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North Mountain Merger Corp. and Corcentric

Conference Call

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CORPORATE PARTICIPANTS

Tom Sabol, *Chief Financial Officer, Corcentric*

Chuck Bernicker, *Chief Executive Officer, North Mountain Merger Corp.*

Doug Clark, *Founder and Chief Executive Officer of Corcentric*

Matt Clark, *President and Chief Operating Officer of Corcentric*

PRESENTATION

Tom Sabol

Good morning everyone. Today is a landmark day for North Mountain Merger Corp. and Corcentric, as we announce our business combination.

Joining me on today's conference call are Chuck Bernicker, CEO of North Mountain Merger Corp., Doug Clark, Founder and CEO of Corcentric, and Matt Clark, President and COO of Corcentric. I am Tom Sabol, the CFO of Corcentric.

Before we begin, it is important to remind those listening that the information discussed today is qualified in its entirety by the Form 8-K that has been filed today by North Mountain Merger Corp. and may be accessed on the SEC's website, including the exhibits thereto. There is an investor deck also filed with the SEC by North Mountain Merger Corp., which may be helpful to reference in conjunction with this discussion.

Please review the disclaimers included therein and refer to that as a guide for today's call. Statements made during this call that are not statements of historical facts constitute forward-looking statements that are subject to risks, uncertainties and other factors that could cause actual results to differ from historical results and from our forecast, including those set forth in North Mountain Merger Corp.'s Form 8-K filed today and exhibits thereto. For more information, please refer to the risks, uncertainties and other factors discussed in North Mountain Merger Corp.'s SEC filing. All cautionary statements that we make during this call are applicable to any forward-looking statements that we make whenever they appear. You should carefully consider the risks, uncertainties and other factors discussed in North Mountain Merger Corp.'s SEC filings, and not place undue reliance on forward-looking statements, which we assume no responsibility for updating.

Please note that North Mountain and Corcentric will not be fielding any questions on today's call.

Now, I would like to introduce Chuck Bernicker, CEO of North Mountain Merger Corp.

Chuck Bernicker

Thank you, Tom, and welcome, everyone.

We are very pleased to announce our planned business combination with Corcentric. I am Chuck Bernicker, CEO and sponsor of North Mountain Merger Corp., and I am thrilled to be here today to introduce this fantastic opportunity.

To provide some background, I was introduced to SPACs back in 2015, when I was the CFO of CardConnect, which went public with a SPAC in 2016. In 2017, CardConnect was acquired by First Data, now Fiserv. In early 2018, I began consulting to private companies looking to leverage the SPAC structure, and I was fortunate to work with two great companies, Intermex and Repay. In 2019, I launched my first SPAC, South Mountain Merger Corp., which completed a business combination with Billtrust earlier this year. To leverage the success of Billtrust and our prior SPAC experience, we launched North Mountain in 2020 to continue our objective of focusing on FinTech companies with an emphasis on the B2B segment.

I was introduced to Doug and Corcentric in early 2021 and we were fortunate to build a relationship prior to deciding to work together on this transaction. As we have gotten to know Corcentric's team and learn more about the Company, three things really attracted us to Corcentric. First is the extensive experience in the B2B sector, with an emphasis on payments. Secondly, a broad range of solutions that provide multiple growth vectors on the AP, as well as the AR side which leverage the secular tailwinds we are seeing in B2B, and finally, I believe Corcentric will be a key player in the ongoing automation of the B2B sector with a profitable, scalable business with a great financial profile.

The combination with North Mountain firmly positions Corcentric to meet the next level of anticipated growth and I could not be more excited to partner with this team.

With that, I am very pleased to turn the call over to Doug Clark, Founder and CEO of Corcentric, and the rest of the Corcentric team.

Doug Clark

Thanks Chuck.

To take Chuck's comments further, ecommerce B2B transactions between buyers and sellers are difficult and complex. The advent of the internet and digitalization has provided many advancements in transaction processing particularly in the B2C space. In the B2B world a proliferation of point solutions and disparate enterprise systems has created a void in the B2B ecosystem, whether it is sourcing, invoice billing, accounts payable workflow, payments, or remittance processing, there was a missing hub that could accommodate access for multiple workflow solutions and ERP systems to interact one-to-many, or many-to-many.

