

Second Quarter 2022 Financial Results

August 4, 2022

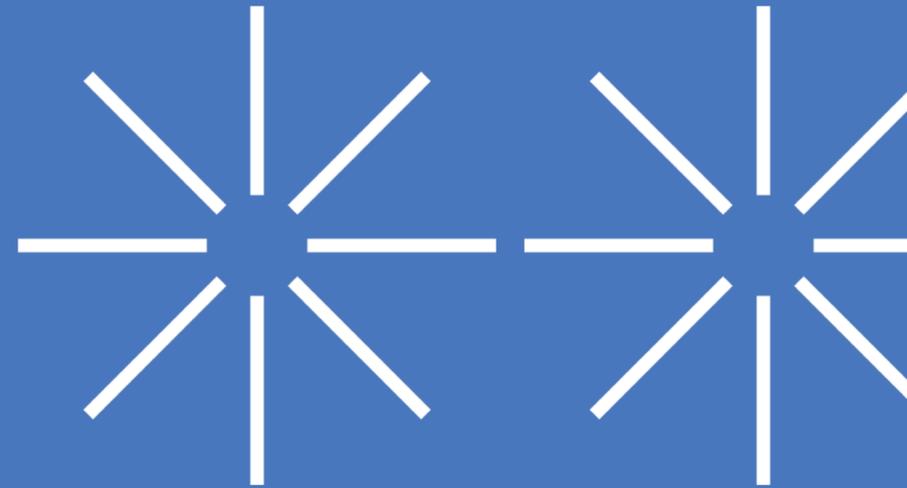


Forward-Looking Statements

Certain statements in this presentation are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are based on current expectations and assumptions that are subject to risks and uncertainties. All statements contained in this news release that do not relate to matters of historical fact should be considered forward-looking statements, and are generally identified by words such as “expect,” “intend,” “anticipate,” “estimate,” “believe,” “future,” “could,” “should,” “plan,” “aim,” and other similar expressions. These forward-looking statements include, but are not limited to, statements regarding anticipated financial performance and financial position, including our financial outlook for the third quarter, full year 2022 and thereafter, and other statements that are not historical facts. These forward-looking statements are neither promises nor guarantees, but involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, but not limited to, the following: our inability to sustain our rapid growth; failure to manage our infrastructure to support our future growth; our risk management efforts not being effective to prevent fraudulent activities; inability to attract new customers or convert trial customers into paying customers; inability to introduce new features or services successfully or to enhance our solutions; declines in customer renewals or failure to convince customers to broaden their use of solutions; inability to achieve or sustain profitability; failure to adapt and respond effectively to rapidly changing technology, evolving industry standards and regulations and changing business needs, requirements or preferences; real or perceived errors, failures or bugs in our solutions; intense competition; lack of success in establishing, growing or maintaining strategic partnerships; fluctuations in quarterly operating results; future acquisitions and investments diverting management’s attention and difficulties associated with integrating such acquired businesses; general economic conditions (including inflation and rising interest rates), both domestically and internationally, as well as economic conditions affecting industries in which our customers operate; the war in Ukraine; concentration of revenue in our InvoiceCloud and SimplePractice solutions; COVID-19 pandemic and its impact on our employees, customers, partners, clients and other key stakeholders; legal and regulatory risks; and technology and intellectual property-related risks, among others.

Other important risk factors that could affect the outcome of the events set forth in these statements and that could affect the Company’s operating results and financial condition are discussed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021 and our subsequent Quarterly Reports on Form 10-Q, as updated by our future filings with the Securities and Exchange Commission (“SEC”). Such statements are based on the Company’s beliefs and assumptions and on information currently available to the Company. The Company disclaims any obligation to publicly update or revise any such forward-looking statements as a result of developments occurring after the date of this document except as required by law.

EngageSmart Overview



EngageSmart at a Glance

Scaled SaaS Solutions with
integrated payments

\$295M

Q2'22 Annualized Revenue¹

36.1M & 92.6K

Q2'22 Transactions & Customers

High growth with
significant runway

43%

Q2'22 YoY Revenue Growth

\$28B

TAM

Efficient model drives
profitable growth

78.2%

Q2'22 Adjusted Gross Margin²

16.2%

Q2'22 Adjusted EBITDA Margin²

Unless noted, figures shown are based on Q2'22.

¹ Annualized Revenue is an approximation of total revenue for the full year based on the current quarter.

² For a reconciliation of GAAP to Non-GAAP metrics, refer to the Appendix.

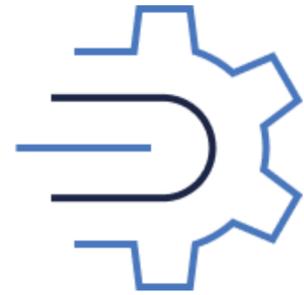
Businesses Need Better Digital Solutions

Businesses are moving from legacy systems and processes to automation and self-service capabilities



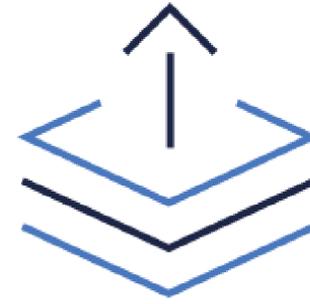
Consumer expectations

Intuitive, frictionless, and personalized digital experiences



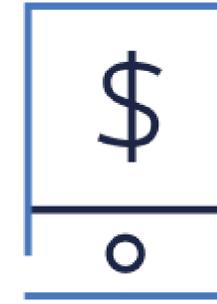
Digital transformation

Accelerating adoption of modern digital technologies



Vertical specialization

Increasing vertical and sub vertical-specific software needs



Electronic payments

Ongoing shift to electronic payment methods

A \$28B Market Revenue Opportunity in the US

We serve verticals with legacy systems and practices that result in inefficiencies and low digital adoption

SMB



Health & Wellness

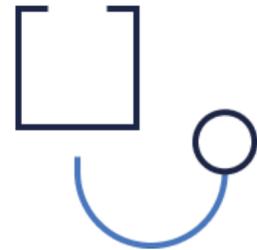
\$10B

Enterprise



Government,
Utilities &
Financial Services

\$18B



Healthcare



Giving

Benefitting from strong tailwinds

- Underpenetrated markets
- Strong, non-cyclical growth dynamics
- Large whitespace of SMBs & Enterprises
- Growing usage of software & payments technology

Source: Bureau of Labor Statistics; Aite Group 2020 Report.

SMB TAM is derived by taking the total number of health and wellness practitioners addressed by our SimplePractice solution using data from the Bureau of Labor Statistics and multiplying by the total spend opportunity per customer based on the current prevailing market price; Enterprise TAM is derived by taking the total number of bills per year in the United States, as estimated by Aite Group, and multiplying by our average revenue per transaction.

Our SaaS Solutions Help Customers with Self-service Enablement

Vertically tailored, integrated software



Recent Transactions

AUG 11	Payment from Ali Lopez INV #5820	\$200
AUG 11	Payment from Jay Lee Autopay	\$150
AUG 11	Insurance Payment Blue Cross Blue Shield	\$80
AUG 11	Payment from Jake Oda Autopay	\$150

Autopay
✓ Enrolled

DEFAULT Visa * ****1111 • 1/2022

InvoiceCloud

Pay or View Bills

Pay online with One Time Pay, no registration required. Create an account to be able to use extended features.

