



EARNINGS PRESENTATION

FOURTH QUARTER 2022

March 1, 2023

FORWARD-LOOKING STATEMENTS

This presentation may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements generally relate to future events or our future financial or operating performance and often contain words such as: “anticipate,” “intend,” “plan,” “goal,” “seek,” “believe,” “project,” “estimate,” “expect,” “future,” “likely,” “may,” “should,” “will” and similar words and phrases indicating future results. The information presented in this presentation related to our expectations of future performance, including guidance for our revenue and adjusted EBITDA for the full year 2023, statements related to the significance of our string of quarterly results having beaten expectations, the agility of our organizational structure, the speed of digital transformation in our addressable markets, the acceleration of our path to breakeven, and other statements that are not purely statements of historical fact, are forward-looking in nature. These forward-looking statements are made on the basis of management’s current expectations, assumptions, estimates and projections and are subject to significant risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. We therefore cannot guarantee future results, performance or achievements.

Factors which could cause actual results or effects to differ materially from those reflected in forward-looking statements include, but are not limited to, the risk factors and other cautionary statements described, from time to time, in AvidXchange’s filings with the Securities and Exchange Commission (“SEC”), including, without limitation, AvidXchange’s Annual Report on Form 10-K and other documents filed with the SEC, which may be obtained on the investor relations section of our website (<https://ir.avidxchange.com/>) and on the SEC website at www.sec.gov. Any forward-looking statements made by us in this presentation are based only on information currently available to us and speak only as of the date they are made, and we assume no obligation to update any of these statements in light of new information, future events or otherwise unless required under the federal securities laws.

NON-GAAP MEASURES AND OTHER PERFORMANCE METRICS

To supplement the financial measures presented, in accordance with generally accepted accounting principles in the United States (“GAAP”), we also present the following non-GAAP measures of financial performance: Non-GAAP Gross Profit and Adjusted EBITDA.

A “non-GAAP financial measure” refers to a numerical measure of our historical or future financial performance or financial position that is included in (or excluded from) the most directly comparable measure calculated and presented in accordance with GAAP in our financial statements. We provide certain non-GAAP measures as additional information relating to our operating results as a complement to results provided in accordance with GAAP. The non-GAAP financial information presented herein should be considered in conjunction with, and not as a substitute for or superior to, the financial information presented in accordance with GAAP and should not be considered a measure of liquidity. There are significant limitations associated with the use of non-GAAP financial measures. Further, these measures may differ from the non-GAAP information, even where similarly titled, used by other companies and therefore should not be used to compare our performance to that of other companies.

We have presented Non-GAAP Gross Profit, Adjusted EBITDA, and Non-GAAP Net Loss in this presentation. We define Non-GAAP Gross Profit as revenue less cost of revenue excluding the portion of depreciation and amortization and stock-based compensation expense allocated to cost of revenues. We define Adjusted EBITDA as our net loss before depreciation and amortization, impairment and write-off of intangible assets, interest income and expense, income tax expense (benefit), stock-based compensation expense, transaction and acquisition-related costs expensed, change in fair value of derivative instrument, non-recurring items not indicative of ongoing operations, and charitable contributions of common stock. We define Non-GAAP Net Loss as net loss before amortization of acquired intangible assets, impairment and write-off of intangible assets, stock-based compensation expense, transaction and acquisition-related costs expensed, change in fair value of derivative instrument, non-recurring items not indicative of ongoing operations, income tax expense (benefit), and charitable contributions of common stock.

We believe the use of non-GAAP financial measures, as a supplement to GAAP measures, is useful to investors in that they eliminate items that are either not part of our core operations or do not require a cash outlay, such as stock-based compensation expense. Management uses these non-GAAP financial measures when evaluating operating performance and for internal planning and forecasting purposes. We believe that these non-GAAP financial measures help indicate underlying trends in the business, are important in comparing current results with prior period results, and are useful to investors and financial analysts in assessing operating performance.