Corcentric has created a business model that has filled the void and allows companies to reduce costs and complexity in processing accounts payable and accounts receivable transactions and payments. We started our journey in 2010 when we decided to take our legacy business, a Group Purchasing Organization, or GPO, and expand our capabilities via acquisitions and the development of proprietary solutions. Our vision was to create a model that would serve both buyers and suppliers utilizing a combination of software, services, and payment capabilities. The goal was to simplify integration, improve efficiencies and accuracy and bring value to both sides of all transactions in the B2B ecommerce ecosystem.

In 2010, we made our first strategic acquisition, an Accounts Payable Workflow solution. In recent years we have doubled down on technology investments and enhanced our payment and sourcing capabilities via a series of strategic acquisitions culminating in our acquisition of a Payments company in December of 2020. We have continued to innovate across the continuum of Source-to-Pay and Order-to-Cash ecosystems. We have also made significant investments to integrate these acquisitions from a people, process, and technology perspective.

As an example, Matt Clark President and COO will share a case study demonstrating how the Daimler organization has utilized Corcentric's technology and approach to power their own private commerce networks. The success of that engagement has resulted in nearly doubling their sales since adopting our model in 2013.

It's worthy to note that Daimler first experienced our transaction processing and payment capabilities as a supplier in our GPO network. This demonstrates the flywheel effect that is generated by Corcentric being in the middle of B2B transaction and optimizing processes for both the buyer and supplier. This has enabled us to serve as a network-of-networks in B2B commerce.

Matt will elaborate on the cohesive and comprehensive solutions that we have developed that delivers value to both buyers and suppliers throughout the entire B2B transaction lifecycle, from source all the way through to settle, and how this has uniquely positioned Corcentric to deliver consistent, sustainable, and profitable growth at scale. Simply put we have created a business model that is positioned as the network-of-networks, transforming how businesses purchase, pay and get paid.

I believe the facts on Slide 7 speak for themselves and accurately portray our ability to execute sustainable growth in the largely untapped total addressable market that is available to us. We have built a leadership team that possesses the experience and know how to propel us from $150 million to $500 million in revenue while maintaining EBITDA margins of 30% or greater.

Matt will take it from here and provide insight into the who and how we will execute our mission going forward.

Matt Clark

Thank you, Doug. Hello everyone, my name is Matt Clark, President & COO of Corcentric.

Between Doug, myself and other C-suite executives, we have a combined 50-plus years in the business so needless to say we know our business, our customers, and the marketplace we play in extremely well. We have complemented our deep experience with a C-suite of very talented and accomplished individuals that bring with them two key traits: public company leadership experience and an impressive track record of driving high growth at scale.

As Chief Revenue Officer, Fritz has driven the global unification of our sales and marketing efforts.

As Chief Customer Officer, Ed is driving a best-in-class global Client Services organization.

As Chief Product Officer, Manish is leading our product strategy efforts with some great insights he has accumulated from his long stint of leading product and innovation at SAP/Ariba.

As Chief Technology Officer, Sunil has transformed our product development and IT infrastructure efforts.

I would also like to welcome our new CFO, Tom Sabol. Tom joins us most recently from Transact Campus, Inc. a Software and Payments company in the higher education space. He is a seasoned CFO with over 25 years of experience in scaling and transforming both privately and publicly held companies. We are very excited to have Tom join the Corcentric family. Tom will be succeeding Mark Joyce, who will remain with Corcentric as Chief Accounting Officer, where he will lead our Accounting and back office organizations. The skillset and experiences that this group brings to the table is exactly what is needed to drive growth and profitability at scale.

The TAM for our offerings is massive no matter how you measure it, and it is growing at a rapid pace. The fact that we generate revenue from both Payments and Software globally allows us to go after the $120 trillion global Payments volume opportunity as well as the $140 billion B2B Software & Services revenue opportunity.