Pay Now Register Now

VISA MASTERCARD DISCOVER iPay Apple Pay

Fast and Easy Safe and Secure Eco-Friendly

Request an Appointment Christine Seifein

- CLINICIAN
Will Morales
- SERVICE
Psychotherapy
1 hour
- SELECT LOCATION
- SELECT DATE & TIME

Telehealth
(123) 123-4567

Select

December 2022

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11 Today	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

How We Approach The Market Opportunity

SMB



Health & Wellness

Practice management software

simplepractice

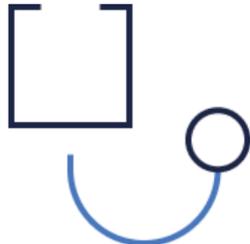
Enterprise



Government, Utilities & Financial Services

Simplifying bill presentation and payments across multiple bill types

InvoiceCloud®



Healthcare

Patient engagement and payment platform

HealthPay24®



Giving

Non-profit and corporate fundraising

DonorDrive®

All solutions enable our customers to:

- Create a two-way digital dialog driving self-service
- Increase time available to focus on their business
- Simplify customer engagement
- Securely process payments
- Purpose built for each vertical

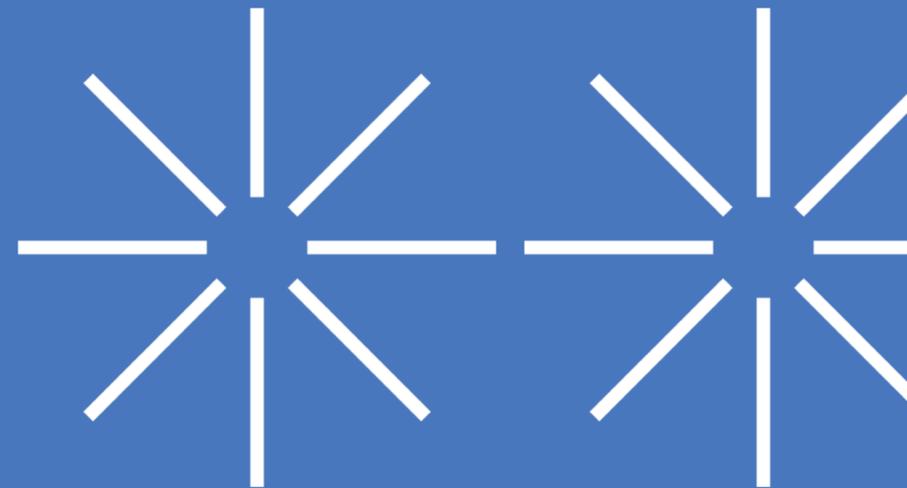
SMB

- Organic word of mouth / digital / SEO sales model
- We are the System of Record / EHR

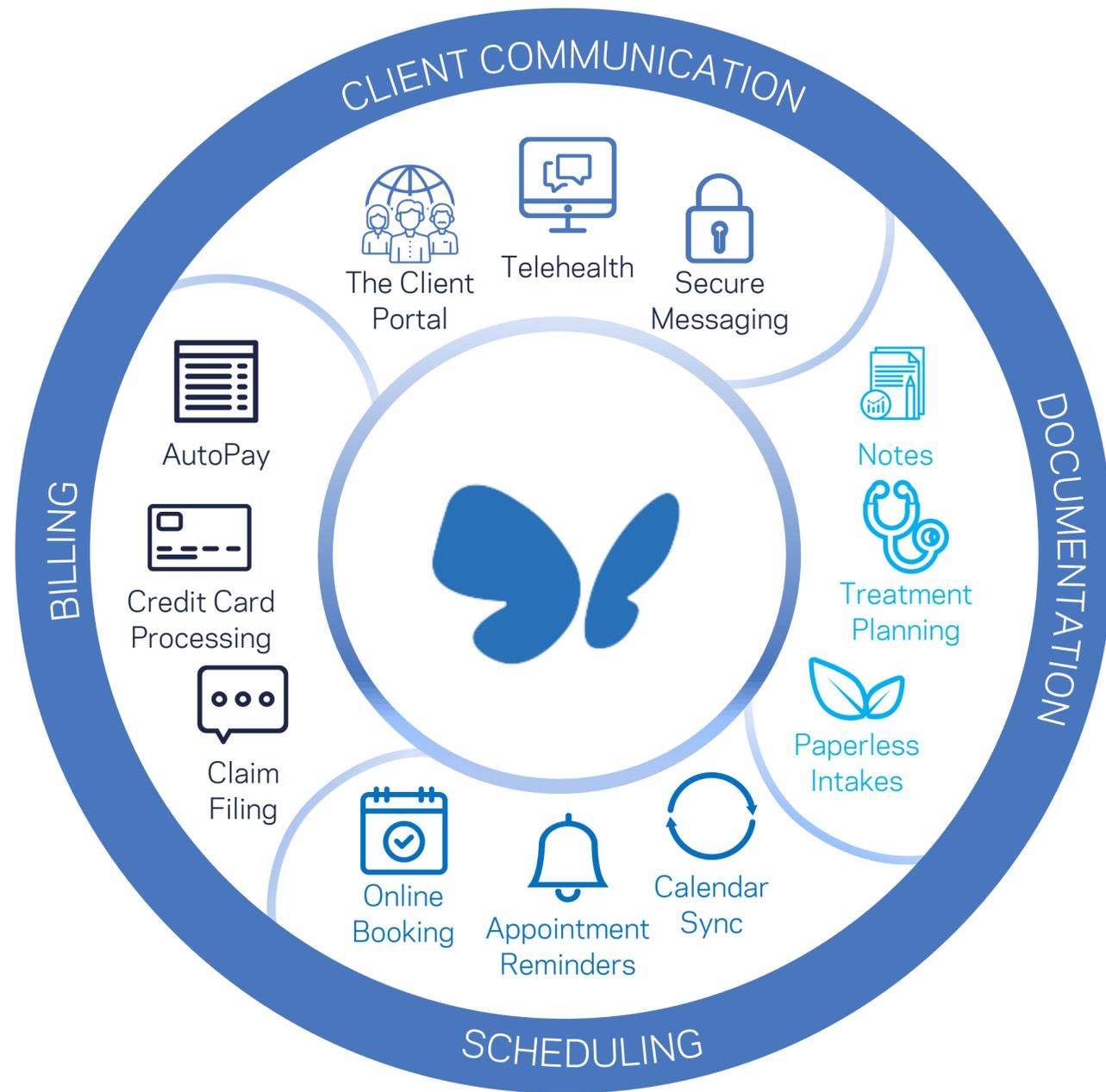
Enterprise

- Direct sales partner-enabled model
- We integrate with the System of Record / CIS

SMB

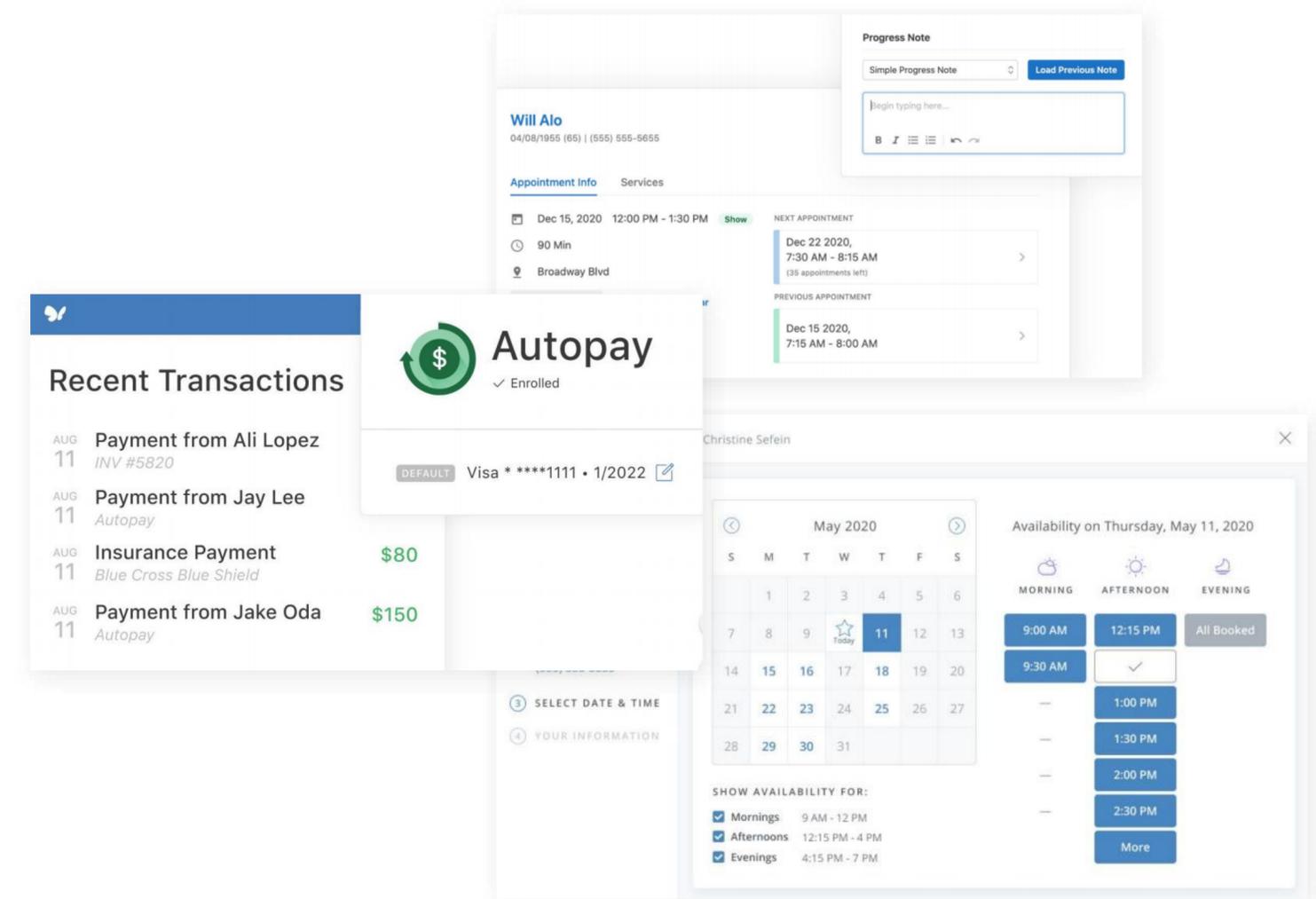


SimplePractice Is An End-to-end Practice Management Solution



89K+
SMB
Customers¹

\$163M
Q2'22
Annualized
Revenue²



¹ Number of Customers as of 6/30/22.

