



Taxamo

Taxamo Acquisition Summary
May 17, 2021

Disclaimer

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: the risk of adverse and unpredictable macro-economic conditions, the failure to achieve expected synergies and efficiencies of operations between Vertex and Taxamo, the ability of Vertex to successfully integrate the Taxamo business, the loss of any Taxamo customers, the ability to coordinate strategy and resources between Vertex and Taxamo, and the ability of Vertex to retain and motivate key employees of Taxamo. Additional factors that could cause actual results to differ materially from these forward-looking statements are detailed from time to time in the reports Vertex files with the Securities and Exchange Commission, including in its Annual Report on Form 10-K for the fiscal year ended December 31, 2020. .

Definitions of Certain Key Business Metrics

Annual Recurring Revenue – 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 – 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, 2020 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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 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 the 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.

Transaction Overview



Taxamo

Summary

Vertex today announced it has acquired Taxamo

Company Profile

Taxamo is a cloud-based pioneer in global tax solutions for e-commerce and marketplace online sales

Financials

The purchase price for Taxamo was approximately \$200 million in an all-cash transaction.

Management

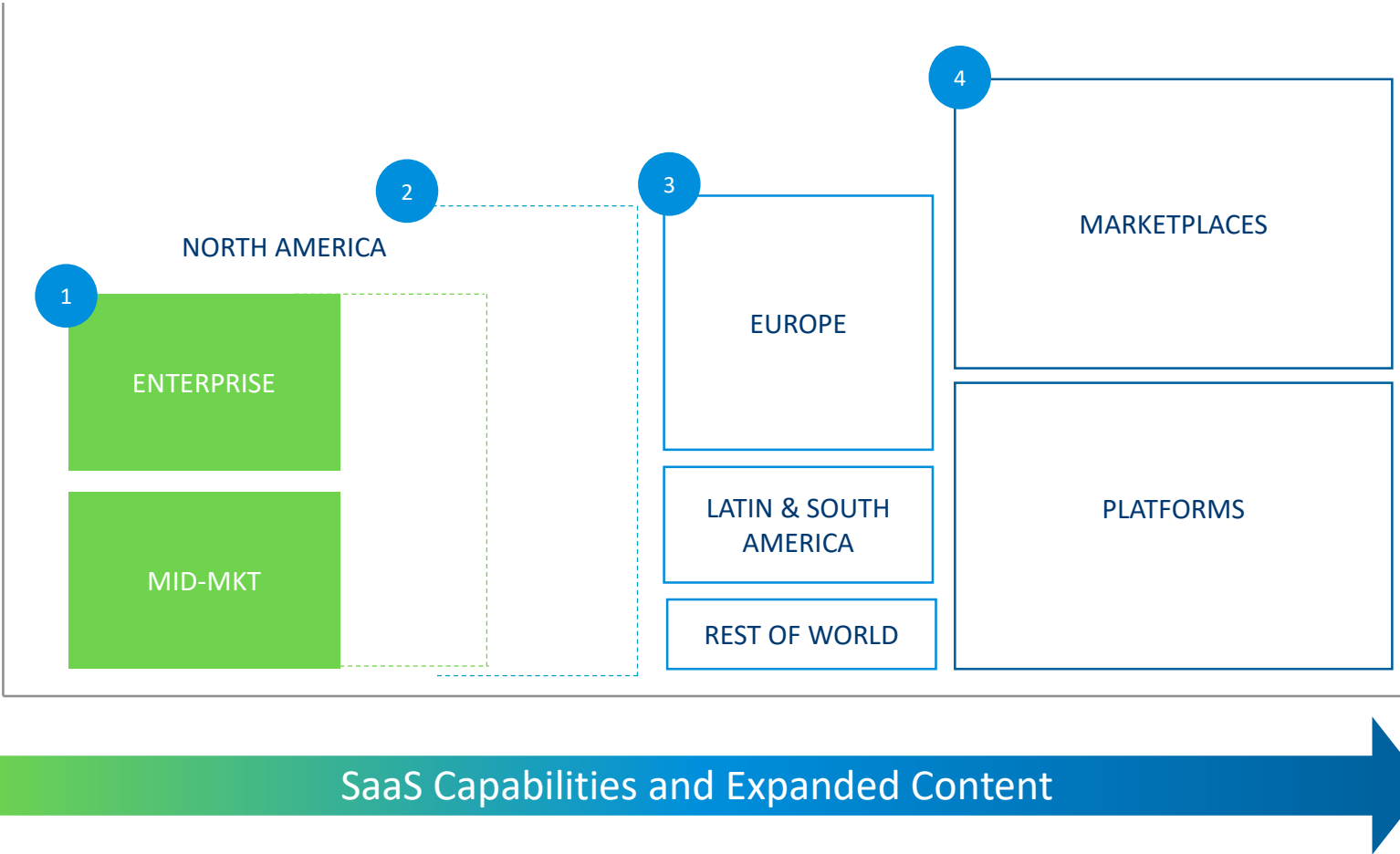
Taxamo Founder and CEO John McCarthy will be joining Vertex in a senior leadership role overseeing the company’s global e-commerce and marketplace strategy.