I would also like to highlight the $2 billion whitespace opportunity that exists within our existing customer base. This represents the revenue opportunity that is available to us just from cross selling and upselling to our existing customers, so we're looking at a big growth driver with the low customer acquisition costs that come from selling to existing customers.

We are differentiated and our TAM is significantly larger than our peers due to the fact that our solutions address the full spectrum of Source-to-Pay, which encompasses Procurement and Accounts Payable, and Order-to-Cash, which encompasses Accounts Receivable, and our solutions are sold to mid-market and enterprise customers on a global scale. Companies in our comp set have a heritage in one specific area and have either continued to stay in that lane or are in the very early days of attempting to branch out. Coupa has a heavy focus on the procurement portion of the Source-to-Pay lifecycle. AvidXchange is very much focus on the AP portion of the Source-to-Pay lifecycle. Bill.com does not sell into the upper mid-market or enterprise space, and Billtrust is focused on the Order-to-Cash or AR side of the equation.

Addressing the full spectrum of Source-to-Pay and Order-to-Cash, like we do, is a distinct advantage when it comes to winning in the marketplace and maximizing our growth potential.

Turning to Slide number 10. For the office of the CFO, optimizing how the Company purchases, pays, and gets paid is always top of mind and a top strategic priority. When I talk with CFO's I hear the same themes around the challenges they are facing. Complexities in B2B payments leading to an inability to effectively manage cash flow, difficulty transitioning away from inefficient legacy systems and processes, stitched together point solutions, and trouble keeping pace with the ever-increasing integration demands of their customers and suppliers. All of this only got magnified during COVID and CFOs are looking beyond point solutions to deal with the challenges they are facing and looking for a provider like Corcentric that will give them a comprehensive solution allowing them to run their business through a single pane of glass.

As you can see from the diagram on Slide 11, there is a lot involved in getting a B2B transaction through the entire lifecycle and we have capabilities that support each of these steps. Sourcing capabilities to help buyers and suppliers collaborate for sourcing events. We streamline the exchange of purchase orders and invoices. Our payment capabilities facilitate the ideal payment modality and payment timing for both the buyer and supplier. Other players in the marketplace are only providing solutions for a portion of this lifecycle. Our truly differentiated approach to optimizing every step in the B2B transaction lifecycle for both buyers and suppliers gives us an advantage when we're competing in the marketplace.

This unique combination of end-to-end Source-to-Pay and Order-to-Cash solutions delivered through a combination of software, payments, and services allows us to deliver significant ROI, drive operational improvements, and optimize working capital and cash flow in a way that nobody else can from a speed, certainty, and magnitude perspective.

There is high barrier to entry for anyone looking to expand their offering to address more of this lifecycle from a software perspective and/or build out the full suite of payment and supply chain finance capabilities that we have. The players out there typically fall into one of two buckets: either they are a software company or a financial institution. Software companies have the DNA to do technology well but typically lack the DNA to do payments well. Financial institutions have the DNA to do finance and treasury well but typically lack the DNA to do software well. We have had the combination of software and payments as part of our core DNA from day one.

Moving onto Slide 12. You'll see that our differentiated and unique approach to creating value for our customers gives us multiple points of entry and allows us to fully monetize each buyer/supplier transaction across the entire B2B value chain. Through our software, payments, and advisory capabilities, we have the ability to get multiple bites at the apple all at once if we are providing a turnkey full suite solution or over time in a land and expand fashion.

For example, an advisory engagement can lead to a recurring revenue software engagement which can ultimately lead to a larger recurring revenue payments opportunity. I would also point out that when you look at the take rate we command with our payments offerings, an average 170 to 250 basis points, you will notice that it is significantly higher than other payments providers. This is due to the multiple payment modalities we can leverage along with our willingness and ability to take a credit position. This allows us to apply the right combination of payment modality and payment timing to deliver the maximum value for both buyers and suppliers which in turn leads to maximizing revenue for ourselves.

Slide 13 shows some additional details of our Source-to-Pay capabilities and shows the capabilities we have to support the entire buy side lifecycle of a B2B relationship.