AVIDXCHANGE AT A GLANCE

PERFORMANCE

\$86.2M

4Q22
Revenue

24.4%

4Q22
Revenue Growth

103.5%

2022 Net Transactions
Processed Retention

SCALE

8,800

2022 Buyer
Customers

~\$215B

2022 Spend
Under Management

~18M

4Q22 Transactions Processed

DIFFERENTIATION

965,000

2022 Suppliers paid via
our B2B Network¹

205

2022 Referral
Relationships


225

2022 Accounting System
Integrations

Q4 2022 HIGHLIGHTS

TOTAL REVENUE

\$86.2M **\$69.3M**
Q4 22 Q4 21


24.4%


TOTAL TRANSACTIONS PROCESSED

18.0M **16.5M**
Q4 22 Q4 21


9.2%

NON-GAAP GROSS PROFIT MARGIN

64.9% **62.2%**
Q4 22 Q4 21

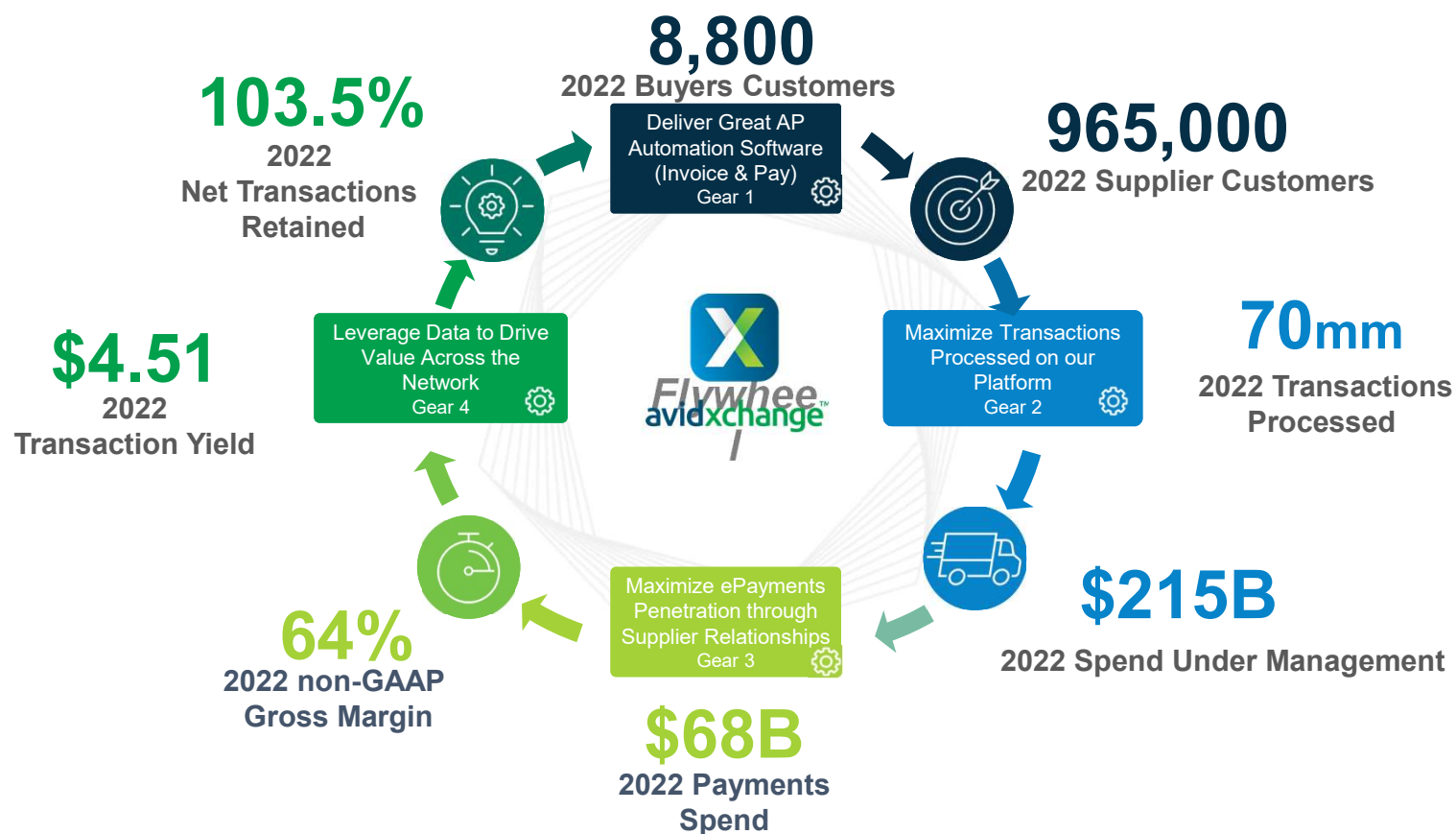

270bps

TOTAL PAYMENT VOLUME

\$18.3B **\$15.1B**
Q4 22 Q4 21

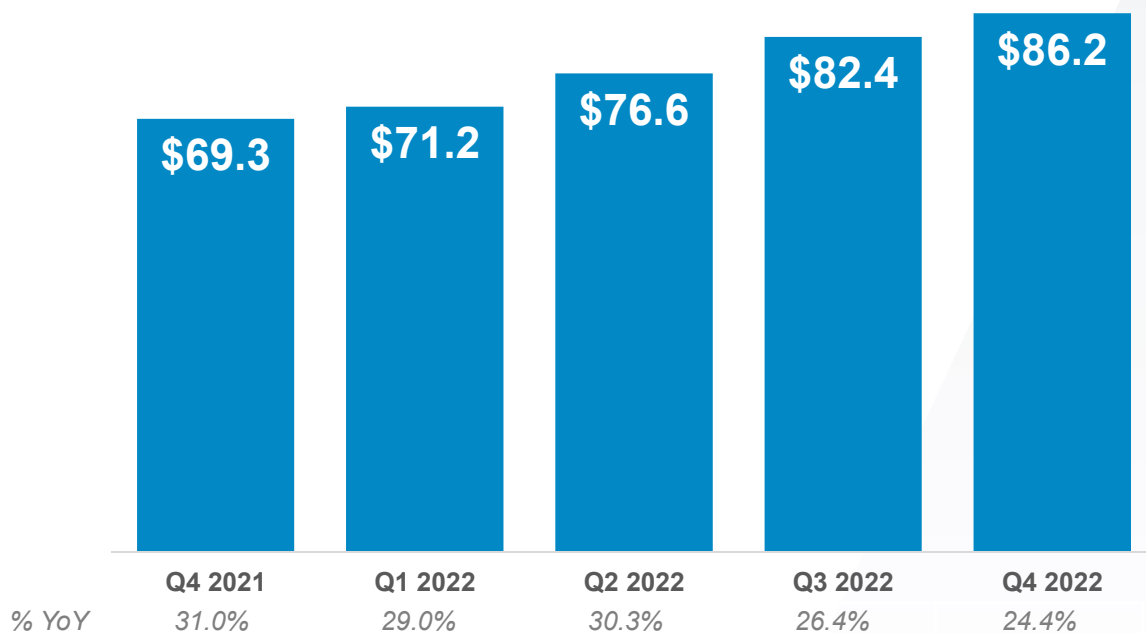

21.2%

OUR FINANCIAL MONETIZATION STORY VIA OUR AVIDXCHANGE FLYWHEEL



TOTAL REVENUE

\$(MILLIONS)