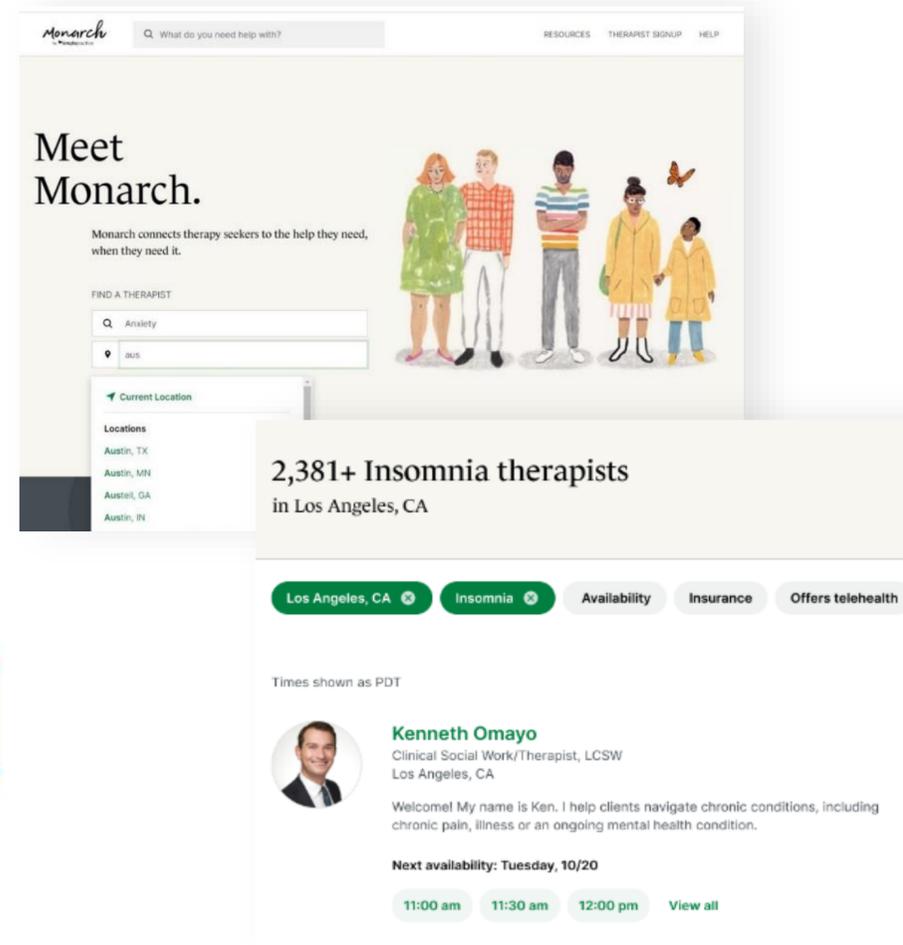
² Annualized Revenue is an approximation of total SMB revenue for the full year based on the current quarter.

Our Ecosystem of Products Covers a Practitioner's Career Journey



The Monarch Marketplace

Redefining how health and wellness providers connect with patients



The future of Wellness is Monarch

- Robust platform that extends beyond practice management
- Reinventing how practitioners connect with clients and each other
- Data enables 3rd party partners to better serve clients

Exceptional Client Feedback

Client Communication

"I'm very fancy over here. I have a paperless practice, so everything will come via email.' They love it. I can't tell you how many times people will say 'I love this client portal."

- Dr. Nikki Rubin



Client Portal



Secure Messaging



Telehealth

Documentation

"When I finish with clients, I flip open my laptop, I log on to SimplePractice real quick, and I write my notes in 5 or 10 minutes at the most."

*- Katie Malinski,
LCSW-S*



Notes



Treatment Planning



Paperless Intake

Scheduling

"There's a widget that we can put on our website so clients can look at our calendars, schedule directly through that, and fill out all the paperwork before we even had any conversation with them. SimplePractice smoothes the process of us scheduling client appointments."

- James Guay, LMFT



Online Booking



Appointment Reminders



Calendar Sync

Billing

"Using SimplePractice has made it easy to take care of billing. And it's all in one platform so I can focus on working with my patients."

- Dr. Melissa Brown



AutoPay



Credit Card Processing



Claim Filing

Competitive Landscape

A leading end-to-end platform replacing pen and paper and point solutions



Practice
management



Professional
websites



Marketplace
solutions



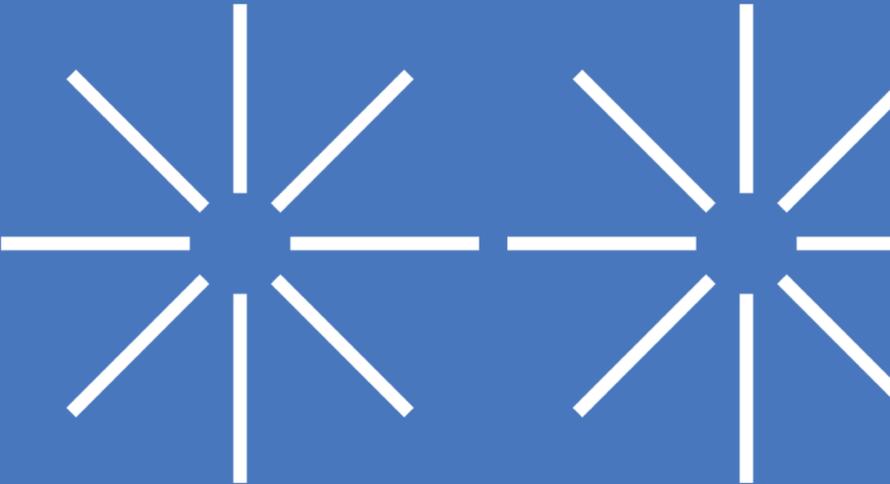
Continuing
education



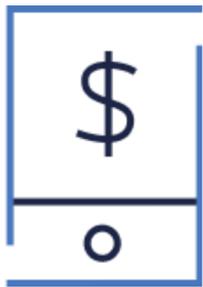
Key differentiators

- Complete ecosystem
- Fully integrated, end-to-end platform
- Product leadership
- Seamless access to nationwide network

Enterprise



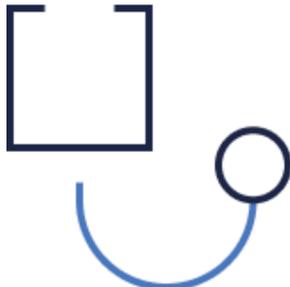
Enterprise Vertical Engagement Applications with Integrated Payments



Government, Utilities & Financial Services

Simplifying bill presentation and payments across multiple bill types

InvoiceCloud[®]



Healthcare

Patient engagement and payment platform

HealthPay24[®]



Giving

Non-profit and corporate fundraising

DonorDrive[®]

