



NASDAQ: VERX

Investor Presentation - August 2025

Safe Harbor

Forward Looking Statements

Any statements made in this presentation that are not statements of historical fact, including statements about our beliefs and expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. Forward-looking statements are based on Vertex management's beliefs, as well as assumptions made by, and information currently available to, them. Because such statements are based on expectations as to future financial and operating results and are not statements of fact, actual results may differ materially from those projected. Factors which may cause actual results to differ materially from current expectations include, but are not limited to: our ability to attract new customers on a cost-effective basis and the extent to which existing customers renew and upgrade their subscriptions; our ability to sustain and expand revenues, maintain profitability, and to effectively manage our anticipated growth; our ability to maintain and expand our strategic relationships with third parties; and the other factors described under the heading "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 as filed with the Securities Exchange Commission ("SEC") and the Company's subsequent filings with the SEC. Copies of each filing may be obtained from the Company or the SEC. All forward-looking statements reflect our beliefs and assumptions only as of the date of this presentation. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

Definitions of Certain Key Business Metrics

Annual Recurring Revenue ("ARR") – We derive the vast majority of our revenues from recurring software subscriptions. We believe ARR provides us with visibility to our projected software subscription revenues in order to evaluate the health of our business. Because we recognize subscription revenues ratably, we believe investors can use ARR to measure our expansion of existing customer revenues, new customer activity, and as an indicator of future software subscription revenues. ARR is based on monthly recurring revenues ("MRR") from software subscriptions for the most recent month at period end, multiplied by twelve. MRR is calculated by dividing the software subscription price, inclusive of discounts, by the number of subscription covered months. MRR only includes customers with MRR at the end of the last month of the measurement period.

Net Revenue Retention Rate ("NRR") – We believe that our NRR provides insight into our ability to retain and grow revenues from our customers, as well as their potential long-term value to us. We also believe it demonstrates to investors our ability to expand existing customer revenues, which is one of our key growth strategies. Our NRR refers to the ARR expansion during the 12 months of a reporting period for all customers who were part of our customer base at the beginning of the reporting period. Our NRR calculation takes into account any revenues lost from departing customers or customers who have downgraded or reduced usage, as well as any revenue expansion from migrations, new licenses for additional products or contractual and usage-based price changes.

Use and Reconciliation of Non-GAAP Financial Measures

In addition to our results determined in accordance with accounting principles generally accepted in the U.S. ("GAAP"), we have calculated non-GAAP cost of revenues, non-GAAP gross profit, non-GAAP gross margin, non-GAAP research and development expense, non-GAAP selling and marketing expense, non-GAAP general and administrative expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, Adjusted EBITDA, Adjusted EBITDA margin, free cash flow and free cash flow margin, which are each non-GAAP financial measures. We have provided tabular reconciliations of each of these non-GAAP financial measures used in this presentation to its most directly comparable GAAP financial measure.

Management uses these non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, and to evaluate financial performance and liquidity. Our non-GAAP financial measures are presented as supplemental disclosure as we believe they provide useful information to investors and others in understanding and evaluating our results, prospects, and liquidity period-over-period without the impact of certain items that do not directly correlate to our operating performance and that may vary significantly from period to period for reasons unrelated to our operating performance, as well as comparing our financial results to those of other companies. Our definitions of these non-GAAP financial measures may differ from similarly titled measures presented by other companies and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, our non-GAAP financial measures should be considered in addition to, not as a substitute for, or in isolation from, the financial information prepared in accordance with GAAP financial measures, and should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2024 and in our other reports periodically filed with the SEC.

Market & Industry Data

Market data and industry information used throughout this presentation are based on management's knowledge of the industry and the good faith estimates of management. The Company also relied, to the extent available, upon management's review of independent industry surveys and publications and other publicly available information prepared by a number of third-party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such assumptions and resulting estimates. Although the Company believes that these sources are reliable, the Company cannot guarantee the accuracy or completeness of this information, and the Company has not independently verified this information. While the Company believes the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. No representations or warranties are made by the Company, any of its affiliates or underwriters as to the accuracy of any such statements or projections. Projections, assumptions and estimates of the Company's future performance and the future performance of the industry in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in the Company's estimates and beliefs and in the estimates prepared by independent parties.

Company & Strategy Overview

Driving Durable Growth by
Solving Indirect Tax Complexity



Our North Star is to **accelerate** global commerce and **empower** businesses to transact, comply and grow with confidence...



...by delivering a **global, best-in-class, end-to-end indirect tax platform**

Global Leader in Tax Technology

- ✓ Established indirect tax industry leader with significant competitive advantages
- ✓ Proven track record of driving durable growth at scale
- ✓ Attractive margins and strong profitability
- ✓ Mission critical partner to highly loyal and attractive customer base with complex needs
- ✓ Expanding ecosystem partnerships that have the potential to accelerate customer acquisition and growth

17.5%

Annual Recurring Revenue CAGR
2020-2024 ⁽¹⁾

95%

Gross Retention Rate ⁽²⁾

33.5%

Cloud Subscription CAGR
2020-2024 ⁽¹⁾

>60%

Fortune 500 ⁽³⁾

85%

Subscription Revenue
as % of Revenue ⁽²⁾

69%

Scaled Customer Count Growth
2020-2024 ⁽¹⁾⁽⁴⁾

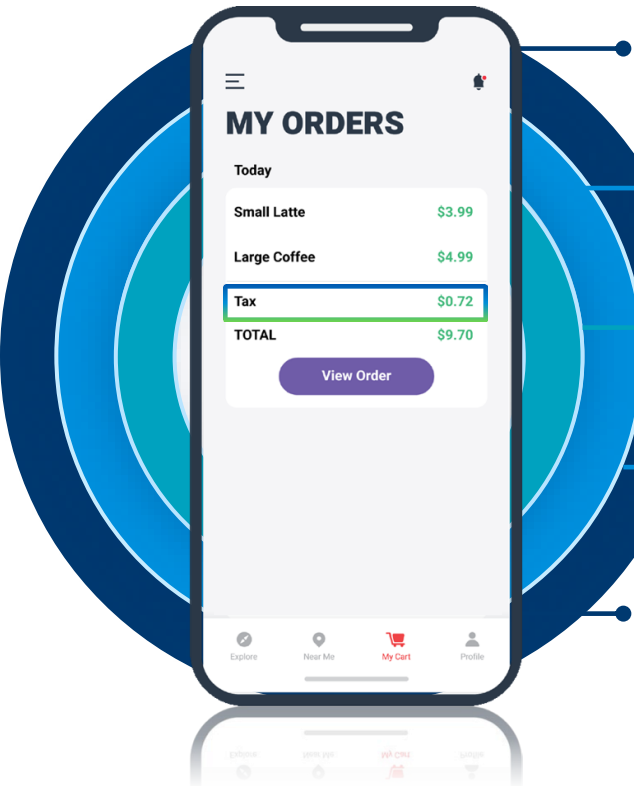
(1) Based on information as of December 31, 2024