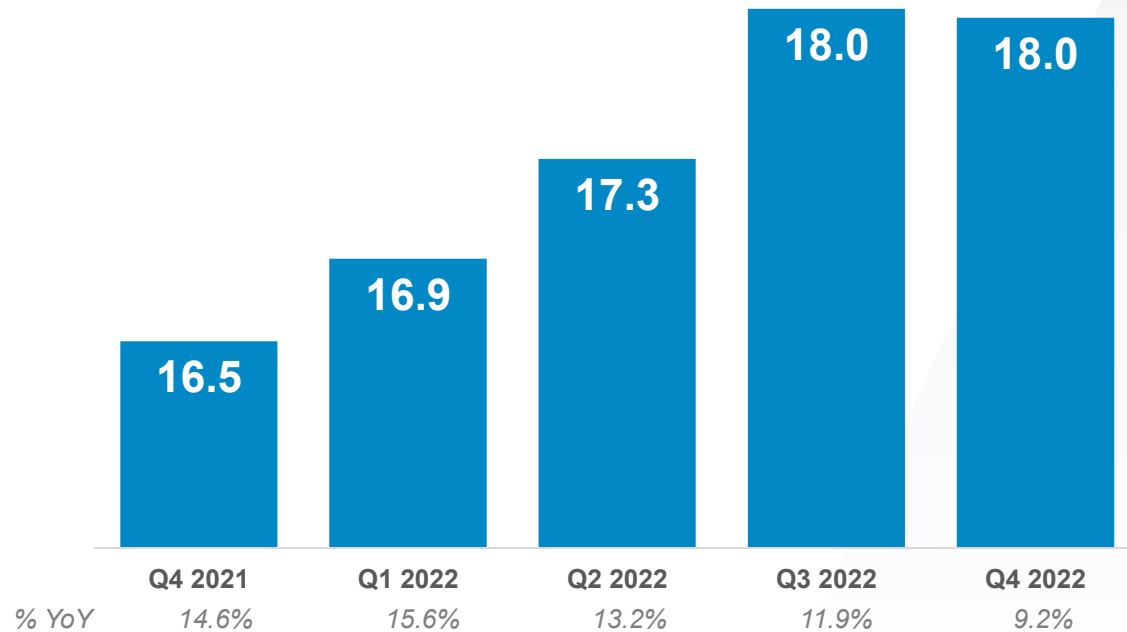


Q4 2022 Highlights

Total Revenue of \$86.2 million, an increase of 24.4% year-over-year

TOTAL TRANSACTIONS PROCESSED*

(MILLIONS)

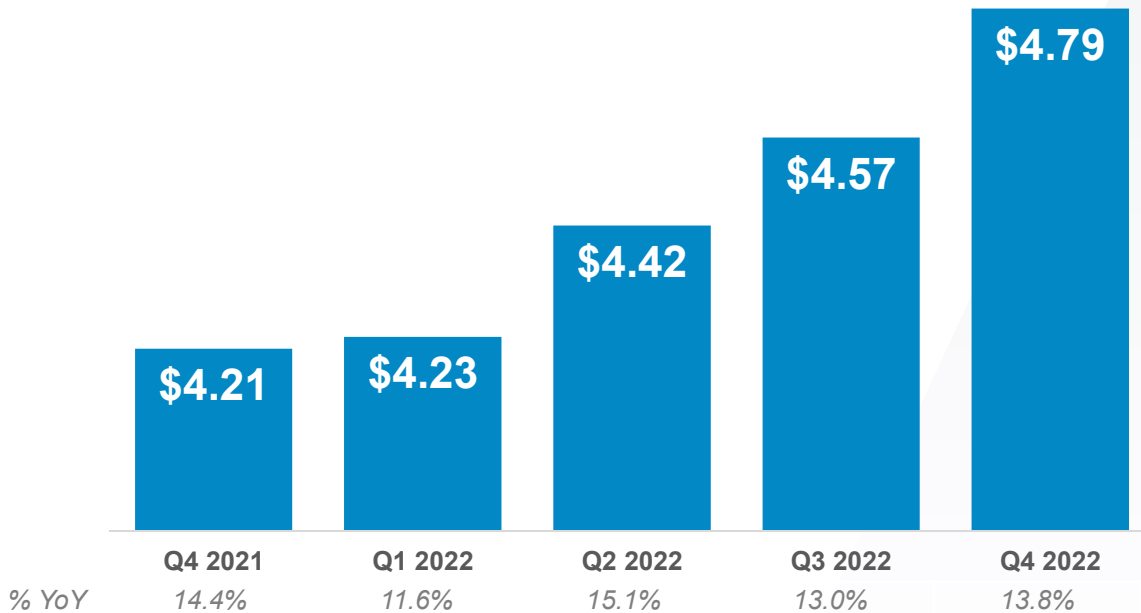


Q4 2022 Highlights

Total transactions processed of 18.0 million, an increase of 9.2% from 16.5 million in Q4 2021

*We define transactions processed as the number of invoice transactions and payment transactions, such as invoices, purchase orders, checks, ACH payments and VCCs, processed through our platform during a particular period. We believe that transactions processed is an important measure of our business because it is a key indicator of the use by both buyers and suppliers of our solutions and our ability to generate revenue, since a majority of our revenue is generated based on transactions processed.