3,200+

Enterprise Customers¹

\$132M

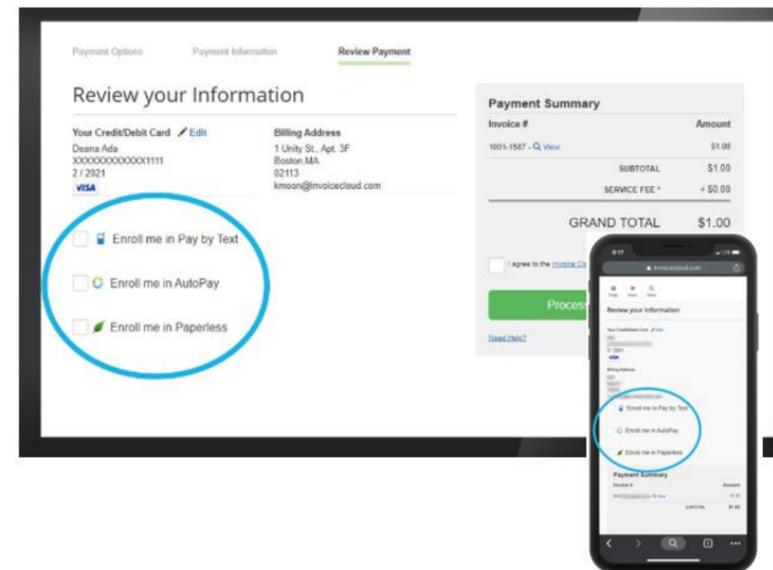
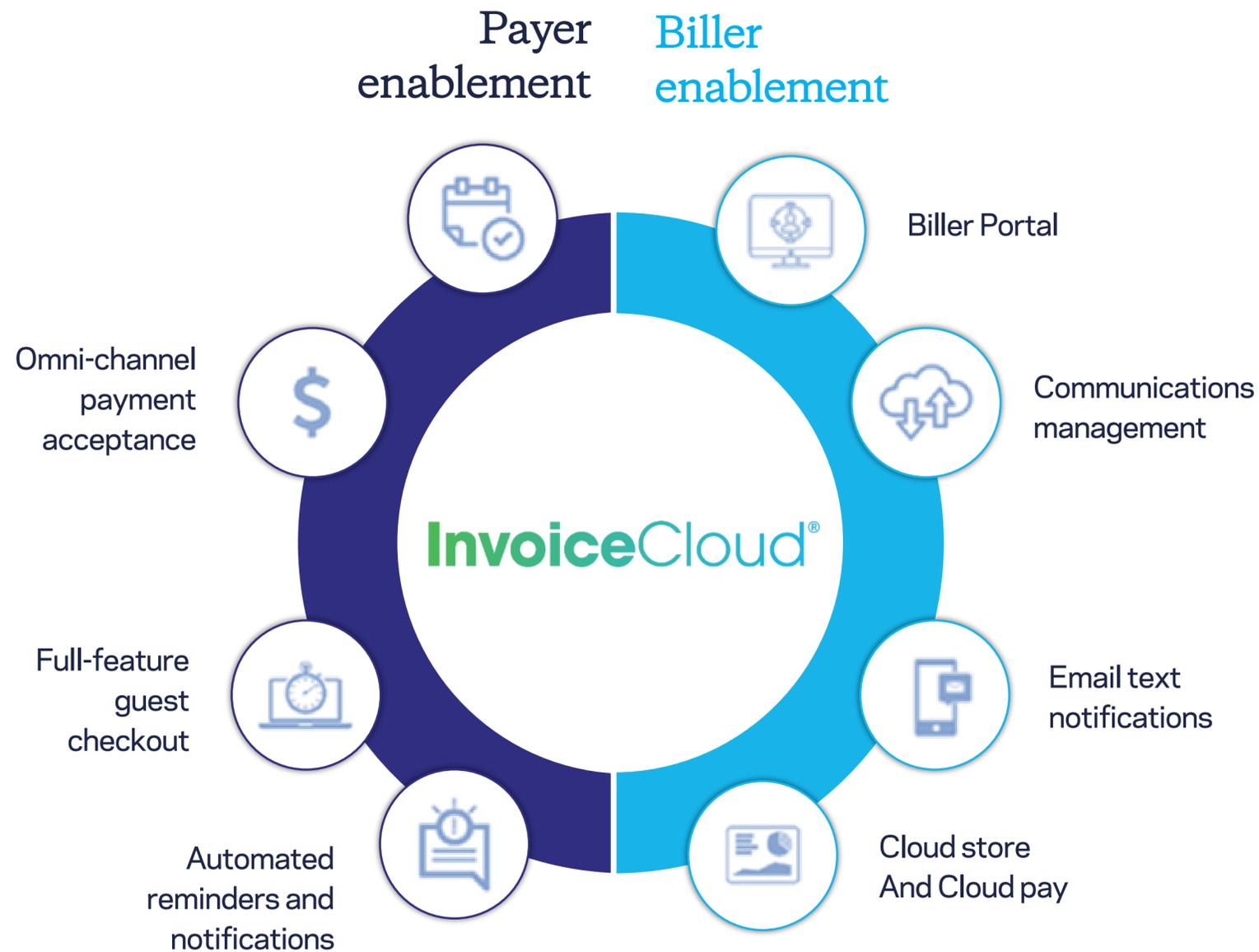
Q2'22 Annualized Revenue²

¹ Number of Customers as of 6/30/22.

² Annualized Revenue is an approximation of total Enterprise revenue for the full year based on the current quarter.

Omni-channel Customer Engagement Drives Digital Adoption

Enables frictionless interactions between billers and payers, driving digital adoption and payments



Our solutions enable our customers to:

- Deliver leading commerce capabilities
- Improve client satisfaction
- Drive digital adoption
- Improve cash flow and visibility
- Reduce operating costs
- Increase payer retention

Extensive Partnership & Integration Ecosystem Is Key to Our Mutual Success

Partnerships and integrations accelerate new customer acquisition and increase stickiness



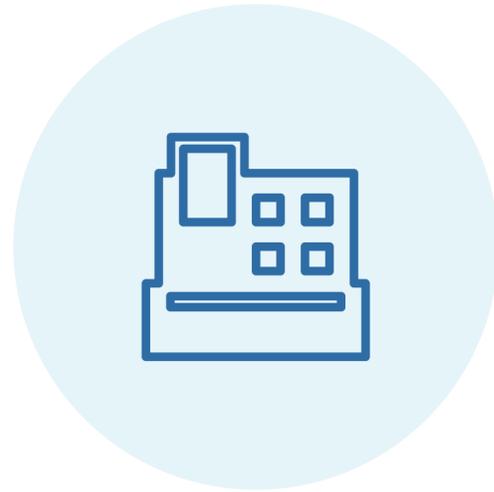
Efficient go-to-market

- Direct client relationships with partner-assisted go-to-market model
- Leverages partners for lead generation and selling support
- Reduces time and cost barriers to implementation
- Delivers richer payer experiences through real-time data access
- 300+ unique integrations with our customers' core systems create highly sticky offerings

¹ Harris' logo is used under license from N. Harris Computer Corporation or one of its affiliates.