On Slide 14, you essentially see the Order-to-Cash mirror image of the Source-to-Pay slide with all the capabilities needed to support the entire sell side lifecycle of a B2B relationship. Other Order-to-Cash and AR solution providers stop at providing technology to improve certain aspects of the Order-to-Cash lifecycle. We take it a big step further with our willingness and ability to take a credit position on all or a portion of our customers AR portfolio allowing our customers to realize guaranteed outcomes like significant DSO reduction and cash flow liberation.

Slide 15 shows how addressing both Source-to-Pay and Order-to-Cash is enabling us to build a proprietary B2B payment network that optimizes every transaction for both buyers and sellers regardless of whether our customer is on the buy side or the sell side of the equation. Adding one Source-to-Pay customer results in their hundreds or thousands of suppliers being added to our B2B network and adding one Order-to-Cash customer results in their hundreds or thousands of buyers being added to the B2B network. This creates a powerful flywheel effect where a proprietary B2B payment network continues to grow exponentially, and we become the hub for more and more B2B transactions positioning us to become the pre-eminent B2B payments network of networks much like a Visa or Mastercard has done in the B2C space.

In 2022 we are planning on introducing a network subscription model where buyers and suppliers will be able to pay very modest subscription fees to optimize how they interact with their B2B trading partners

Slide 16 shows how our platform is built on an integrated modern technology stack. Key to being able to do what we do is that our platform and technology stack are specifically designed with all the key characteristics required to serve as a B2B commerce hub. Some key features to highlight are the robust extension framework that allows for best in breed, latest and greatest complimentary technologies to be easily plugged into the platform. This allows us to rapidly take advantage of new technologies as they emerge. We also have deep integration capabilities which is critical for being able to interface with ERP systems and other third party networks at scale allowing us to serve as a network-of-networks.

Finally, we have a Business Innovation Lab that is dedicated to working on disruptive technologies like Artificial Intelligence, Machine Learning, Robotic Process Automation and Blockchain. Our technology framework provides another competitive moat that is not easy to replicate without a major business model shift and a major investment of upfront and ongoing capital.

Slide 17 speaks to our Blue Chip customer base. Our solutions scale very well both horizontally and vertically. We serve a diverse set of industry verticals and have highly referenceable customers in all verticals which gives us a distinct advantage when trying to land new logos. Also, the diversity of our customer base helps to protect us from being overly exposed to vertical specific cycles. Through our organic growth and acquisitions, we have created a $2 billion whitespace opportunity that was talked about earlier.

On the next three Slides, I would like to walk through a few case studies that will help bring to life what we have talked about thus far and also really bring to life the mission critical work we are doing for our customers.

On the Source-to-Pay side, a Fortune 500 chemical distributor selected us to completely transform their indirect spend on a global basis. They are taking advantage of all our Source-to-Pay software, payment, and services capabilities to drive significant savings, realizing $6.5 million in a relatively short period of time. We've also helped them unlock significant cash flow. This engagement nets us $2 million annually in recurring revenue. This customer is typically required to RFP an engagement of this size and magnitude, but they quickly realized there was no one else that could provide a similar solution so we were awarded the business without having to go through an RFP process.

Slide 19 is a case study on the Order-to-Cash side. The world's largest tire and rubber company hired us to address Order-to-Cash challenges they were having with key strategic customers. We started with their largest customer and have since expanded to other strategic enterprise accounts. They are taking advantage of all our Order-to-Cash software, payment, and services capabilities to increase sales, significantly reduce DSO and dramatically improve working capital. This is a multi-million dollar annual recurring revenue account that should continue to grow as they leverage our Order-to-Cash solution for more and more of their customer base.

Moving onto Slide number 20. This last case study shows how Daimler leverages a combination of our Order-to-Cash and Source-to-Pay capabilities to optimize their private commerce network which consists of their dealer/distributor network on the sell side and their top 1,000 customer accounts on the buy side. Key to this engagement was being able to tackle the integration complexity that comes from 17,600 unique system connections which involved integrating with ERP systems and Point-of-Sale systems on the dealer side, as well as ERP systems and Source-to-Pay systems on the customers side; think SAP, Oracle, Ariba, Coupa, etc.

