Vertex

NASDAQ: VERX

Third Quarter 2026 Earnings

11/04/2026

CONFERENCE CALL

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, 2025 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, 2025 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.

© Vertex, Inc. All rights reserved.

Christopher Young

PRESIDENT AND CHIEF EXECUTIVE OFFICER



Third Quarter 2026 Highlights

REVENUE OF

$213.3 million

up 11.0%

compared to third quarter 2025

Third quarter guidance:
$208 to $211 million

ADJUSTED EBITDA OF

$64.8 million

up 49.0%

compared to third quarter 2025

Adjusted EBITDA margin of 30.4 percent
Third quarter guidance: $55 to $57 million

Stable GRR, uptick in NRR

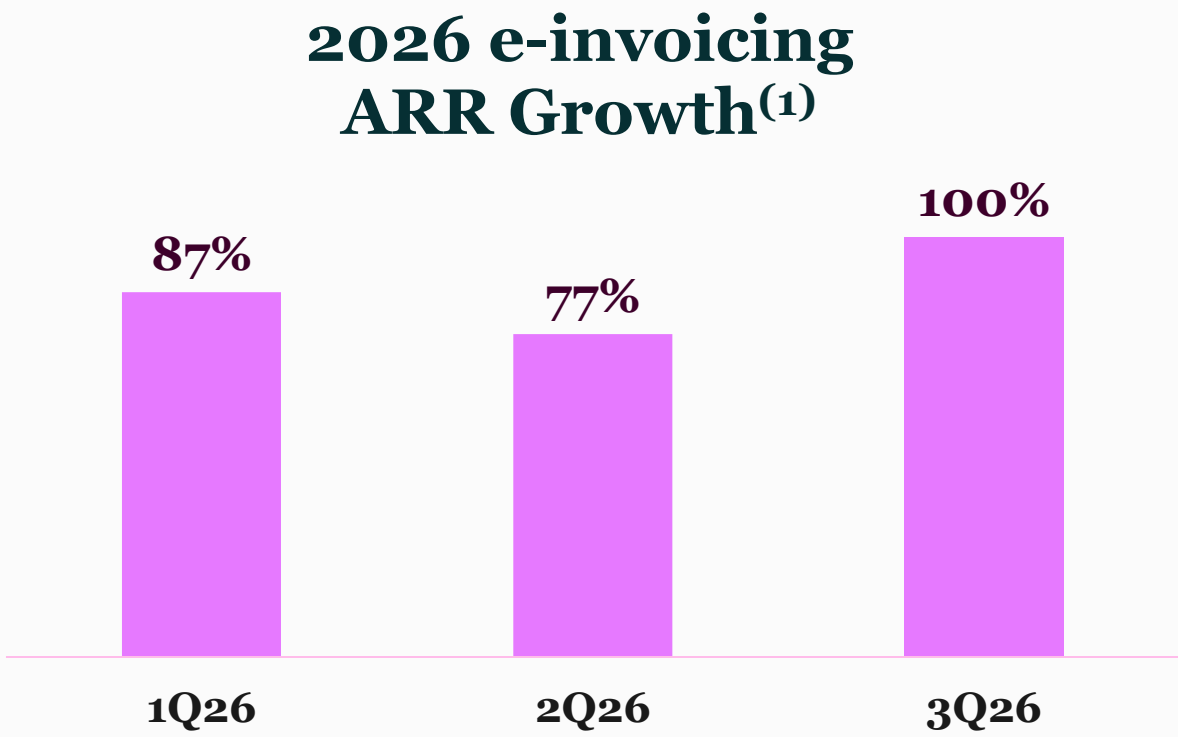
GRR 95% NRR 106%

Notes
1. Based on information as of September 30, 2026.
2. Adjusted EBITDA is a non-GAAP measure, for a reconciliation of this non-GAAP measure to the nearest GAAP measure, see Appendix.

E-invoicing Updates

Continued strong performance from e-invoicing business

- E-invoicing drove re-acceleration of cloud revenue in the third quarter
- French mandate successfully launched in September
- ecosio and Brinta continue to outperform acquisition assumptions
- Selected by Avanade, the joint venture between Microsoft and Accenture, as its e-invoicing technology partner
- Germany mandate on track for January 1, 2027



(1) Organic growth (excluding Brinta) was 66% in Q1, 52% in Q2, and 71% in Q3 2026

© Vertex, Inc. All rights reserved.

Artificial Intelligence Update



AI-first is expanding our capacity to innovate

AI is helping our engineering teams move faster and deliver more

ENGINEERING EFFICIENCY

109%

improvement in engineering efficiency since the beginning of the year

AI is helping our engineers move faster.

~2x

THROUGHPUT

code contribution throughput vs. the beginning of the year

BOARD-LEVEL AI EXPERTISE

Debanjan Saha

CEO, DataRobot

A proven leader in scaling AI, data and cloud businesses, now on our Board of Directors as we continue building an AI-first Vertex.