Competitive Landscape

Competitive differentiation driven by high digital adoption



Financial institutions'
internal bill presentment
and payment systems

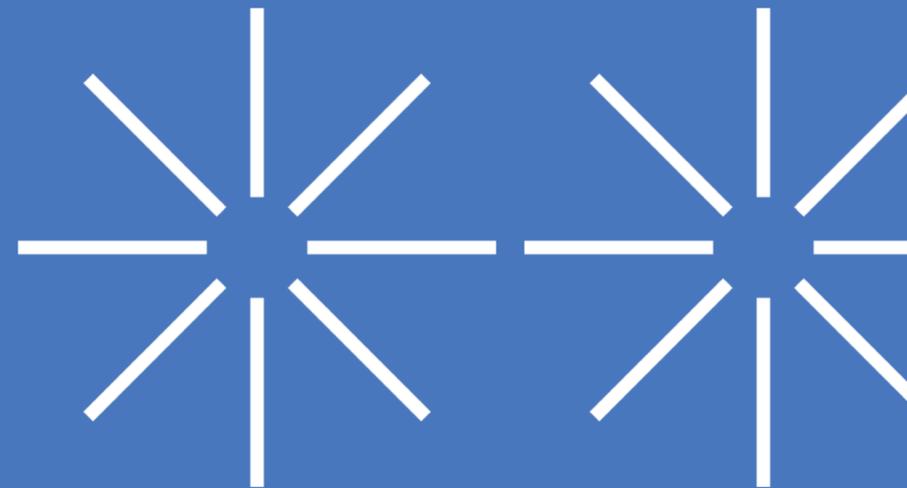


Legacy and
modern solution
providers

Key Differentiators

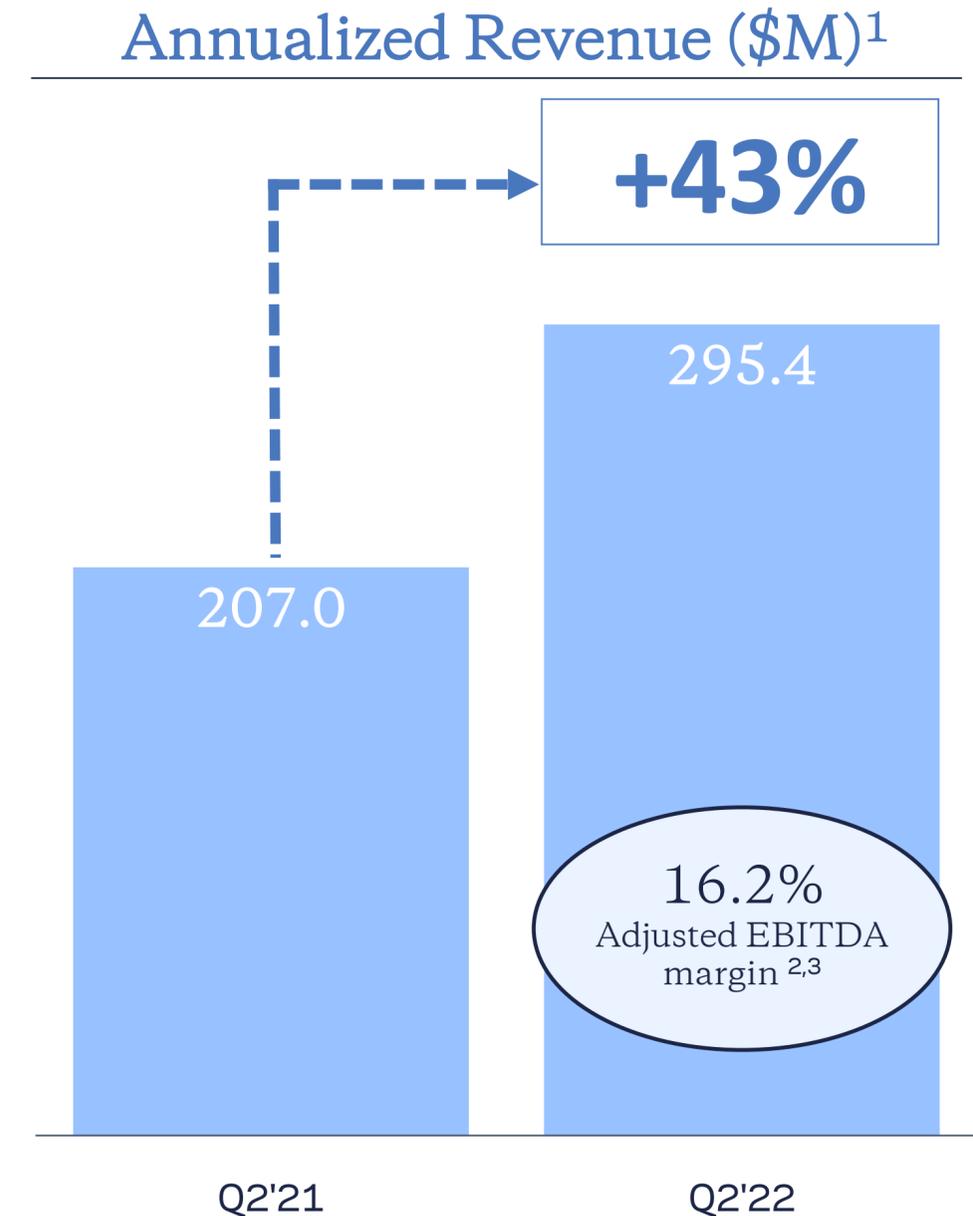
- Strong digital adoption
- True SaaS solution drives speed of innovation
- Holistic customer engagement platform
- Customer success with positive referencing
- Extensive partner & integration ecosystem

Why We Win



The EngageSmart Winning Playbook

Our playbook results in outsized organic growth with positive Adjusted EBITDA



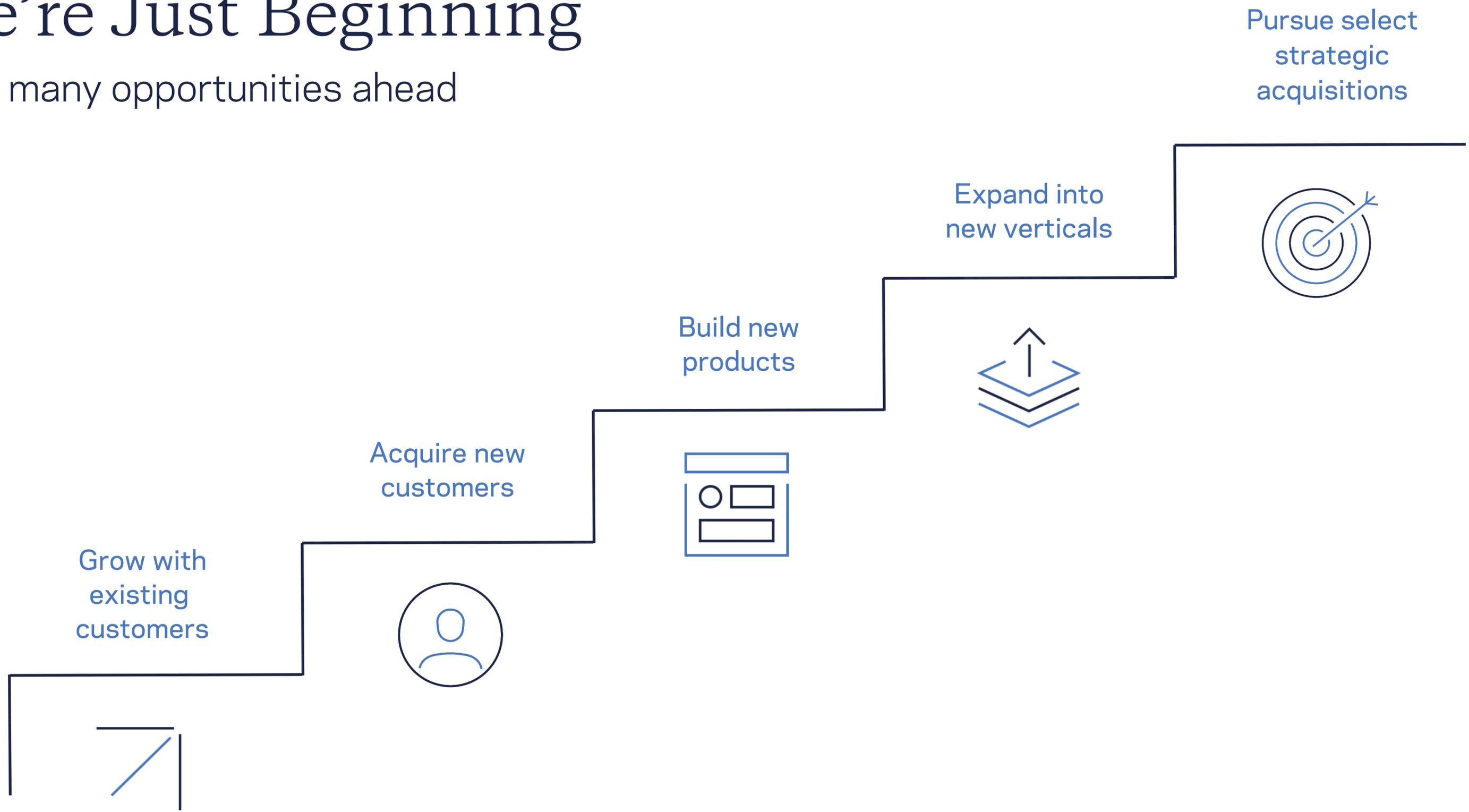
¹ Annualized Revenue is an approximation of total revenue for the full year based on the current quarter.

² For a reconciliation of GAAP to Non-GAAP metrics, refer to the Appendix.

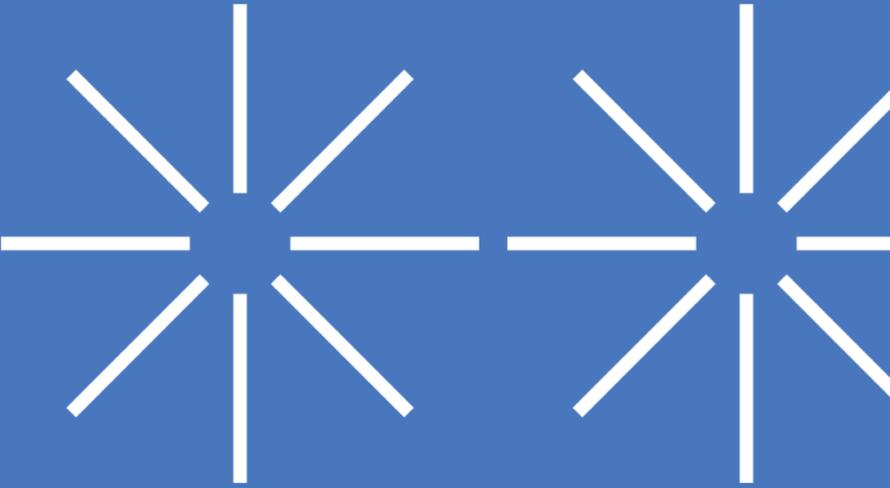
³ For the three months ended June 30, 2022.