The result has been tremendous outcomes for all parties in this ecosystem; the dealers, the customers and Daimler themselves, highlighted by a 59% DSO reduction and an 86% reduction in disputes. Daimler sales for this program have grown from $600 million, when we first started with them in 2013, to north of $1 billion annually.

Slide 21 addresses our Go-to-Market strategy. We hired our first Chief Revenue Officer in Q4 last year to unify our historically siloed selling efforts. We have implemented a global Go-to-Market strategy that employs a combination of direct and indirect selling efforts. We have seen really good results from these efforts when it comes to the strengthening of our pipeline and dramatically improved bookings results. This provides us with a lot of confidence in our ability to achieve and sustain our growth goals going forward.

Moving onto Slide 22. We have $100 billion of transaction volume flowing through our platform. As shown on this Slide, we are currently monetizing about $3 billion of that $100 billion. The remaining $97 billion of volume is attributable to customers that are currently software only, meaning their PO's and Invoices are flowing through our platform but we're not in the payment flow. The diverse set of payment capabilities we have gives us multiple ways to monetize this volume which is an advantage over other payments companies that have gone all in on certain payment modalities like virtual cards. Having multiple ways in which we can monetize the volume allows us to apply the right payment method to maximize value for our customer and maximize the revenue potential for ourselves. I'll give you an example of what this looks like on both the Source-to-Pay and Order-to-Cash side of the equation.

On the Source-to-Pay side, we were able to sell our payment solution to a long time Source-to-Pay software customer where we are now executing payments to their suppliers on their behalf. This took a $100K annual recurring revenue account and converted it to an account that has the potential to be a $1 million annual recurring revenue account from the revenue generated by virtual card rebates and fees for enhanced ACH.

On the Order-to-Cash side, we're working with a long time Order-to-Cash customer in Europe using our electronic bill distribution capabilities on an engagement that involves us getting in the payment flow via our supply chain finance capabilities. This should grow the annual recurring revenue for this account from $90K to a conservative $1.5 million, or a 16x increase. These examples are just the tip of the iceberg of what has been setup through our organic evolution and the acquisitions that we have done over the past few years.

There are no shortages of opportunities to drive growth going forward. This starts with the massive $2 billion whitespace cross sell opportunity within our existing customer base from both a software and payments offering perspective. We just walked through, on the previous slide, the opportunity to monetize the $100 billion of annual transaction volume currently flowing through our platform

On the Go-To-Market Slide we talked about how we are going to drive growth by adding new logos. Growth through International expansion will come in the form of providing more solutions to our existing International customer base and expanding into adjacent regions to where we already have a footprint.

From an M&A standpoint, our most recent acquisition of Vendorin provides a good example of how M&A provides multiple levers of growth. This acquisition allowed us to expand our payment capabilities which has given us an ability to generate more revenue with our Source-to-Pay software customer base, adding this payment offering for an existing Source-to-Pay software customer multiplies the annual recurring revenue by a minimum of 3x to 5x.

In addition, the Vendorin customer base of enterprise size companies are prime prospects for our Source-to-Pay software offerings as well as our Order-to-Cash solution. New products and innovation will allow us to continue to cross sell and upsell with complementary offerings.

With that, I will now turn it over to Tom to walk through our revenue model and financials in greater detail.

Tom Sabol

Thank you, Matt.

Matt touched on these highlights a bit earlier but let me provide some color as shown on Slide 25.

We are forecasting approximately 27% growth in 2022 bringing revenue to nearly $150 million with net revenue retention of 113% coming out of a COVID impact period. We have a long history of profitability going back to inception of the Company and a track record of mid-20%-plus Adjusted EBITDA margins historically as shown on Slide 28. We will continue to make investments in the business to drive future growth, and we ultimately expect to do so while achieving 30%-plus margins in the medium term, before accounting for new public company costs.