(2) Based on information as of June 30, 2025

(3) Top 10 companies within the Fortune 500 by industry are based on annual revenue as of December 31, 2024

(4) Scaled customers are those driving Vertex revenue of more than \$100,000 per year.

Indirect Taxes Encompass High Degree of Complexity



BILLIONS
of transactions

THOUSANDS
of taxing jurisdictions

THOUSANDS
of products and services

In **REAL-TIME**
spanning **OMNICHANNEL** platforms

And **ACROSS THE GLOBAL**
SUPPLY CHAIN



\$4.4T
Global
Indirect Tax
Revenue⁽¹⁾

3.1X Greater Than
Corporate Income
Tax Revenue ⁽¹⁾

Multiple Secular Growth Drivers

Benefiting from Constant State of Change

Digital Transformation

Technology Refresh

Cloud Adoption

SaaS

IoT

PayTech

Business Complexity

Globalization

Product Expansion

M&A

Omnichannel

Supply Chain

Marketplaces

Regulatory Change

E-invoicing

Real-time Reporting

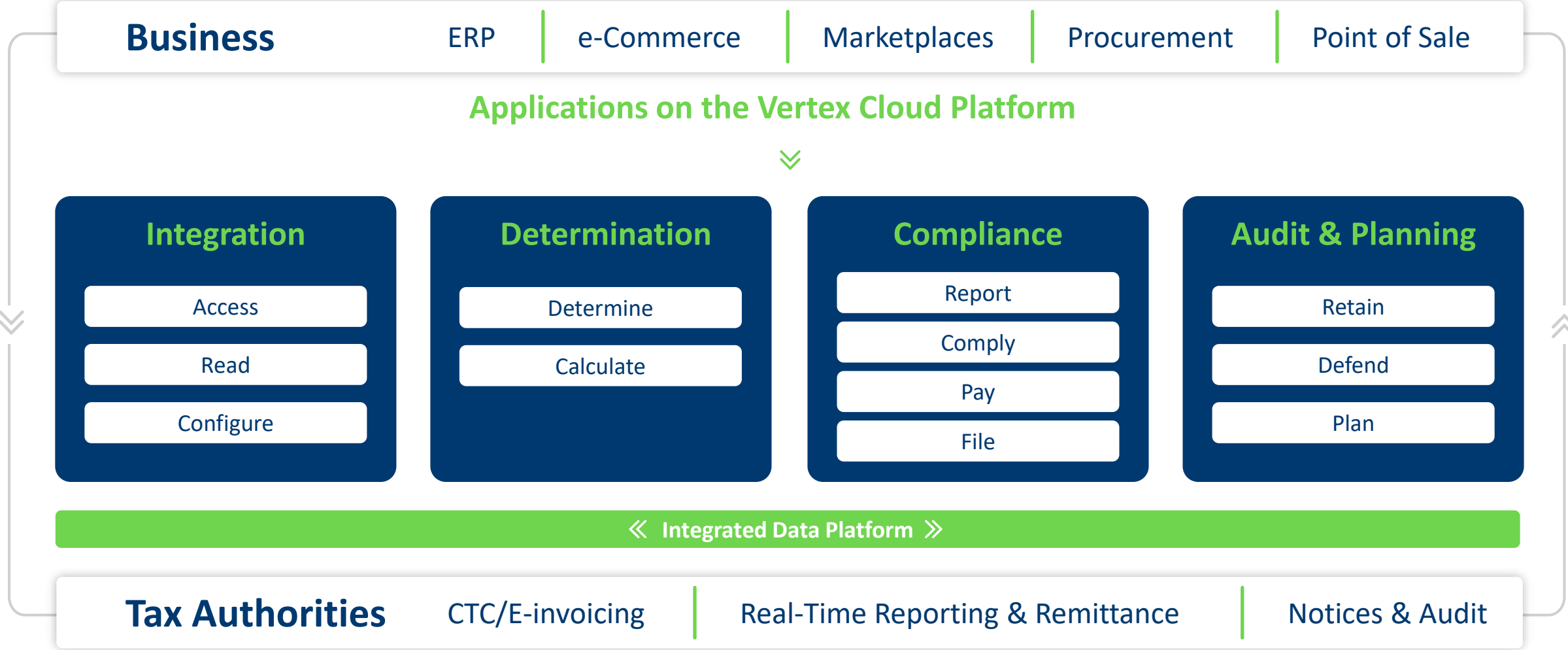
Digital Services

Duties & Fees

Audit

Cross-Border

Unmatched End-to-End Indirect Tax Solutions



A Complete Ecosystem of Comprehensive Solutions

Applications

Integration

Determination

Compliance

Audit & Planning

Vertex Solutions

Services provide broad range of administrative, operational, and optimization support

- Implementation Services
- System Optimization Services
- Managed Services Outsourcing

Supports every step of the tax determination process

- Vertex O Series
 - Sales Tax
 - Consumers Use Tax (CUT)
 - Value Added Tax (VAT)
 - Goods & Services Tax (GST)
- O Series Edge
- Vertex ERP Accelerators
- O Series for Retail
- Lat/Long Jurisdiction Locator
- Address Cleansing
- PLUS Tools for SAP ERP