We're Just Beginning

With many opportunities ahead

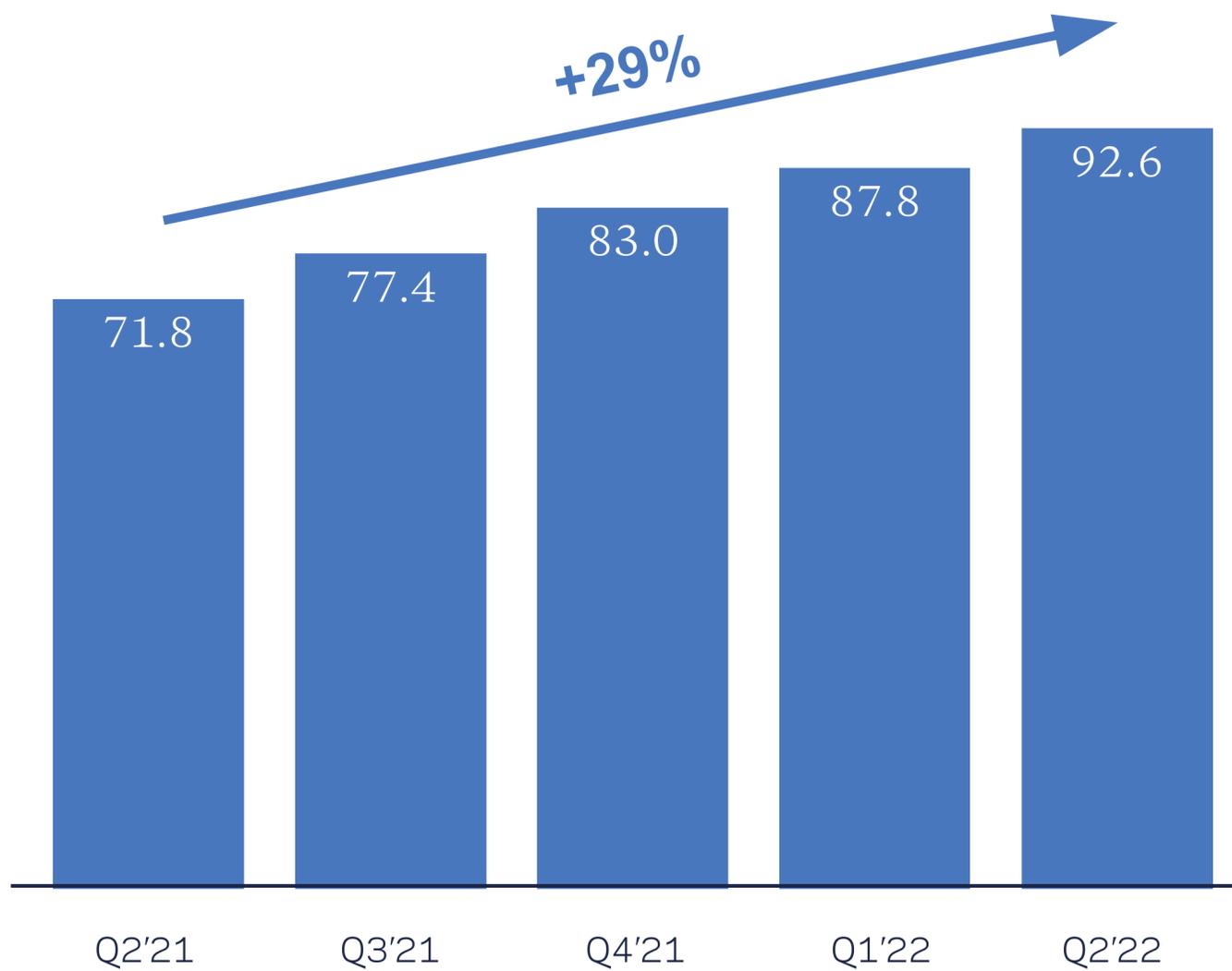


Second Quarter Financial Results

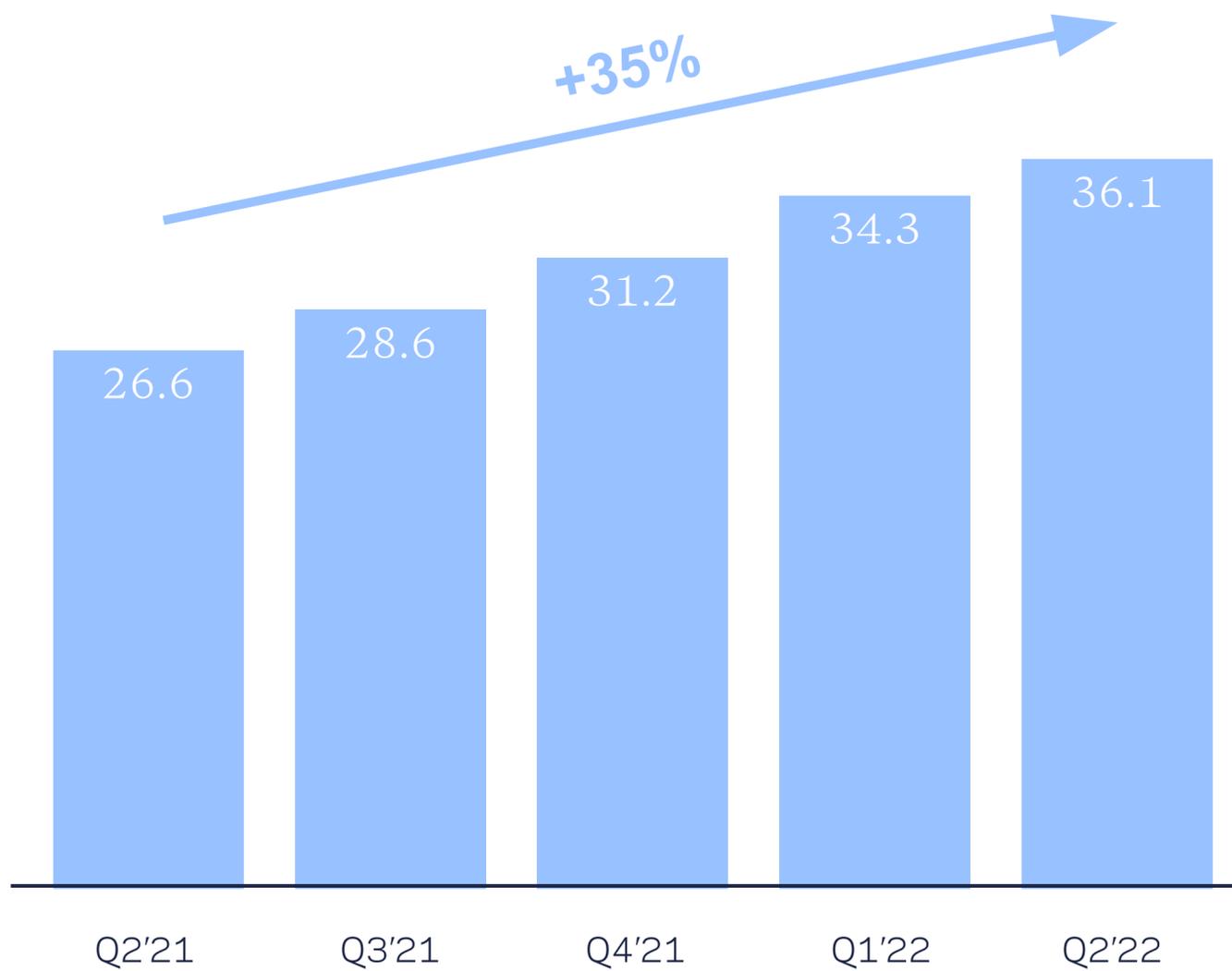


Significant Customer Growth & Increase in Transactions Processed

Number of Customers (in thousands)