Taxamo employees will be retained with additional investments to accelerate combined vision and capabilities

Acquisition expands TAM and accelerates all pillars of our growth roadmap

Leverage organic innovation and M&A to:

- 1 Expand Customer Revenues
- 2 Acquire New Customers
- 3 Extend Global Footprint
- 4 Enter Adjacent Markets



Strategic Rationale

1

Accelerate ecommerce
and marketplace growth

2

Expand mid-market
share in US and Europe

3

Compelling customer
cross-sell opportunity

4

Capitalize on emerging
compliance obligations

5

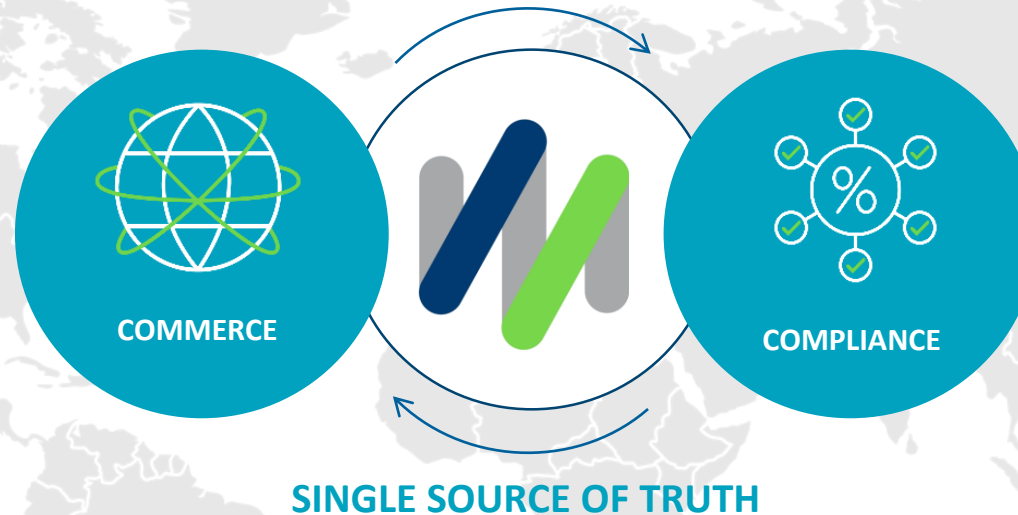
Differentiating additions to existing
SaaS & content capabilities

Connected Solutions to Accelerate Global Commerce and Compliance

End-to-end automation enabling every business to transact, comply and grow with confidence



- Enterprise Scale
- Large Global Customer Base
- Broad Partner Ecosystem
- Leading Content Database



Taxamo

- eCommerce & Cross-Border Transactions
- Payment and eInvoicing Solutions
- Digital Goods & Services Content

Taxamo

Cloud-native tax solutions for global e-commerce and marketplaces

Locations

Ireland
UK
Poland

Expertise

Payments
eCommerce
VAT/GST

Clients

150+
Global Digital Businesses

Differentiated Solutions

- **True end-to-end automation:** Registration, filing and qualified tax payment services
- **B2B & B2C marketplace compliance:** Seller validation, liability assessment, invoicing and payment