Streamlines returns and filings to local tax authorities

- Certificate Center
- Sales and Use Tax Compliance
- Indirect Tax Returns North America
- VAT Compliance
- e-Invoicing
- Vertex for e-Commerce
- Vertex for Marketplaces
- Vertex Advantage Plus
- Vertex Validator
- Vertex Invoice IQ

Unlocks the value of data to improve compliance and audit performance

- Vertex Data Integrity
- Vertex Indirect Tax Intelligence

Comprehensive Tax Content Database

Key Competitive Advantage

1 Billion+

Tax Rates and Rules
Continually Updated ⁽¹⁾

20,000+

Global
Jurisdictions ⁽¹⁾

AI Capabilities

Strengthened with
Humans In-the-Loop

195

Countries
Supported ⁽¹⁾

100+

Tax Experts
Worldwide ⁽¹⁾

SSAE 18

Certified Research
Process

Industry Specific Capabilities

Retail | Manufacturing | Communications Services | Medical/Healthcare | Lodging | Leasing | Construction | Banking | Services, & More

Mission Critical Partner to Highly Attractive Customer Base

Best-in-Class Solutions to Highly Complex Needs Drive Embedded Customer Relationships



4,862 ⁽¹⁾ Direct Customers

>60% ⁽²⁾ Of the Fortune 500

95% ⁽³⁾ GRR

Top 50 Customers by ARR Have Average Tenure of 19 Years



(1) Vertex direct customers are based on the Vertex active customer list as of June 30, 2025
(2) Top 10 companies within the Fortune 500 by industry are based on annual revenue as of December 31, 2024
(3) Based on information as of June 30, 2025

Enabling Clients to Successfully Navigate Complexity

Competitive Strengths Demonstrate Why Complex Customers Trust Vertex



Enterprise Reliability & Scalability

- Powerful solutions optimized for complexity
- Vast and dynamic global tax content database
- Multi-cloud, deployment flexibility
- Embedded IP in key source systems
- Accelerators



Product & Platform Leadership

- A many-to-one platform
- Multiple tax types
- Robust AI capabilities

Why We Win

Proven Go-to-Market Success

- Strategic ERP and implementation partner alliances
- Frictionless integrations to power customer growth
- Strong customer references



Superior Services and Support

- Customer-first mindset
- Industry recognized and highly differentiated support teams



Consistent Growth Algorithm Drives Reliable Growth

Sustainable Drivers leading to Long-term Revenue Growth of Mid to High Teens+

Growth Algorithm – New ARR

~70% Expanding Existing Customers



~30%

95% GRR - >> - 109% NRR

Price

~25%

Consistently Delivering Value
Realization Advantage

Growth

~25%

Expanding Usage

Cross-sell, Up-sell,
Cloud Conversions

~50%

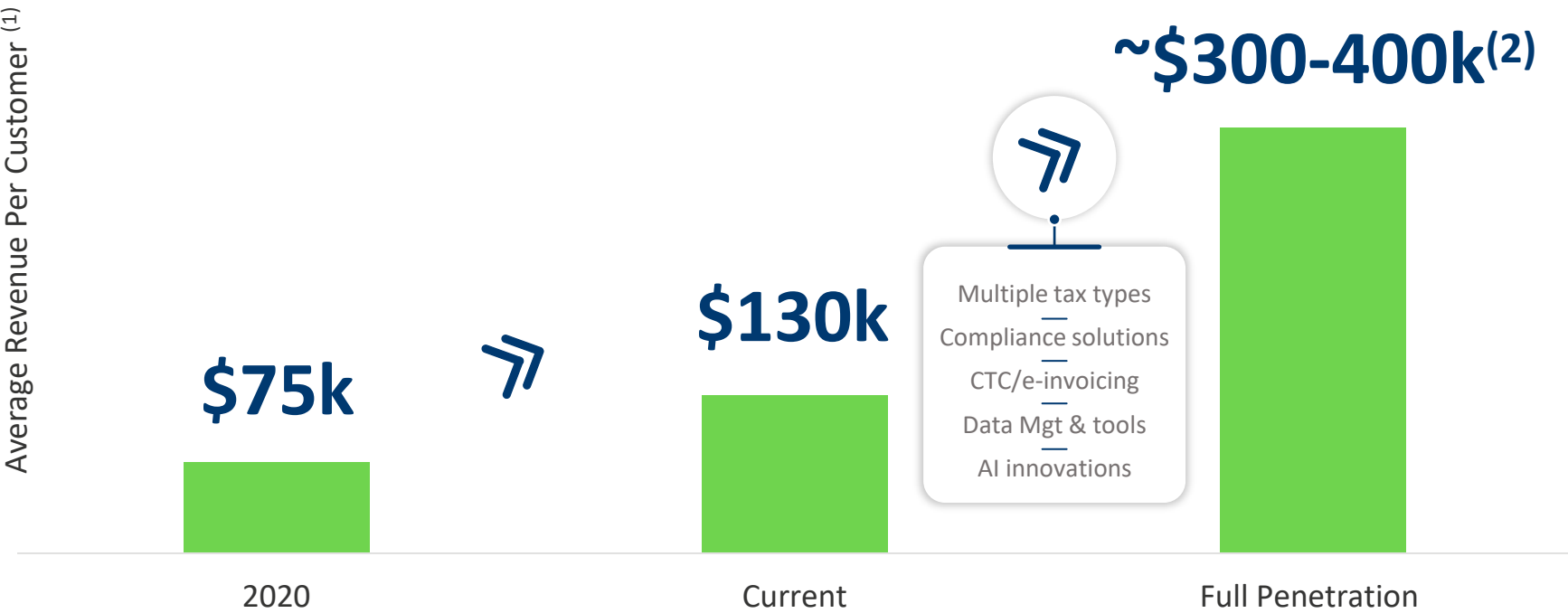
ERP Migration +
Key Partner Relationships



**New Logo
Growth**

« Focus of '20-'23 Investments »