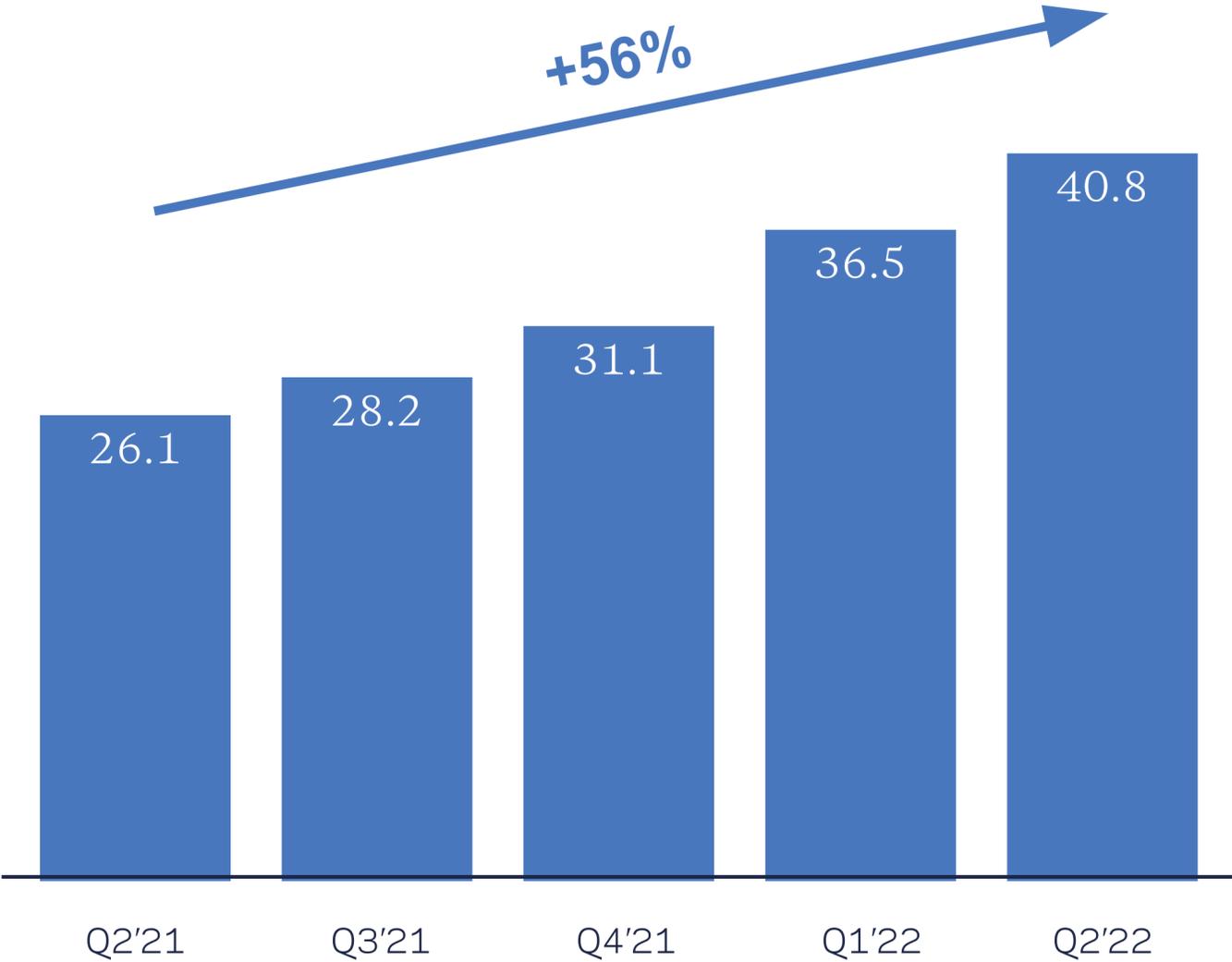


Transactions Processed (in M)

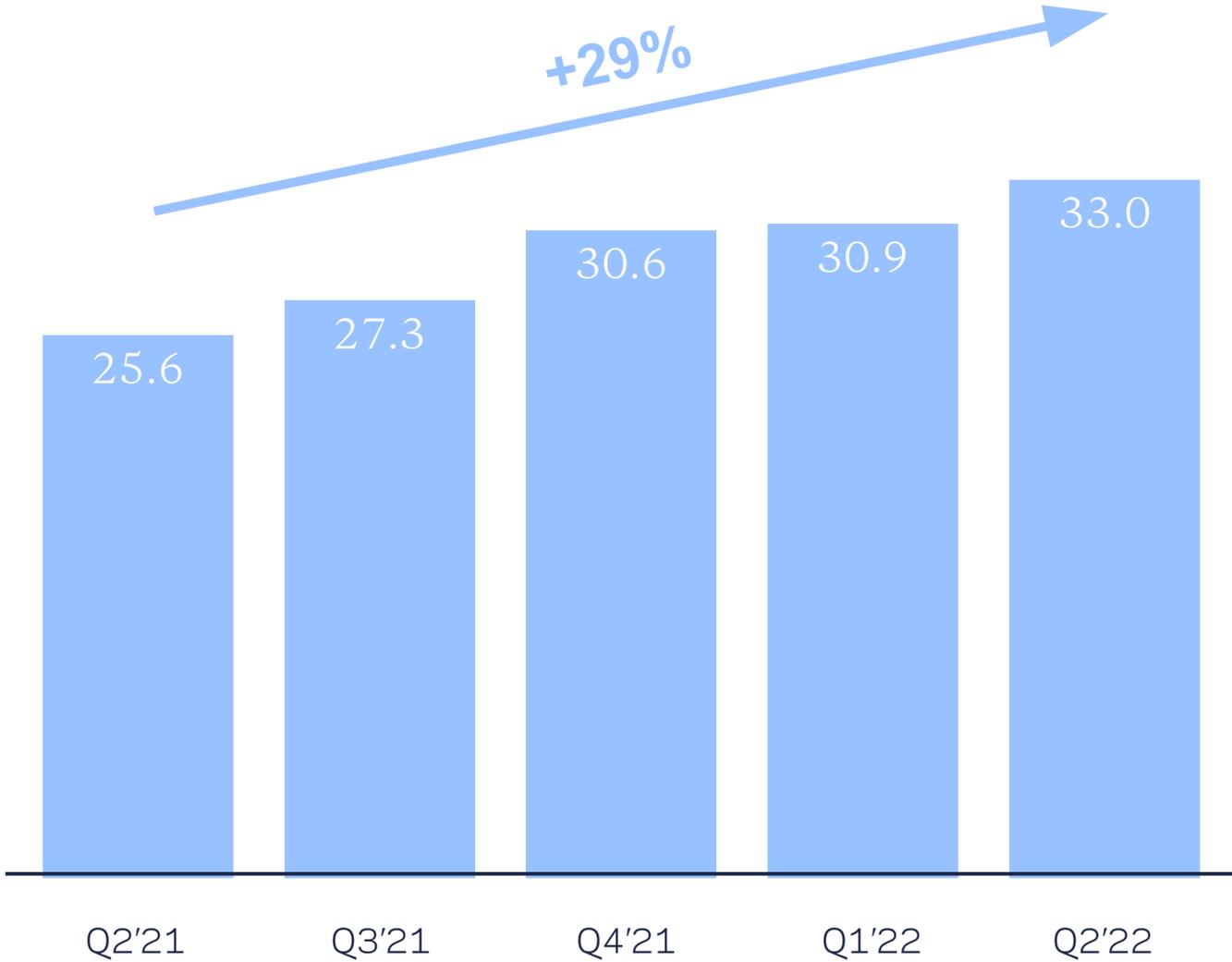


Strong Revenue Growth in SMB & Enterprise: \$73.9M, up 43% YoY

SMB Revenue (\$, M)



Enterprise Revenue (\$, M)



Q2'22 Revenue

Revenue Breakdown by Type and Segment

		SMB			Enterprise		
		Q2'22 in \$M	Q2'21 in \$M	YoY Growth in %	Q2'22 in \$M	Q2'21 in \$M	YoY Growth in %
	Transaction and usage-based	\$ 11.2	\$ 8.2	38%	\$ 30.0	\$ 22.9	31%
	Subscription	\$ 29.2	\$ 17.6	66%	\$ 2.2	\$ 1.9	14%
	Other	\$ 0.4	\$ 0.3	27%	\$ 0.9	\$ 0.8	7%
Total Revenue		\$ 40.8	\$ 26.1	56%	\$ 33.0	\$ 25.6	29%

¹ Tables may not foot due to rounding.

Q2'22 Expenses

	Q2'22 \$, M	Q2' 22 % of Revenue
 Adjusted Gross Profit	\$ 57.8	78.2%
 Non-GAAP Sales & Marketing	\$ 23.1	31.3%
 Non-GAAP Research & Development	\$ 10.8	14.6%
 Non-GAAP General & Administrative	\$ 12.6	17.1%
Adjusted EBITDA	\$ 12.0	16.2%

For a reconciliation of GAAP to Non-GAAP metrics, refer to the Appendix.

