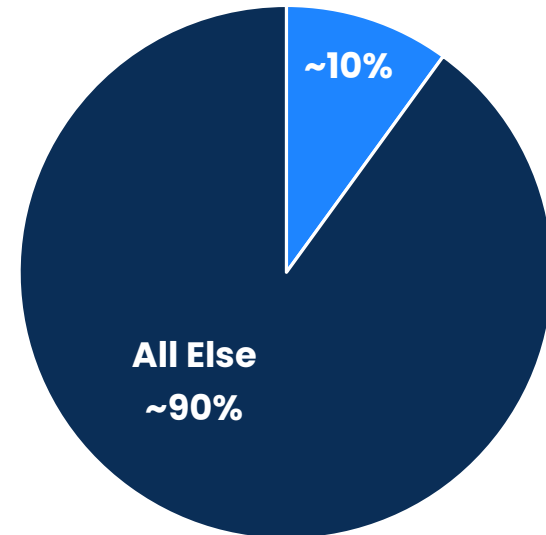
Payments Received in Preferred Modality from AvidXchange

# Expanding Revenue Diversification

## Vertical Diversification



## Customer Diversification beyond Top 30\*



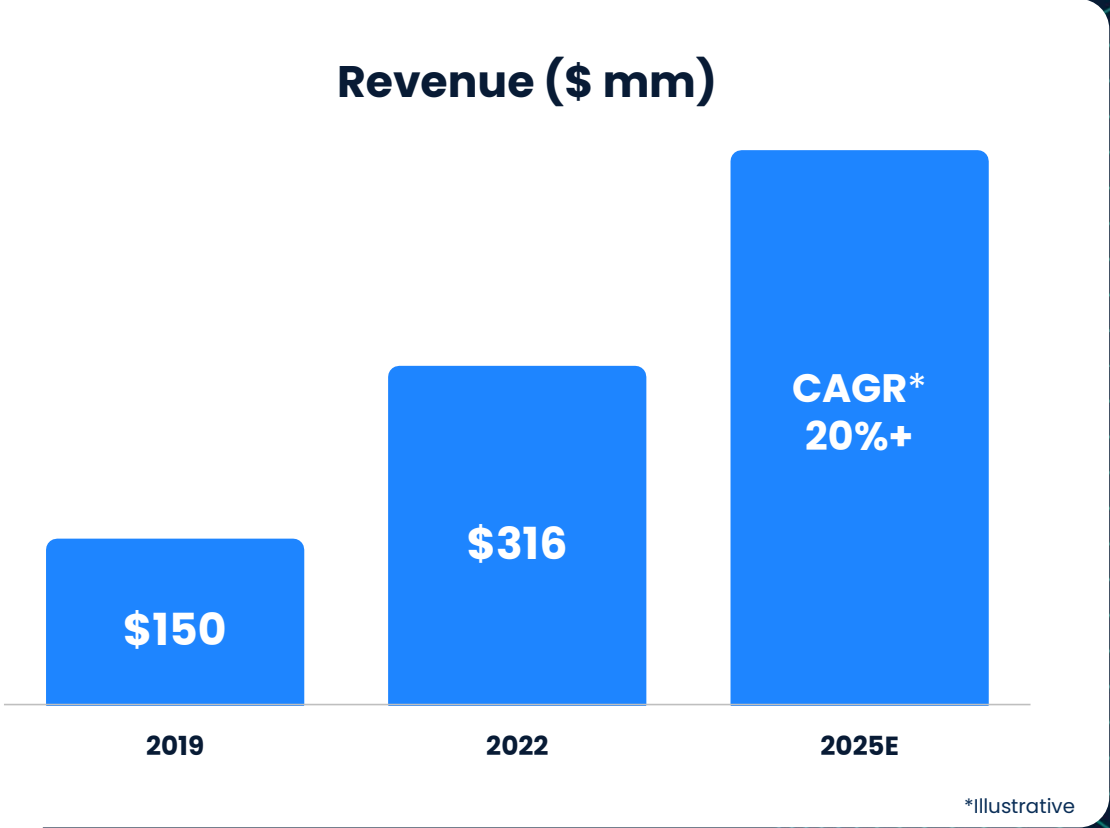
\*as of FY2022

# 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

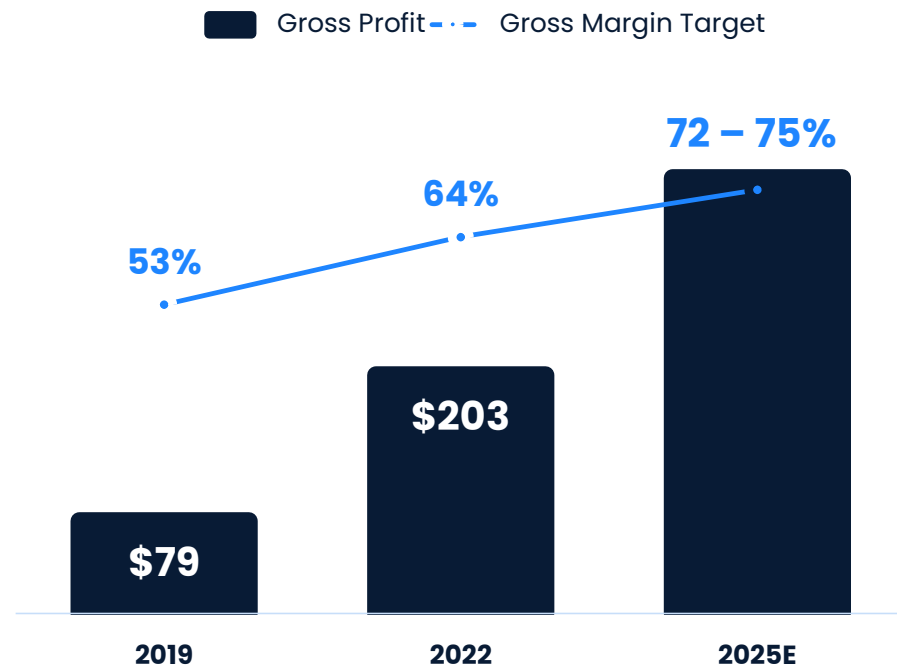
Revenue (\$ mm)