Long Runway for Significant Growth with Loyal Install Base



Drivers

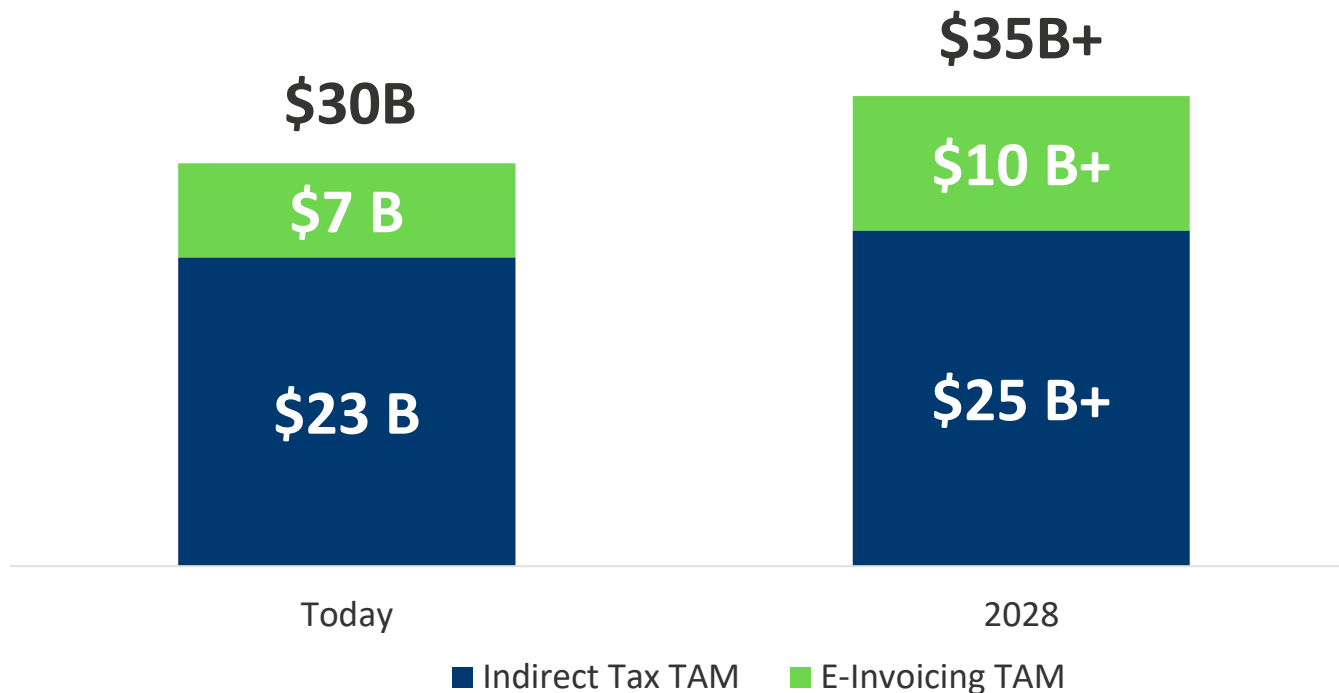
Digital Transformation

Business Complexity

Regulatory Change

(1) Value as of December 31, 2020 and December 31, 2024
(2) Based on management estimates