Taxamo customer base is diverse across regions and growth verticals



Acquisition Highlights



Expand
Our
Portfolio
and TAM



Extend Our
Global
Reach



Open New
Market
Opportunity

Acquisition expands our portfolio and addressable market



Enterprise & Mid-Market

Content

Ecosystem

Capabilities

Payment

Invoicing

Vertex

Taxamo



Ecommerce Platforms

Content

Ecosystem

Payment

Invoicing

FX/Settlement



Marketplaces

Content

Categorization

Registration

Multi seller, Line-
Item Assessment

Invoicing



Supply Chain Systems

Freight

Logistics

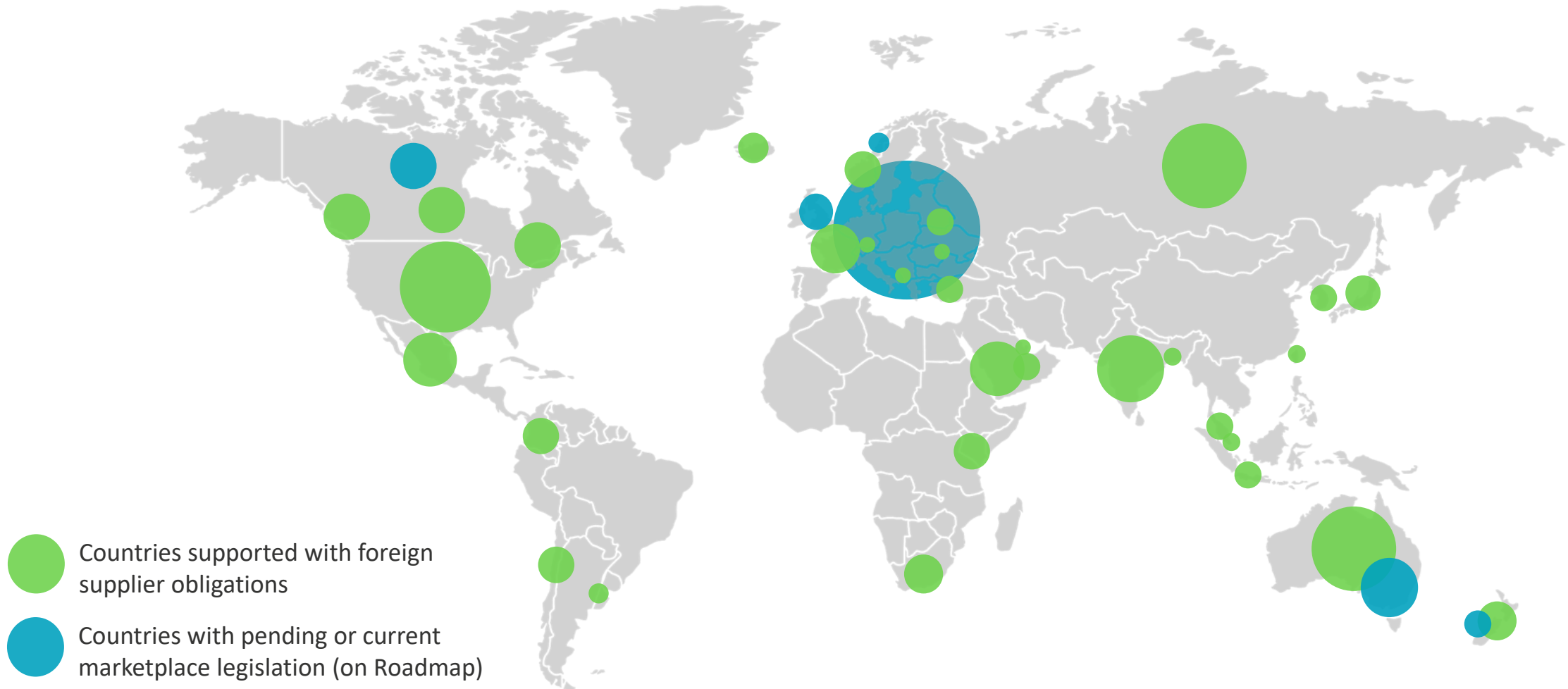
Shipping