# 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)

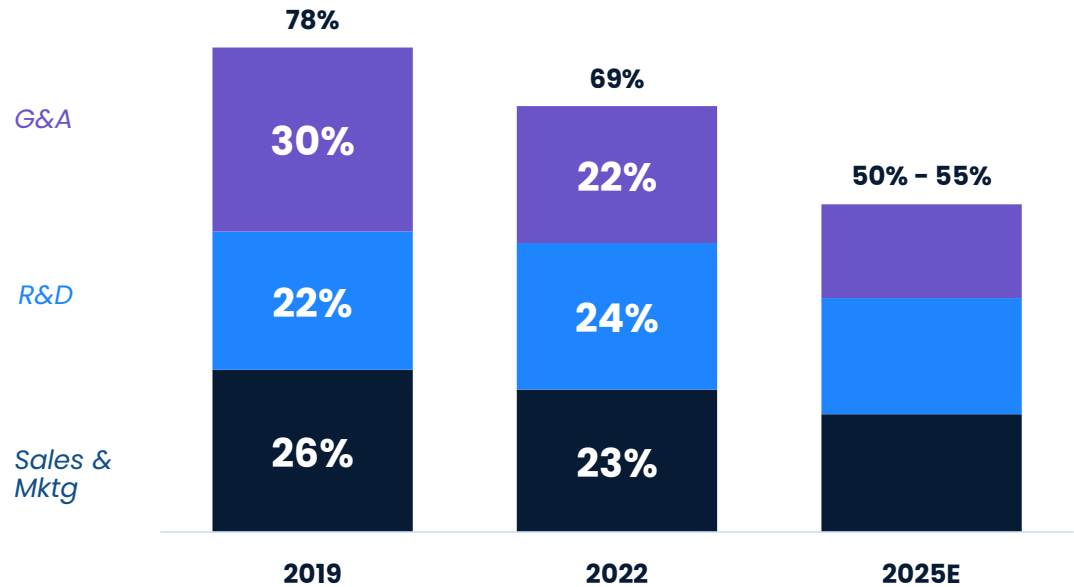


# Emerging Operating Leverage

## 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



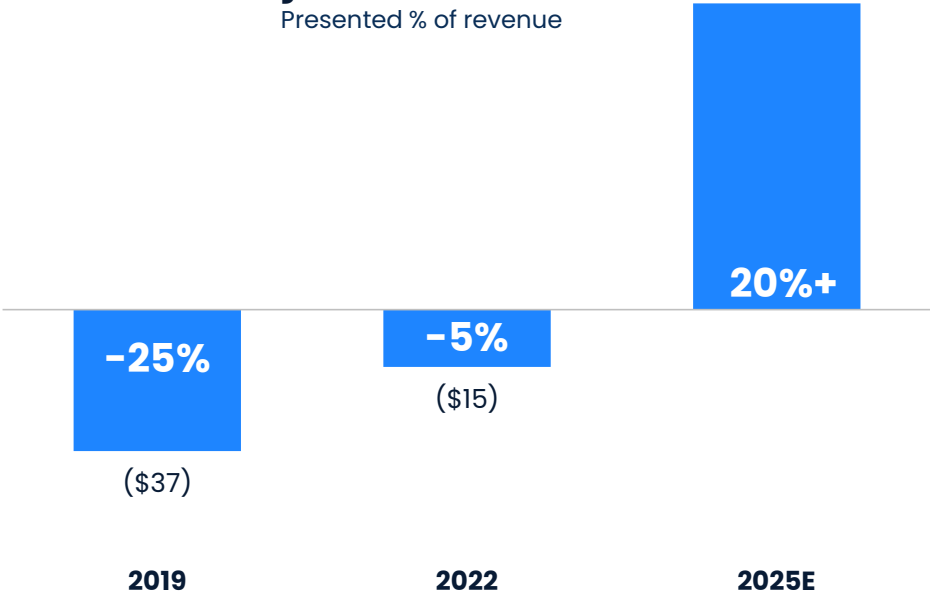
# Adjusted EBITDA Expansion

## Adjusted EBITDA driven by:

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

## Adjusted EBITDA

Presented % of revenue



Rule of 40*	2019	2022	2025E
	0	22	40+

\*Rule of 40 defined as Revenue Growth % plus Adjusted EBITDA margin



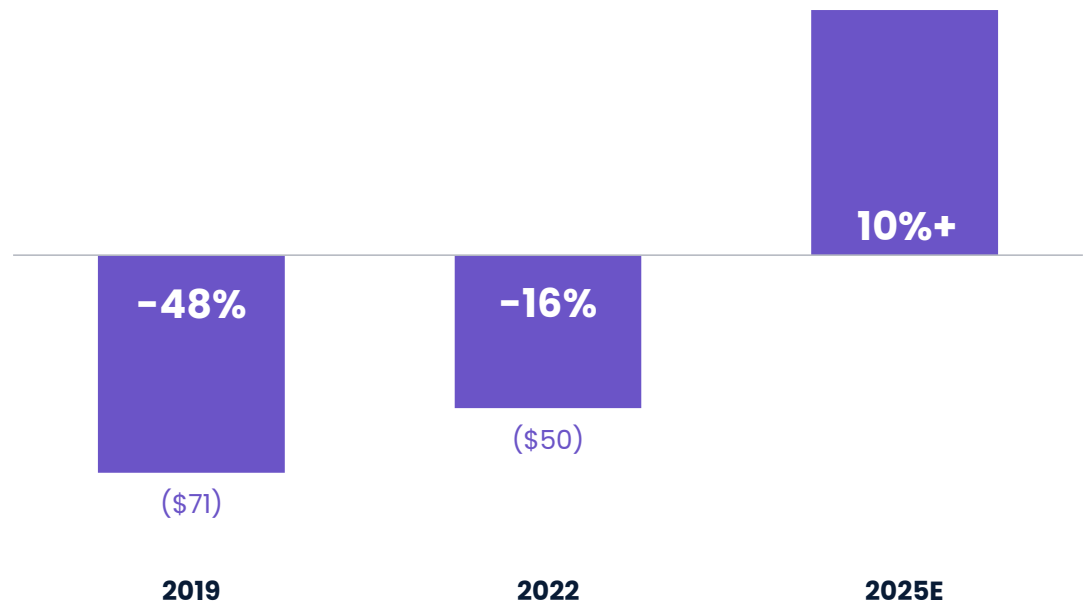
# Becoming Free Cash Flow Positive

## 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

## Free Cash Flow

Presented as % of revenue



# 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



# 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
<b>Reconciliation from Revenue to Non-GAAP Gross Profit and Non-GAAP Gross Margin:</b>		
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%
<b>Reconciliation from Net Loss to Adjusted EBITDA:</b>		
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)
<b>Reconciliation of Net Cash Used in Operating Activities to Free Cash Flow:</b>		
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
<b>Operating Expense Adjustments</b>		
<b>GAAP Sales &amp; Marketing</b>	<b>\$39,583</b>	<b>\$77,733</b>
(-) Stock Compensation	-\$354	-\$4,800
(-) Other expenses not indicative of ongoing operations	\$0	\$0
<b>(=) Non-GAAP Sales &amp; Marketing</b>	<b>\$39,230</b>	<b>\$72,933</b>
<b>GAAP Research &amp; Development</b>	<b>\$33,591</b>	<b>\$83,905</b>
(-) Stock Compensation	-\$106	-\$8,953
(-) Other expenses not indicative of ongoing operations	\$0	\$0
<b>(=) Non-GAAP Research &amp; Development</b>	<b>\$33,485</b>	<b>\$74,952</b>
<b>GAAP General &amp; Administrative</b>	<b>\$52,100</b>	<b>\$91,385</b>
(-) 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
<b>(=) Non-GAAP General &amp; Administrative</b>	<b>\$43,287</b>	<b>\$70,005</b>