A Vast Addressable Market for Our Solutions



Key Drivers

Expanding regulatory requirements

Heightened need for determination & compliance

Growth in overall trade and commerce

E-invoicing mandate growth and expansion

Investing for Accelerating Growth

Continuing to Build-out Advantaged E2E Platform, Integrating AI

Integration

Determination

Compliance

Audit & Planning

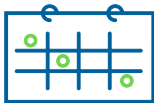


E-invoicing



Tax Content Expansion & Delivery

Data Management



Monthly Close Automation



Audit Management

World Class Executive Leadership Team Delivering Results



David DeStefano
Chief Executive Officer



John Schwab
Chief Financial Officer



Sal Visca
Chief Technology Officer



Chris Jones
Chief Commercial Officer



Chirag Patel
Chief Strategy Officer



Uwe Sydon
Senior Vice President of
Product Management



Ann Hollins
Chief People Officer



Jeff Foucher
Chief Marketing Officer



Michael Bernard
Chief Tax Officer

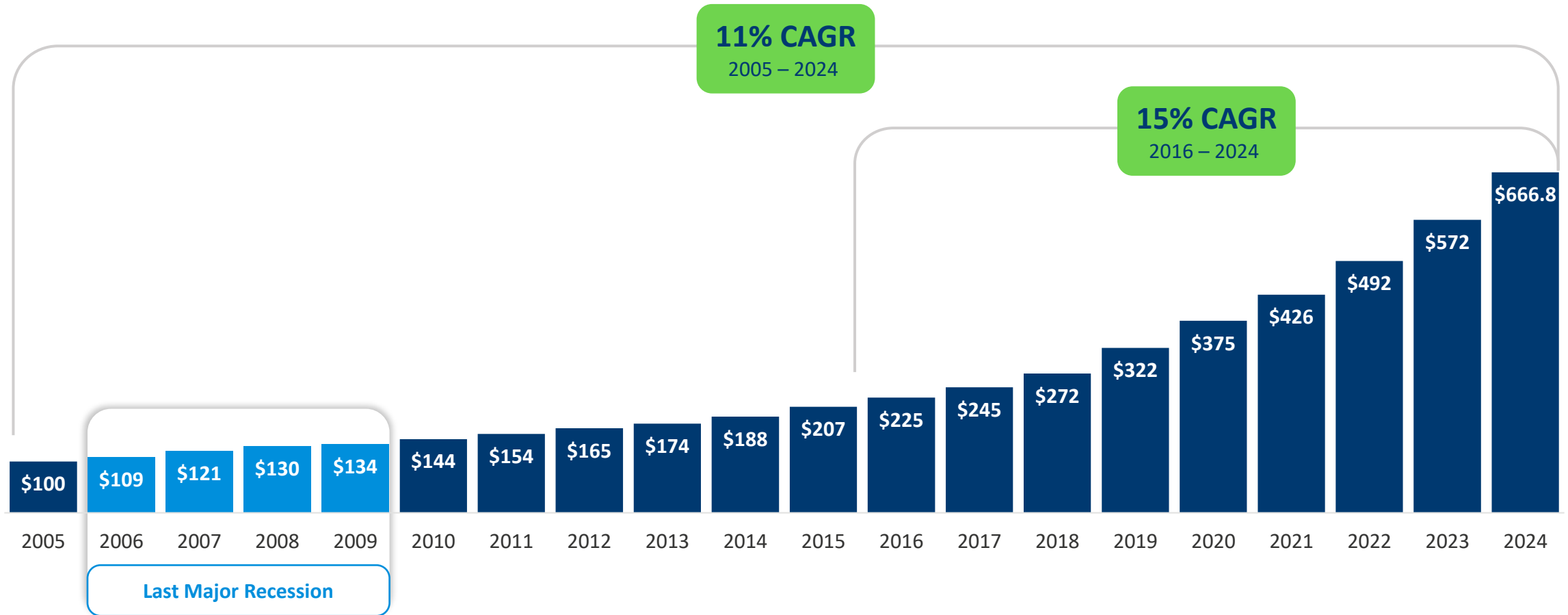
Financial Overview & Outlook

Well-Positioned for
Durable Growth



Consistent Long-term Revenue Growth

Sustained Revenue Momentum Since Strategic Shift



Well-Positioned for Durable Growth



Highly Recurring Revenue Model

85% of revenue derived from long-term subscriptions

Mission critical ⁽¹⁾, best-in-class offering with **94-96% GRR** ⁽¹⁾



Consistent and Durable Growth at Scale

Runway for existing customer penetration + underlying transaction growth

Multiple favorable secular drivers leading to new products, new logos



Proven Ability to Drive Earnings Leverage

Completed investment in 2023 in Go-to-Market, Customer Success Organization, New Products, and Corporate Infrastructure

Accelerating earnings **momentum** in 2H23 and 2024



Sustainable Growth Opportunities

Continued **expansion** of average revenue per customer

New logo growth from expanding products and geographies

Targeted bolt-on M&A

Long-term tailwinds – E-invoicing adoption and ERP conversions

Resilient Recurring Revenue

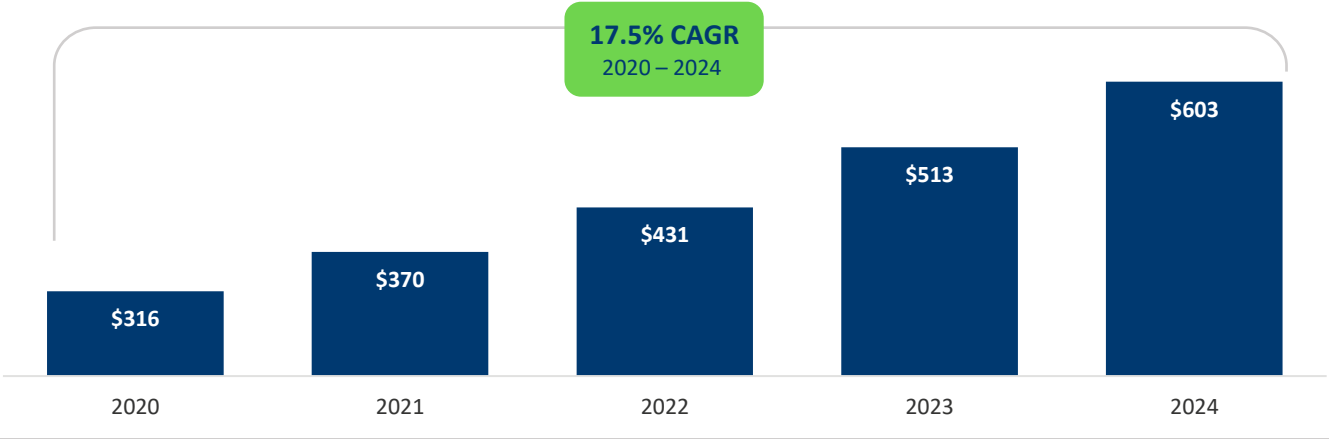


Recurring revenue model with **multiple levers** for growth

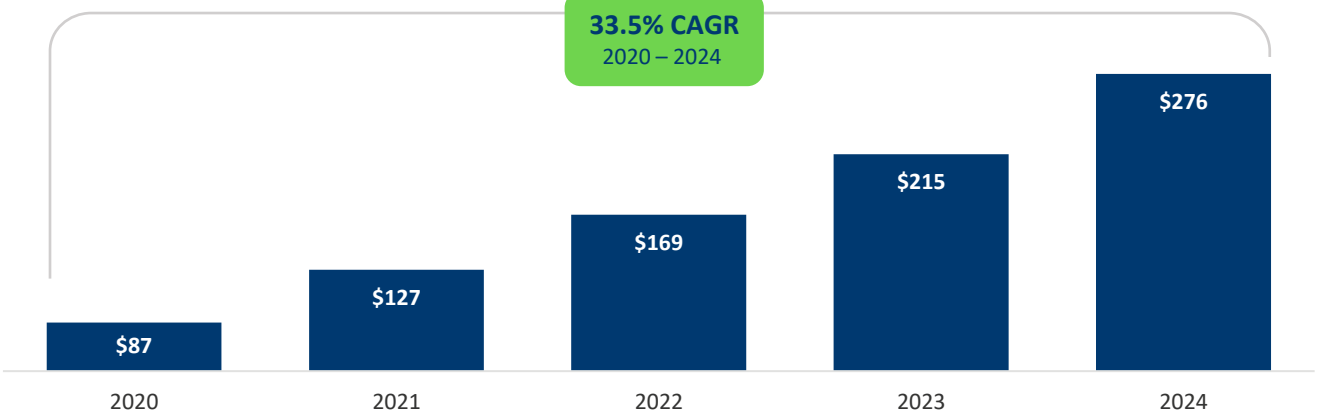


Cloud revenue growth of **29%** in 2024

Annual Recurring Revenue (ARR)