TOTAL TRANSACTION YIELD*

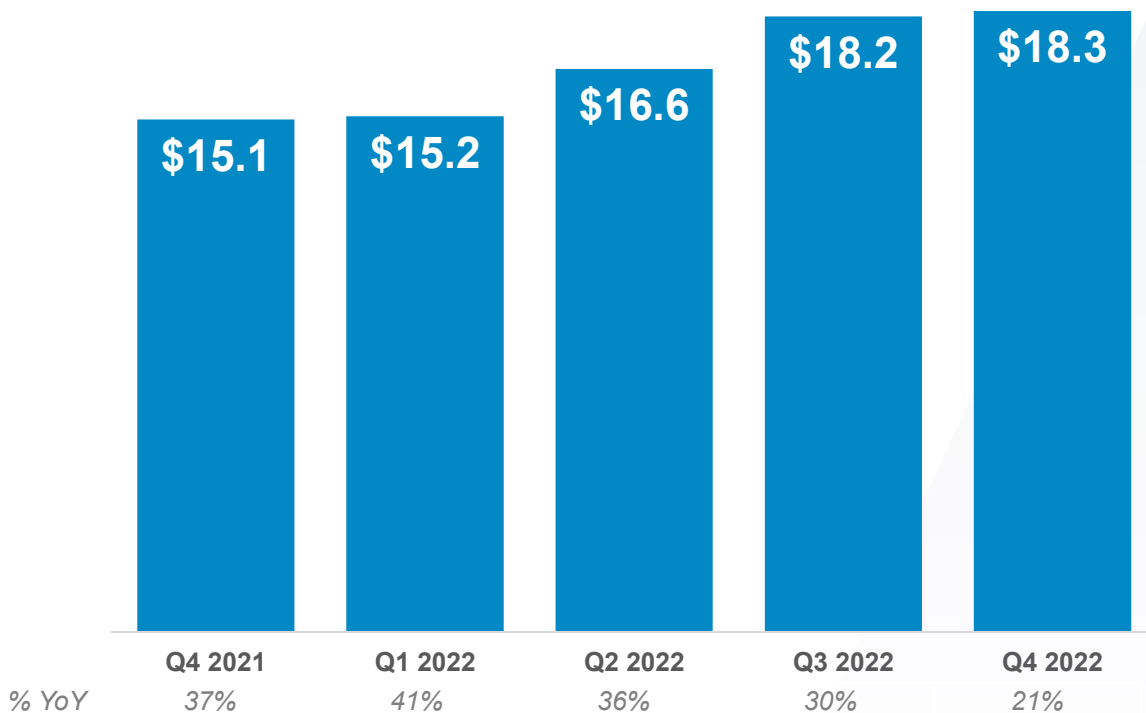


Q4 2022 Highlights

Total transaction yield was \$4.79, an increase of 13.8% from \$4.21 in Q4 2021

*We define transaction yield as the total revenue during a particular period divided by the total transactions processed during such period. We believe that transaction yield is an important measure of the value of solutions to buyers and suppliers as we scale

TOTAL PAYMENT VOLUME* (BILLION)



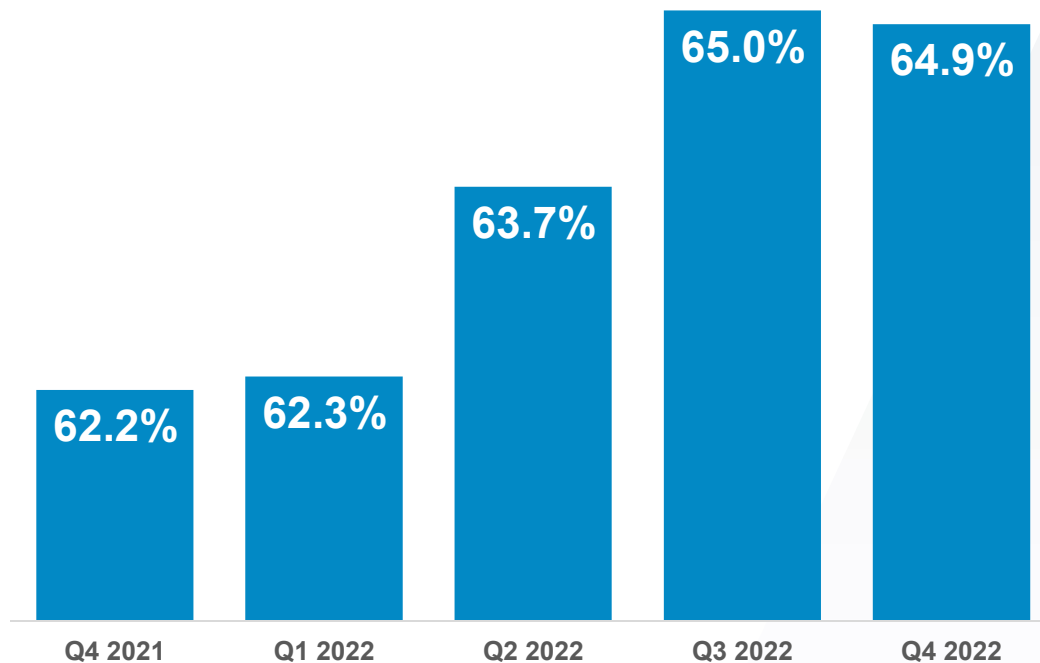
Q4 2022 Highlights

Total payment volume was \$18.3B, an increase of approx. 21% from \$15.1B in Q4 2021