© Vertex, Inc. All rights reserved.

Vertex Exchange brought our transformation to life

A new brand

An outward expression of our transformation

Decision-to-Defense™

From the tax decision to the evidence that follows

Vertex Sōl

Our vision for a connected, AI-powered experience



Unveiling Vertex Sōl on the main stage at Vertex Exchange 2026

© Vertex, Inc. All rights reserved.

Q3 2026
NEW BUSINESS WINS



© Vertex, Inc. All rights reserved.

Select Existing Customer New Business Wins

Industry	New Revenue	Ecosystem	Catalyst	Solution
Technology/Software	Low seven figures	SAP/Ariba	Contract renewal and expansion	Sales Tax, Use Tax, Communications Tax, Address Cleansing
Mobility and Delivery	Mid six figures	Internally developed ERP	Global expansion	E-invoicing, multi-country coverage
Food Packaging	Mid six figures	Oracle	ERP/Tax modernization	Comprehensive value added tax compliance solution

Select New Logos

Industry	New Revenue	Ecosystem	Catalyst	Solution
Consumer/ Athletic Apparel	Low seven figures	SAP	Competitive displacement / SAP transformation	Sales Tax, Use Tax, Vertex Edge, Address Cleansing, SAP Accelerator
Software	Low six figures	Workday/Salesforce	Spinoff	Sales Tax, Use Tax, Certificate Center, Address Cleansing, Vertex Consulting
Pharmaceutical	Low six figures	SAP	Automation of VAT compliance, audit readiness	VAT Compliance, SAP VAT Extractor, e-Reporting

Financial Overview & Outlook

Quarter Ended: 09/30/2026



© Vertex, Inc. All rights reserved.

Q3 2026 Results: Revenue

TOTAL REVENUE
$213.3M
+11.0%
Year-Over-Year Change

SOFTWARE SUBSCRIPTION REVENUE
$181.7M
+10.2%
Year-Over-Year Change

SERVICES REVENUE
$31.6M
+15.8%
Year-Over-Year Change

CLOUD REVENUE
$110.8M
+20.4%
Year-Over-Year Change

ANNUAL RECURRING REVENUE (ARR)
$724.3M
+11.7%
Year-Over-Year Change

Notes:
1. Based on information as of September 30, 2026.

Q3 2026 Results: Customer Metrics

Gross Revenue Retention	Net Revenue Retention	Scaled Customer Growth (Count)
95%	106%	+9%
Stable Q/Q	+1 point Q/Q	+1 point Q/Q

Average Annual Revenue Per Direct Customer (AARPC)
$145,793
+9.2% YoY

Notes:
1. Based on information as of September 30, 2026.

Q3 2026 Results: Profitability (Non-GAAP Metrics)

Overall Gross Margin	Software Subscription Gross Margin	Services Gross Margin	Adjusted EBITDA
77.6%	84.6%	37.7%	$64.8M
+370 bps YoY	+316 bps YoY	+886 bps YoY	+48.9% YoY

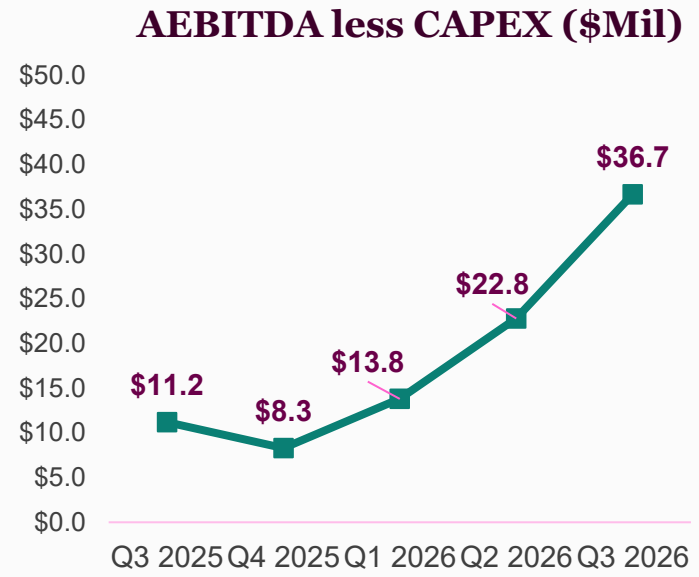
AEBITDA Margin	Free Cash Flow*	Proforma Free Cash Flow*	Proforma FCF Conversion*
30.4%	$25.2M	$33.8M	52%
+773 bps YoY	*Cash Flow impacted in 3Q26 by $8.6 million of VCP and other cash reorganization costs		

Notes:
1. Based on information as of September 30, 2026.
2. Adjusted EBITDA is a non-GAAP measure, for a reconciliation of this non-GAAP measure to the nearest GAAP measure, see Appendix.
3. Proforma free cash flow conversion is determined by dividing proforma free cash flow by Adjusted EBITDA.
4. Free cash flow defined as net cash provided by operating activities less purchases of property and equipment and capitalized software.