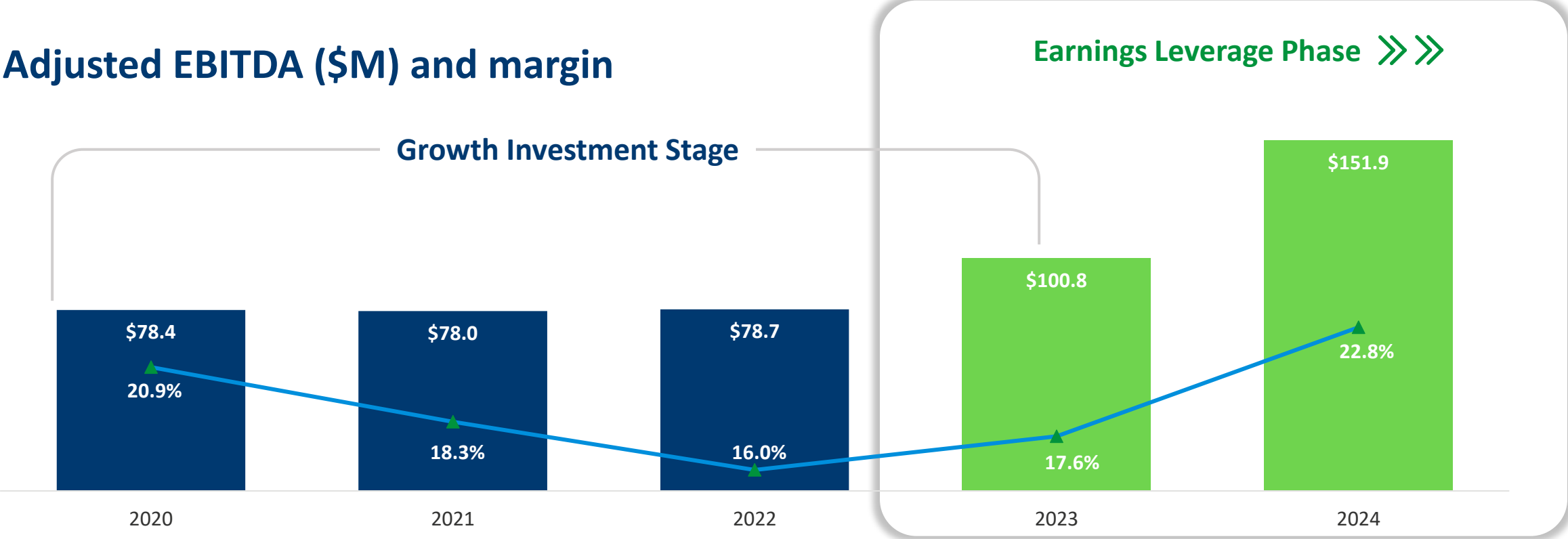
Cloud Subscription Revenue



Increasing Earnings Leverage

Reaping the Rewards of Prudent Investments for Growth

Adjusted EBITDA (\$M) and margin



Prudent Investments in Growth and Innovation



Effective Development and Commercialization



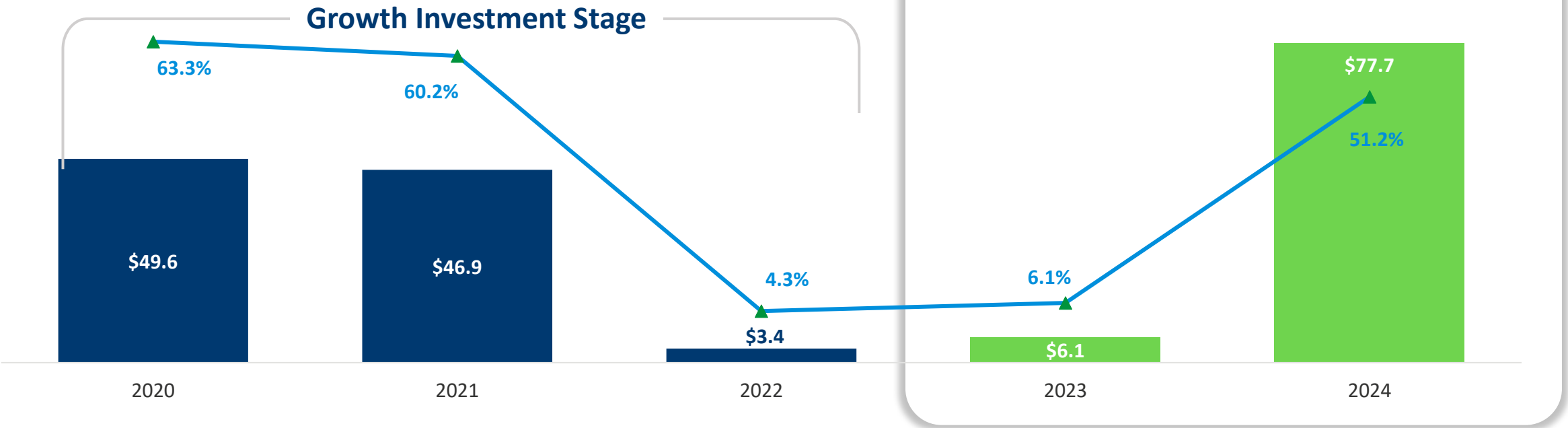
Accelerating Financial Momentum



(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures; for a reconciliation non-GAAP measures to the nearest GAAP equivalent, see the Appendix