*We define total payment volume as the dollar sum of buyers' AP payments paid to their suppliers through the AvidPay Network during a particular period. We believe total payment volume is an important measure of our AvidPay Network business as it quantifies the demand for our payment services



NON-GAAP GROSS MARGIN



Q4 2022 Highlights

Non-GAAP gross profit of \$55.9 million, or 64.9% of total revenue

Gross margin expansion of 278 basis points year-over-year

FULL YEAR 2023 FINANCIAL OUTLOOK

\$(MILLIONS)

FY 2023	LOW	HIGH
Revenue	\$359.0	\$366.0
% YoY Growth	13.5%	15.7%
Adjusted EBITDA ⁽¹⁾	\$0.0	\$3.5

(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 December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Software revenue	\$ 26,390	\$ 23,468	\$ 99,541	\$ 87,885
Payment revenue	59,148	45,137	213,842	157,930
Services revenue	637	660	2,967	2,594
Total revenues	\$ 86,175	\$ 69,265	\$ 316,350	\$ 248,409

NON-GAAP GROSS MARGIN RECONCILIATION

\$(THOUSANDS)

Reconciliation from Revenue to Non-GAAP Gross Profit and Non- (in thousands, except percentages)	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Total revenues	\$ 86,175	\$ 69,265	\$ 316,350	\$ 248,409
Expenses:				
Cost of revenues (exclusive of depreciation and amortization exper	(31,188)	(28,747)	(117,864)	(100,090)
Depreciation and amortization expense	(5,074)	(5,327)	(19,004)	(19,498)
GAAP Gross profit	\$ 49,913	\$ 35,191	\$ 179,482	\$ 128,821
Adjustments:				
Stock-based compensation expense	983	2,545	4,113	2,775
Depreciation and amortization expense	5,074	5,327	19,004	19,498
Non-GAAP gross profit	\$ 55,970	\$ 43,063	\$ 202,599	\$ 151,094
GAAP Gross margin	57.9%	50.8%	56.7%	51.9%
Non-GAAP gross margin	64.9%	62.2%	64.0%	60.8%

NON-GAAP NET LOSS & EBITDA RECONCILIATION

\$(THOUSANDS)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Reconciliation from Net Loss to Non-GAAP Net Loss:				
Net loss	\$ (25,029)	\$ (72,097)	\$ (101,284)	\$ (199,649)
Amortization of acquired intangible assets	3,623	3,675	14,575	12,856
Impairment and write-off of intangible assets	-	838	-	1,412
Income tax expense (benefit)	114	(4,863)	321	(4,660)
Stock-based compensation expense	8,071	18,319	31,838	21,428
Transaction and acquisition-related costs	1,708	17,241	1,988	20,949
Change in fair value of derivative instrument	-	11,438	-	26,128
Non-recurring items not indicative of ongoing opera	2,659	3,628	3,945	53,852
Charitable contribution of stock	1,473	4,143	1,473	4,143
Total net adjustments	17,648	54,419	54,140	136,108
Non-GAAP net loss	<u>\$ (7,381)</u>	<u>\$ (17,678)</u>	<u>\$ (47,144)</u>	<u>\$ (63,541)</u>
Reconciliation from Net Loss to Adjusted EBITDA:				
Net loss	\$ (25,029)	\$ (72,097)	\$ (101,284)	\$ (199,649)
Depreciation and amortization	8,458	8,404	32,842	30,738
Impairment and write-off of intangible assets	-	838	-	1,412
Interest income	(4,258)	(329)	(7,164)	(661)
Interest expense	5,488	5,123	20,749	20,108
Income tax expense (benefit)	114	(4,863)	321	(4,660)
Stock-based compensation expense	8,071	18,319	31,838	21,428
Transaction and acquisition-related costs	1,708	17,241	1,988	20,949
Change in fair value of derivative instrument	-	11,438	-	26,128
Non-recurring items not indicative of ongoing opera	2,659	3,628	3,945	53,852
Charitable contribution of stock	1,473	4,143	1,473	4,143
Adjusted EBITDA	<u>\$ (1,316)</u>	<u>\$ (8,155)</u>	<u>\$ (15,292)</u>	<u>\$ (26,212)</u>