2022 Outlook

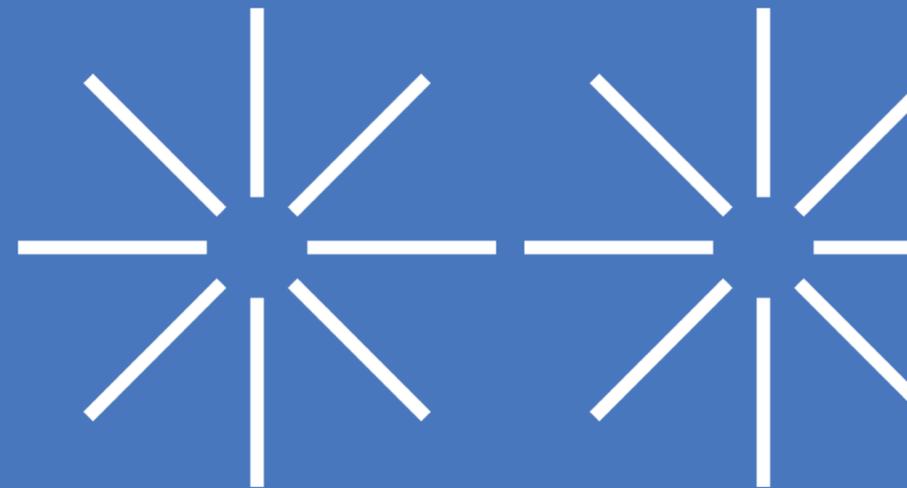
As of August 4, 2022

	Q3'22 Outlook	FY'22 Outlook
Revenue	\$73.5M - \$75.0M	\$295.0M - \$297.5M
Adjusted EBITDA ¹	\$9.7M - \$10.2M	\$42.5M - \$43.5M

¹A reconciliation of Adjusted EBITDA guidance to net income (loss) on a forward-looking basis cannot be provided without unreasonable efforts, as we are unable to provide reconciling information with respect to interest (income) expense, net, (benefit from) provision for income taxes, depreciation, amortization of intangible assets, transaction-related expenses, the fair value adjustment of acquired deferred revenue, stock-based compensation, and restructuring charges all of which are adjustments to Adjusted EBITDA

With the information available as of August 4, 2022, we are providing the above guidance for the third quarter and full year of 2022, based on current market conditions and expectations. This guidance is subject to various important cautionary factors referenced in the "Forward-Looking Statements" section on slide 2.

Appendix



Non-GAAP Financial Measures

This presentation includes certain performance metrics and financial measures not based on GAAP, including Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, and Non-GAAP Operating Expenses, as well as key business metrics, including total Number of Customers and total Transactions Processed.

Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, and Non-GAAP Operating Expenses are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP and should not be considered as an alternative to net income (loss), gross profit, and operating expenses or any other performance measure derived in accordance with GAAP.

We define Adjusted EBITDA as net income (loss) excluding interest (income) expense, net; (benefit from) provision for income taxes; depreciation; and amortization of intangible assets, as further adjusted for transaction-related expenses, the fair value adjustment of acquired deferred revenue, stock/equity-based compensation, and restructuring charges. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by revenue plus the fair value adjustment of acquired deferred revenue.

We define Adjusted Gross Profit as gross profit as adjusted for the fair value adjustment of acquired deferred revenue, amortization of intangible assets, stock/equity-based compensation, and transaction-related expenses. We define Adjusted Gross Margin as Adjusted Gross Profit divided by revenue plus the fair value adjustment of acquired deferred revenue.

We define Non-GAAP Operating Expenses as GAAP operating expenses excluding stock/equity-based compensation and transaction-related expenses. We define Non-GAAP Operating Expenses as a percentage of revenue as Non-GAAP Operating Expenses divided by revenue plus the fair value adjustment of acquired deferred revenue.

We define Number of Customers as individuals or entities with whom we directly contract to use our solutions.

We define Transactions Processed as the number of accepted payment transactions, such as credit card and debit card transactions, automated clearing house (“ACH”) payments, emerging electronic payments, other communication, text messaging and interactive voice response transactions, and other payment transaction types, which are facilitated through our platform during a given period. We believe Transactions Processed is a key business metric for investors because it directly correlates with transaction and usage-based revenue. We use Transactions Processed to evaluate changes in transaction and usage-based revenue over time.

We caution investors that amounts presented in accordance with our definitions of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Gross Profit, Adjusted Gross Margin, and Non-GAAP Operating Expenses may not be comparable to similar measures disclosed by our competitors because not all companies and analysts calculate these non-GAAP financial measures in the same manner. We present these non-GAAP financial measures because we consider these metrics to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management believes that investors’ understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations.

Non-GAAP financial measures assist management in assessing operating performance by removing the impact of items not directly resulting from our core operations, to present operating results on a consistent basis. Management uses these non-GAAP financial measures for planning purposes, including the preparation of our internal annual operating budget and financial projections; to evaluate the performance and effectiveness of our operational strategies; and to evaluate our capacity to expand our business. These non-GAAP financial measures have limitations as analytical tools, and should not be considered in isolation, or as an alternative to, or a substitute for net income, gross profit, and operating expenses, or other financial statement data presented in accordance with GAAP in our consolidated financial statements.

Adjusted EBITDA Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except percentages)			
Net income (loss)	\$ 6,879	\$ (211)	\$ 8,938	\$ 274
Net income (loss) margin	9.3%	(0.4)%	6.3%	0.3%
Adjustments:				
(Benefit from) provision for income taxes	(2,663)	(67)	(1,843)	48
Interest (income) expense, net	(210)	2,295	(122)	4,600
Amortization of intangible assets	3,899	3,900	7,800	7,800
Depreciation	733	537	1,473	986
Fair value adjustment of acquired deferred revenue	—	35	—	94
Stock/equity-based compensation	3,327	338	6,314	560
Restructuring charges	—	89	—	89
Transaction-related expense	—	848	(38)	1,232
Adjusted EBITDA	\$ 11,965	\$ 7,764	\$ 22,522	\$ 15,683
Adjusted EBITDA Margin	16.2%	15.0%	15.9%	15.8%

Adjusted Gross Profit Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except percentages)			
Gross profit	\$ 56,059	\$ 38,469	\$ 107,382	\$ 73,673
Gross margin	75.9%	74.3%	76.0%	74.3%
Adjustments:				
Fair value adjustment of acquired deferred revenue	—	35	—	94
Amortization of intangible assets	1,537	1,538	3,076	3,076
Stock/equity-based compensation	155	4	263	8
Transaction-related expense	—	25	—	52
Adjusted Gross Profit	<u>\$ 57,751</u>	<u>\$ 40,071</u>	<u>\$ 110,721</u>	<u>\$ 76,903</u>
Adjusted Gross Margin	<u>78.2%</u>	<u>77.4%</u>	<u>78.4%</u>	<u>77.5%</u>

Non-GAAP Operating Expenses Reconciliation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	(in thousands, except percentages)			
General and administrative expenses	\$ 14,997	\$ 9,048	\$ 28,284	\$ 16,703
General and administrative as a percentage of revenue	20.3%	17.5%	20.0%	16.8%
Less:				
Stock/equity-based compensation	(2,377)	(270)	(4,696)	(454)
Transaction-related expense	—	(805)	38	(951)
Non-GAAP general and administrative expenses	\$ 12,620	\$ 7,973	\$ 23,626	\$ 15,298
Non-GAAP general and administrative as a percentage of revenue	17.1%	15.4%	16.7%	15.4%
Selling and marketing expenses	\$ 23,692	\$ 17,083	\$ 46,356	\$ 32,128
Selling and marketing as a percentage of revenue	32.1%	33.0%	32.8%	32.4%
Less:				
Stock/equity-based compensation	(557)	(40)	(960)	(63)
Non-GAAP selling and marketing expenses	\$ 23,135	\$ 17,043	\$ 45,396	\$ 32,065
Non-GAAP selling and marketing as a percentage of revenue	31.3%	32.9%	32.1%	32.3%
Research and development expenses	\$ 10,993	\$ 7,822	\$ 21,033	\$ 14,815
Research and development as a percentage of revenue	14.9%	15.1%	14.9%	14.9%
Less:				
Stock/equity-based compensation	(238)	(24)	(395)	(35)
Transaction-related expense	—	(8)	—	(17)
Non-GAAP research and development expenses	\$ 10,755	\$ 7,790	\$ 20,638	\$ 14,763
Non-GAAP research and development as a percentage of revenue	14.6%	15.0%	14.6%	14.9%