Increasing Free Cash Flow Generation

Free Cash Flow and Conversion (\$M)⁽¹⁾



Increasing FCF



Increasing FCF Conversion



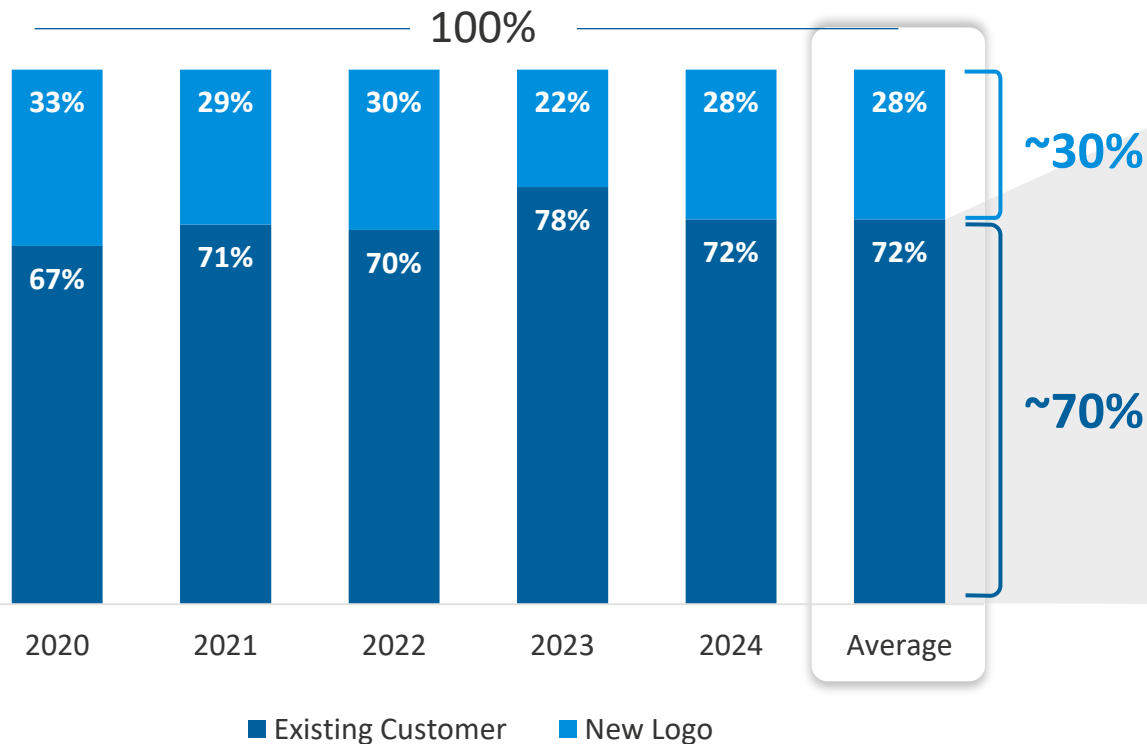
Accelerating Financial Momentum

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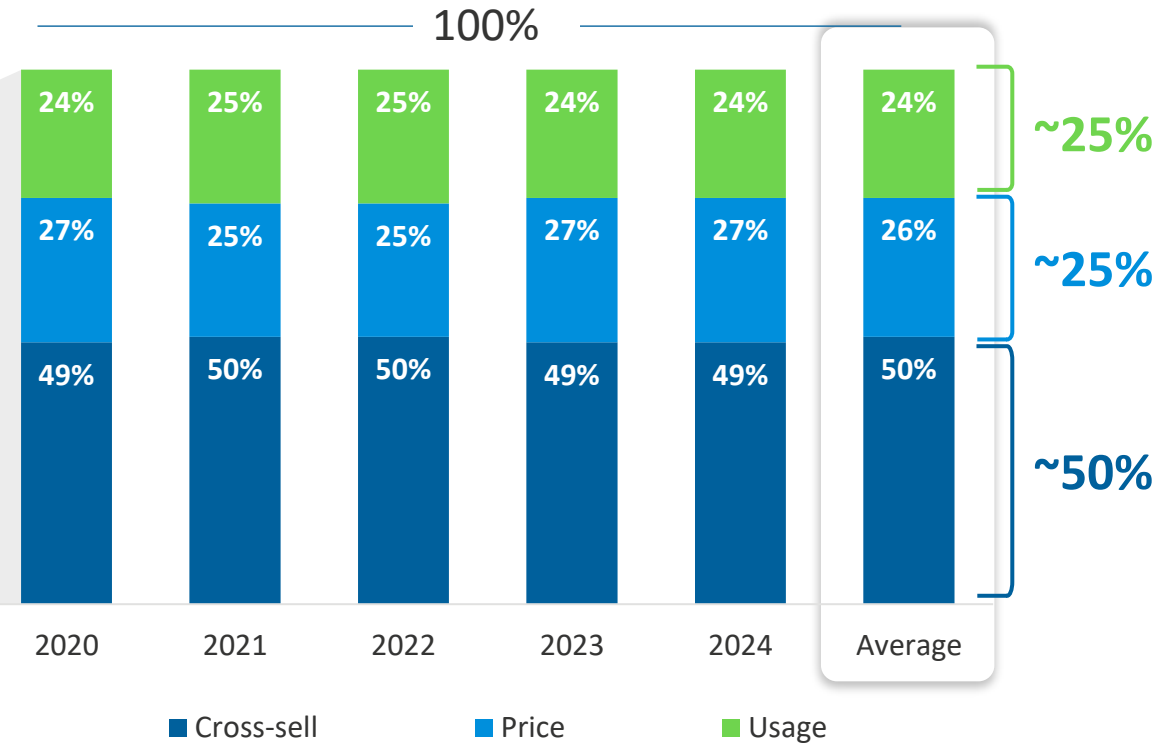
Consistency of New ARR Fuels Our Growth Algorithm

Reliable, Resilient Growth Composition

Existing Customer vs. New Logo



Existing Customers



Selectively Targeting Accretive, Bolt-on M&A

Acquisition Criteria

M&A growth is supplemental to current long-term projections

Complement and accelerate organic growth

Accretive over short run with $IRR > WACC$

Expand new market opportunities

Provide complementary products and services

e-Invoicing Acquisition: eCOSI()

- **e-Invoicing / Continuous Transaction Control (CTC)** is a key indirect tax pain point for global customers
- **Enterprise customers** will be most impacted by the proliferation of E-invoicing regulations
- Platform provides **integrated approach to VAT compliance and e-invoicing** that existing market solutions lack
- Vertex/ecosio solution enables **seamless connection across end-to-end platform**
- Leverages Vertex's **strengths in automation and connection to partner ecosystems** (SAP, Oracle, MS etc.)
- **Performance aligned** via earn-out mechanism