As shown on Slide 26. Our revenue model has three components: Software, Payments and Advisory Services. Within Software, our revenue follows the traditional SAAS model and is primarily subscription based with contracts that auto renew. Payments revenue is primarily based on a percentage of the dollar volume of the transactions we process. An example would be where we sit in the financial flow of a transaction and apply a take rate to the payment we make to a supplier of goods or services. These take rates may vary depending upon monetization methods. It's important to note that these recurring and re-occurring revenue streams, software and payments, account for approximately 80% of our total revenue.

Lastly, Advisory services are a smaller but very important part of the solution suite and generate revenue through project-based fees. An example would be where we advise a client on the sourcing of products or services on an hourly or savings contingent basis.

Two important metrics that we look at to measure the health of the business are transaction volume and dollar-based net revenue retention. As shown on Slide 27 are our recent historical trends.

Monetized transaction volume is the total volume of dollars where our revenue is derived from being in the payment flow and earning a percentage of the total dollars processed. This is the $3 billion number of 2021 that Matt referenced earlier when talking about the monetization opportunity. It's important to note that both metrics were growing steadily until 2020 when we experienced the COVID impact, similar to other companies in our space. The COVID impact is mostly in areas where we earn revenue as a percentage of the transaction volume we process as well as advisory services where projects were delayed beginning in Q2 2020. Both of these areas have substantially returned to pre-COVID levels in 2021.

Looking forward, we currently expect these metrics to continue their upward trajectory in the future.

Over the last several years, we have been expanding our products to provide a complete end-to-end solution suite to our customers. Some of this has been developed internally and some through acquisition. As noted by Matt, we've made three strategic acquisitions during 2019 and 2020, each with different gross margins and EBITDA margins. While it is difficult to infer future margin performance from this historical data, we are providing medium term guidance to help. Recently, we have focused on top-line growth and made investments in the business which kept EBITDA flat. We now believe we are in a position to drive EBITDA growth as we have all the pieces in place to do so.

As shown on Slides 28 and 29, we present certain financial projections. In 2021, we began to realize the benefit of our hard work from acquisitions and integration and investment in our platform. We expect our 2021 growth rate to be approximately 16% and end the year with approximately $117 million of adjusted revenue. In 2022 and 2023, we currently believe we will continue to benefit from our recent strategies and expect organic growth of nearly 30%.

Also, as we continue to integrate recent acquisitions and generate more revenue growth from high margin revenue streams like payments, our operating leverage should improve, which will enable the business to scale with higher margins. We are highly confident that we should meet our forecasts for the periods presented based on our pipeline, run rate and exit velocity of revenue.

As discussed by both Doug and Matt, we believe that we are on the precipice of massive payments opportunities which will take that portion of our business from about 50% of revenue to north of 60% of total revenue over time as shown on Slide 30.

Additionally, we foresee our recurring and re-occurring revenues increasing as a percentage of total revenue to 85% over the next couple years. We believe the revenue mix shift should result in improved operating leverage and expanded margins.

As shown on Slide 31, we are focused on the following key operating non-GAAP targets over the medium term. Adjusted revenue growth of 25%-plus. Adjusted gross margin, excluding depreciation and amortization of 70%-plus, and Adjusted EBITDA margins approaching 35% and above. We are confident in achieving these targets. As noted, we have $2 billion of white space opportunity on which to focus and a deep pipeline with a growing list of potential net new logo opportunities.

Our installed customer base should continue to grow within their respective industries, and, given our revenue model of take rate based on our customers revenue, this should provide for growth and margin expansion to Corcentric. As mentioned earlier, you will not find this combination of growth and profitability at scale anywhere else in our space.

With that, I'd like to turn the call back over to Chuck. Thank you everyone.

Chuck Bernicker

Thanks, Tom.

We'd like to close by just commenting on why we view Corcentric as a unique and compelling public market opportunity. We are very fortunate to find a company with such an impressive track record and an equally attractive outlook. The transaction values the Company at approximately $1.2 billion enterprise value, or about 8.1x 2022 revenue, and we believe it provides a great entry point for this combination of growth and profitability.

We're incredibly excited to be partnering with Doug and his team. The North Mountain team is committed, invested, and highly incentivized to help scale this business for long-term success.

With that, we'd like to thank you for your time and attention today. Thanks again and have a great day.