Adjusted EBITDA less CAPEX

$ millions

QUARTER	Adjusted EBITDA	CAPEX	AEBITDA less CAPEX
Q3 2025	$43.5	$32.3	$11.2
Q4 2025	$42.5	$34.2	$8.3
Q1 2026	$44.1	$30.3	$13.8
Q2 2026	$51.0	$28.2	$22.8
Q3 2026	$64.8	$28.1	$36.7



The 2026 Value Creation Program is driving operating efficiency while freeing up capital to invest in growth opportunities.

Financial Outlook

Q4 2026

Revenue expected to be

$215 to $217 million

Adjusted EBITDA expected to be

$58 to $60 million

FY 2026

Revenue expected to be

$828.9 to $830.9 million

19% Cloud Revenue Growth

Adjusted EBITDA expected to be

$217.9 to $219.9 million

Appendix



© Vertex, Inc. All rights reserved.

Adjusted EBITDA Reconciliation [1] ($ IN THOUSANDS)

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Adjusted EBITDA															
Net Income (Loss)	(18,132)	(6,896)	(3,399)	15,334	2,684	5,164	7,221	(67,798)	11,130	(961)	4,045	(7,003)	(2,510)	9,043	(46,633)
Interest expense (income), net	(350)	(105)	597	4,022	286	181	(2,938)	(1,666)	(1,539)	(1,228)	(1,245)	(1,236)	(957)	(344)	(342)
Income tax expense (benefit)	9,553	2,929	784	(21,847)	(4,535)	2,200	613	56,360	(5,105)	(1,675)	1,520	5,628	(7,139)	(13,142)	47,289
Depreciation and amortization – property and equipment	3,741	3,878	3,782	3,801	5,006	5,212	5,214	5,521	5,880	6,187	6,372	6,373	6,442	6,720	7,479
Depreciation and amortization of capitalized software and acquired intangible assets – cost of subscription revenues	12,435	12,686	14,029	14,898	15,347	14,578	14,198	15,179	15,855	16,670	18,143	19,174	20,086	21,882	23,144
Amortization of acquired intangible assets - selling and marketing expense	766	684	596	595	595	592	706	585	531	571	588	587	525	522	517
Amortization of cloud computing implementation costs – general and administrative	-	631	919	1,020	994	995	1,005	1,013	1,006	1,018	871	843	1,037	1,358	1,419
Stock-based compensation expense	11,434	7,022	7,772	7,691	16,324	10,001	10,134	10,966	21,044	11,990	13,215	11,514	18,508	13,762	15,381
Severance expense	555	905	643	1,473	842	619	927	660	457	317	1,199	4,850	7,408	2,689	3,378
Acquisition contingent consideration	200	249	900	200	(800)	(1,575)	100	(300)	-	200	-	-	-	-	-
Change in fair value of acquisition contingent earn-outs	-	-	-	-	-	-	-	17,500	(14,700)	2,300	(4,000)	(600)	(5,738)	(100)	2,800
Acquisition-related retained employee compensation	-	-	-	-	-	-	-	-	-	-	-	-	417	1,250	1,250
Transaction and other business transformation costs	-	-	-	4,853	-	548	1,443	41	2,660	2,980	2,785	2,329	5,984	7,375	9,089
Adjusted EBITDA ($)	20,202	21,983	26,623	32,040	36,743	38,515	38,623	38,061	37,219	38,369	43,493	42,459	44,063	51,015	64,771

Notes:
1. Adjusted EBITDA is a non-GAAP financial measure. The above table reconciles this non-GAAP financial measure to the most directly comparable GAAP financial measure. Refer to Form 10Q for the nine months ended September 30, 2026 for additional information regarding the Company's use of this non-GAAP financial measure


Vertex

Copyright © 2026 Vertex, Inc. All rights reserved. The information contained herein is intended for information purposes only, may change at any time in the future, and is not legal or tax advice. The product direction and potential roadmap information is not a guarantee, may not be incorporated into any contract, and is not a commitment to deliver any material, code, or functionality. This information should not be relied upon in making purchasing, legal, or tax decisions. The development, release, and timing of any features or functionality described for Vertex's products remains at the sole discretion of Vertex, Inc. Any statements in this release that are not historical facts are forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements are subject to various risks and uncertainties described in Vertex's filings with the US Securities and Exchange Commission (SEC) that could cause actual results to differ materially from expectations. Vertex cautions readers not to place undue reliance on these forward-looking statements which Vertex has no obligation to update and which speak only as of their dates.

Vertex