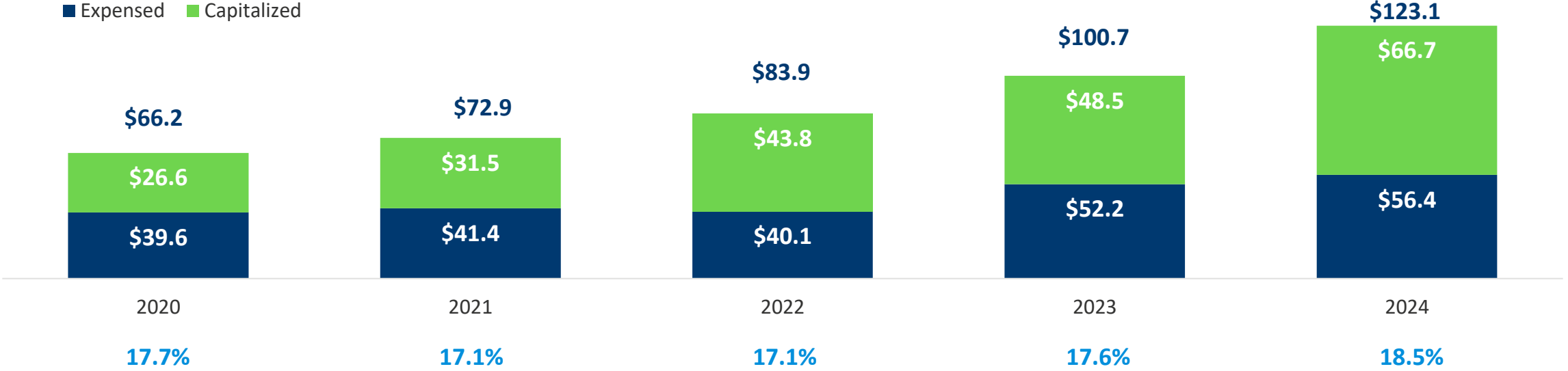
AI Acquisition:

- Acquired **additive AI capabilities** from award-winning tax services and software firm in June 2024
- Software is designed to more effectively manage the complexity of **tax mapping**
- The acquisition will **accelerate Vertex's AI innovation strategy** to help global companies manage tax complexity with **greater speed and scale**

Investing in Growth through R&D

Continuing to Enhance the Platform through Innovation

Annual Research and Development Investment (\$M)



Percent of Revenue

Expect to Remain in Similar Range

Disciplined Capital Allocation Framework

Strategically Focused on Indirect Tax Lifecycle



Capital Allocation Priorities

e-Invoicing	Other Organic Investments	Targeted M&A	Debt Repayment	Return of Capital to Shareholders
Additional country coverage ecosio integration	R&D/New Product Development Tax Content Enhancements Go-to-Market	Opportunistic bolt-on acquisitions	Convert 2029 ecosio earn-out	Opportunistic Buybacks

Key Takeaways

Highly attractive recurring revenue model,
sticky customer relationships

Durable growth algorithm delivering
mid-high teen revenue growth

Proven earnings leverage from disciplined
investment cycle

Disciplined capital allocation prioritizing
targeted growth investment and bolt-on M&A

2028 growth targets demonstrate clear
path to **consistent growth**



Q&A

THANK YOU



Appendix

Adjusted EBITDA and Adjusted EBITDA margin Reconciliation (1)

(\$ in Thousands)

Adjusted EBITDA	2020	2021	2022	2023	2024
Net Income (Loss)	(75,081)	(1,479)	(12,304)	(13,093)	(52,729)
Interest expense (benefit), net	3,111	984	2,048	4,164	(4,137)
Income tax expense (benefit)	(32,788)	(2,447)	2,174	(8,581)	54,683
Depreciation and amortization – property and equipment	11,018	11,678	12,440	15,202	20,953
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	21,021	32,291	44,934	54,048	59,302
Amortization of acquired intangible assets - selling and marketing expense	176	813	3,779	2,641	2,478
Amortization of cloud computing implementation costs – general and administrative	-	-	-	2,570	4,007
Stock-based compensation expense	147,904	26,160	19,729	33,919	47,425
Severance expense	3,031	5,232	877	3,576	3,048
Acquisition contingent consideration	-	-	2,300	1,549	(2,575)
Litigation settlements	-	-	2,000	-	-
Change in fair value of acquisition contingent earn-outs	-	-	-	-	17,500
Transaction costs	-	4,748	696	4,853	2,032
Adjusted EBITDA (\$)	\$78,392	\$77,980	\$78,673	\$100,848	\$151,942
Adjusted EBITDA Margin:					
Total revenues	374,665	425,548	491,624	572,387	666,776
Adjusted EBITDA margin (%)	20.9%	18.3%	16.0%	17.6%	22.8%

(1) Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures. The above table reconciles these non-GAAP financial measures to the most directly comparable GAAP financial measures. Refer to Form 10-K for the twelve months ended December 31, 2024 for additional information regarding the Company's use of these non-GAAP financial measures

Free Cash Flow and Free Cash Flow Conversion Reconciliation (1)

(\$ in Thousands)

Free Cash Flow:	2020	2021	2022	2023	2024
Cash provided by operating activities	59,543	90,289	63,848	74,332	164,821
Redemption of Converted SARs	22,889	-	-	-	-
Property and equipment additions	(20,955)	(31,706)	(45,532)	(49,261)	(65,769)
Capitalized software additions	(11,850)	(11,660)	(14,888)	(18,972)	(21,344)
Free cash flow (\$)	\$49,627	\$46,923	\$3,428	\$6,099	\$77,708
Free Cash Flow Conversion:					
Adjusted EBITDA	78,392	77,980	78,673	100,848	151,942
Free cash flow conversion (%)	63.3%	60.2%	4.3%	6.1%	51.2%

Research & Development Expense Reconciliation (1)

(\$ in Thousands)

Non-GAAP Research and Development Expense:	2020	2021	2022	2023	2024
Research and development expense	54,340	44,018	41,877	58,212	66,666
Stock-based compensation expense	(14,694)	(2,620)	(1,798)	(5,994)	(9,548)
Transaction costs	-	-	-	-	(723)
Non-GAAP research and development expense (\$)	\$39,646	\$41,398	\$40,079	\$52,218	\$56,395