Parcel

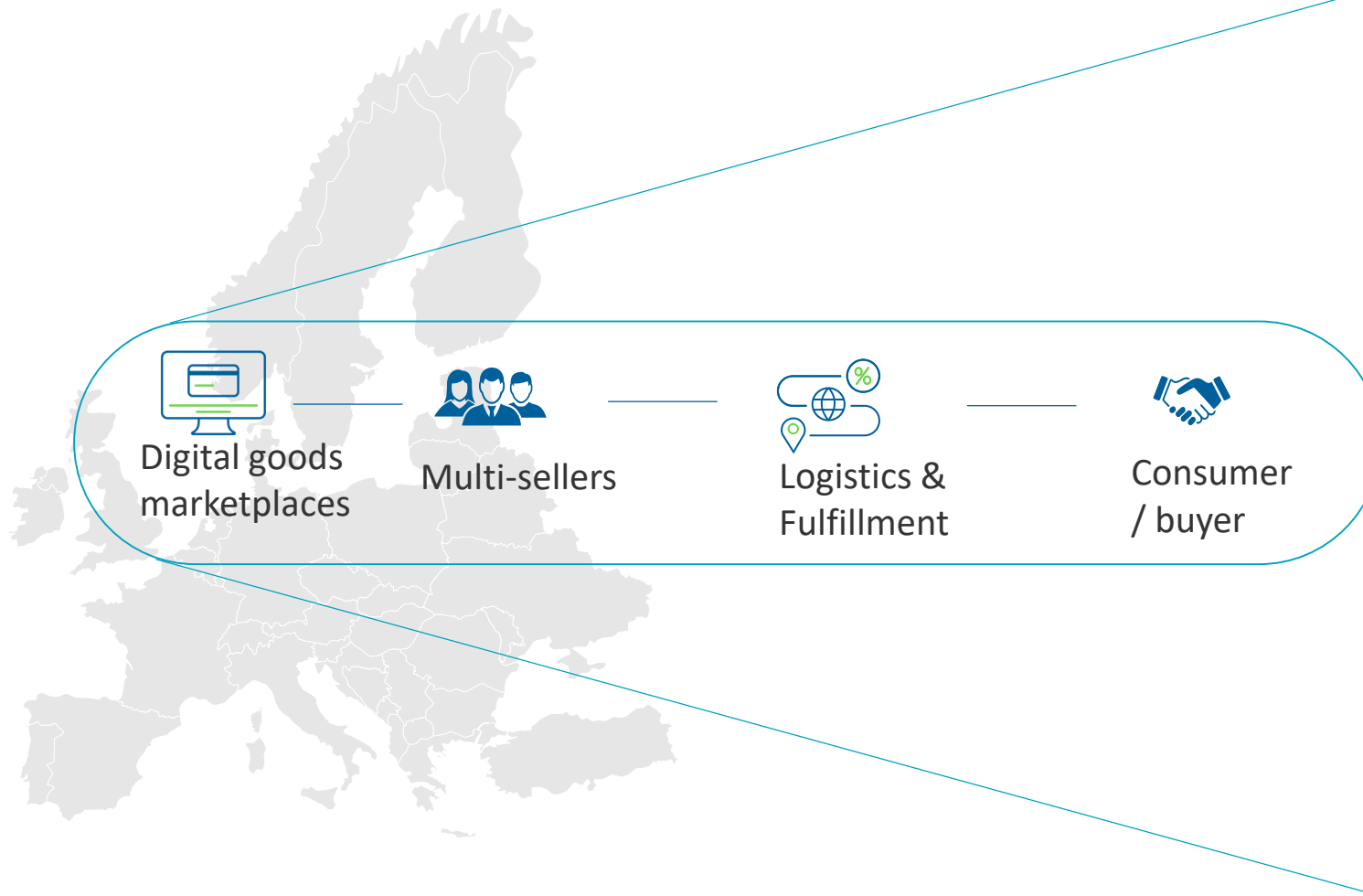
Customs & Duties

*Additional use cases
under consideration*

Acquisition extends our global reach in supporting cross-border marketplace and digital services compliance requirements



Acquisition enables growth opportunity in adjacent markets



Ecosystem Enablers



- Enterprise software
- Payment processor

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Marketplace Platforms



- Online labor
- Online sharing
- Digital services

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Marketplace Jurisdictions



- Canada
- South America
- Asia Pacific