



ttr

Avalara

October 5, 2020

Safe Harbor Statement

This slide presentation and the accompanying conference call contain forward-looking statements including, among others, statements about the financial outlook for full year 2020 for the acquired company, Transaction Tax Resources (TTR), and expected growth opportunities and synergies arising from the acquisition. In some cases you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “likely,” “plan,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or similar expressions and the negatives of those terms.

These forward-looking statements involve risks, uncertainties, and assumptions that could cause actual performance or results to differ materially from those expressed or suggested by the forward-looking statements. If any of these risks or uncertainties materialize, or if any of our assumptions prove incorrect, our actual results could differ materially from the results expressed or implied by these forward-looking statements. These risks and uncertainties include risks associated with: our ability to successfully integrate TTR into our business; our ability to sustain our revenue growth rate, to achieve or maintain profitability, and to effectively manage our anticipated growth; and the risks described in the other filings we make with the Securities and Exchange Commission from time to time, including the risks described under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2019 and subsequent quarterly reports on Form 10-Q, and which should be read in conjunction with our financial results and forward-looking statements. All forward-looking statements in this slide presentation and the accompanying conference call are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.



Transaction Overview

Transaction	Avalara today announced it has acquired Transaction Tax Resources, Inc. (TTR)
Who is TTR?	TTR is a leading provider of sales and use tax content and software serving the enterprise
Consideration	Purchase price of ~\$377 million Hold backs tied to performance-based earnout and to satisfy future indemnity claims, if applicable
Management	Shon Holyfield, TTR Founder and CEO, to run the business as SVP and General Manager, reporting to Scott McFarlane TTR's employees will be retained with additional investments to accelerate TTR's vision and capture synergies
Financial Profile	Given Avalara is in the quiet period, details regarding the acquisition's anticipated financial impact will be provided on our Q3 2020 financial results conference call in November Expected ~\$20 million 2020 full-year standalone revenue ⁽¹⁾ Expected break-even 2020 full-year standalone operating income

(1) Future revenue to Avalara is expected to be impacted by a deferred revenue write-down.

Strategic Rationale

Avalara

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Expands U.S. sales tax **content** and increases addressable market



Significantly enhances **enterprise** product and sales portfolio



Creates industry-leading exemption certificate management **product** family



Meaningful potential cross-sell **revenue** synergies

TTR: The Tax Answer Company



Key Facts

Headquarters:
McMinnville, Oregon

Founded: 2006

Employees: ~130

NPS: 76

Financials: Expected
~\$20M 2020 full-year
standalone revenue
and break-even
operating income



Key Solutions

Industry-leading U.S.
indirect tax content
(monetized through
subscriptions)

Best-in-class enterprise
support

Enterprise exemption
certificate management
solution

Consulting services for
tax recovery



Leader in Sales Tax Content with >30% of the Fortune 500



Additional Customer Highlights



>1,400 Customers



#1 and/or #2 Largest companies in 40 industries



9 of the Top 10 Healthcare Companies



8 of the Top 10 Telecom Companies



5 of the Top 10 IT Services Firms

Why do Customers Subscribe to TTR's Content?



Fortune 500

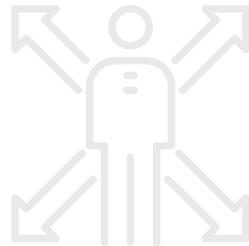
Buyer: **Tax professionals**

Motivation: **It's my job**

Focus: **Too costly to get wrong**

Outcome: **Use TTR to gain trust in content**

Then automate through custom rules in my tax engine (Avalara, Vertex, TR, etc.)



Fortune 5,000,000

Buyer: **Finance or Business professionals**

Motivation: **I have other more important jobs**

Focus: **Just take care of this problem for me**

Outcome: **I trust your content**

Automate. Automate. Automate.



Highly Complementary Combination



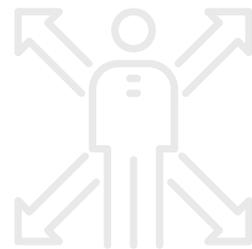
Fortune 500

- **Combine best-in-class content with best-in-class automation**
- **More products to sell into enterprise beachheads**
- **Avalara Enterprise customers, products, and capabilities**



Fortune 5,000,000

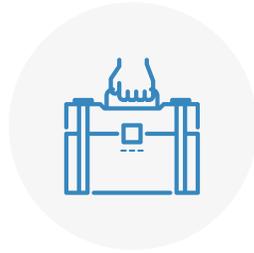
- **More market opportunity through more content**
- **More product to sell through GTM machine**
- **Large enterprise presence boosts brand and mindshare**



Key Acquisition Highlights



1. Expands U.S. sales tax content



2. Significantly enhances Avalara's enterprise portfolio



3. Meaningful potential cross-sell revenue synergies

Acquisition Highlight #1:

Expands U.S. Sales Tax Content

	Industry	Current Coverage	Coverage w/ TTR
Existing industries gain coverage	Retail	▲ HIGH	▲ HIGH
	Grocery, Convenience, Food	▲ HIGH	▲ HIGH
	Healthcare	— MED	▲ HIGH
	Rental & Leasing	— MED	▲ HIGH
	Admin & Support Services	— MED	▲ HIGH
	Warehouse, Shipping, Storage	— MED	▲ HIGH
	Manufacturing	— MED	▲ HIGH
New industries	Automobile Dealers	NONE	▲ HIGH
	New Building Construction	NONE	▲ HIGH
	Comm/Residential Solar	NONE	▲ HIGH
	Financial Services	NONE	— LOW

New content product

Monetize content portfolio through subscriptions

Note: "Low" refers to <50% coverage; "Med" refers to ≥ 50% but <75% coverage; "High" refers to ≥ 75% coverage

Acquisition Highlight #2:

Significantly Enhances Avalara's Enterprise Portfolio

Enterprise Customers (Combined >45% of F500)

Enterprise Sales & Support

Products



Calculation



Returns



Certificates



Content
Subscriptions



Consumer Use



Cross Border



International

Indirect Tax Content (rules, rates, boundaries...)

 Avalara today

 From TTR

Acquisition Highlight #3:

Meaningful Potential Cross-Sell Revenue Synergies



Sell TTR products through
Avalara machine



Address more customers
through expanded content
portfolio



Sell Avalara products
through TTR
enterprise sales



Surround and displace
competitors in common
customers



+



ttr

The logo for Avalara features the word "Avalara" in a white, sans-serif font. The letter "A" is stylized with a white checkmark integrated into its left side. The background is a solid orange color with a subtle gradient from top-left to bottom-right.

Avalara

Tax compliance done right