

William Blair

February 28, 2023

Perspectives On Optimizing The Outcome, At The Right Time, For A Clear Category Leader

Prepared for  **upshop**  **PRAIRIE**
CAPITAL



Today's Agenda

1



William Blair & Market Update

2



Optimizing the Upshop Story

3



Keys to Unlocking a Premium Valuation

4



Thinking Ahead – Exit Preparedness

Upshop's Dedicated William Blair Team

Purpose-built team with highly relevant sector knowledge, extensive M&A experience, and strong relationships with the buyers and investors that matter to Upshop

Dedicated William Blair Team

Add. Support



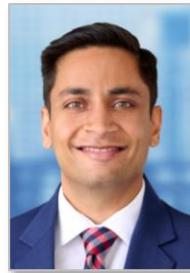
Greg South
Managing Director,
Application Software



Jamie Hamilton
Managing Director,
Integrated Payments



Chris Lane
Co-Head of Tech.
Investment Banking



Harsh Sharma
Vice President,
Software



Andre Silva
Senior Associate,
Software



Will Batchelder
Senior Analyst,
Software



Jonathan Cheng
Analyst,
Software



Drew Janes
Managing Director,
Financial Sponsor
Coverage

Deep Relationships and Recent Experience

2020



assembly



Brightly

cvent

daxko

DRB

FOUNDANT
technologies

Fourth.

HungerRush

HYPHEN
SOLUTIONS

olo

parlevel

Restaurant365

simpleview

Storable

Syndigo

toast

ungerboeck

Upserve

William Blair & Market Update

William Blair's Software Franchise

Our software team has closed a transaction every week for the past 5+ years, providing valuable insights to help inform our perspectives on Upshop

Market Impact: Under \$1.0B⁽¹⁾

Rank	Advisor	# of Deals	Deal Value (\$B)
1	<i>William Blair</i>	54	\$22.4
2	Goldman Sachs	45	\$19.7
3	J.P. Morgan	42	\$19.4
4	Jefferies	41	\$15.3
5	Evercore	36	\$13.8
6	Morgan Stanley	23	\$10.6
7	Raymond James	45	\$9.7
8	FT Partners	35	\$8.4
9	Baird	26	\$7.2
10	Barclays	12	\$7.2

Representative Recent William Blair Software Transactions

<p>\$150,000,000</p> <p>FOUNDANT</p> <p>has received a strategic growth investment from</p> <p>CAPITAL PARTNERS</p> <p>February 2023</p>	<p>\$575,000,000</p> <p>THL</p> <p>has acquired</p> <p>bynder</p> <p>January 2023</p>	<p>\$750,000,000</p> <p>MADISON LOGIC</p> <p>has been acquired by</p> <p>BC PARTNERS</p> <p>December 2022</p>	<p>€50,000,000</p> <p>BEEKEEPER</p> <p>Series C Financing</p> <p>ERNST & YOUNG</p> <p>KREOS CAPITAL</p> <p>November 2022</p>	<p>\$205,000,000</p> <p>ROCK SOLID</p> <p>has been acquired by</p> <p>GRANICUS</p> <p>October 2022</p>	<p>\$380,000,000</p> <p>Apax</p> <p>has acquired</p> <p>EcoOnline</p> <p>September 2022</p>	<p>\$360,000,000</p> <p>Cartograph</p> <p>has been acquired by</p> <p>OPENGOV</p> <p>September 2022</p>
<p>\$66,000,000</p> <p>McCarthy Capital</p> <p>has made a minority growth investment in</p> <p>WellnessLiving</p> <p>August 2022</p>	<p>\$1,200,000,000</p> <p>VelocityEHS</p> <p>has received a significant minority investment from</p> <p>Partners Group</p> <p>August 2022</p>	<p>\$557,500,000</p> <p>BLUECAT</p> <p>has been acquired by</p> <p>Audax Group</p> <p>August 2022</p>	<p>\$578,000,000</p> <p>talent systems</p> <p>has received a majority investment from</p> <p>REDBIRD CAPITAL PARTNERS</p> <p>August 2022</p>	<p>\$112,500,000</p> <p>talentReef</p> <p>has been acquired by</p> <p>MITRATECH</p> <p>August 2022</p>	<p>\$1,875,000,000</p> <p>Brightly</p> <p>has been acquired by</p> <p>SIEMENS</p> <p>August 2022</p>	<p>\$160,000,000</p> <p>rootstock</p> <p>has acquired</p> <p>CLOUD ERP</p> <p>July 2022</p>
<p>\$865,000,000</p> <p>apexanalytix</p> <p>has been acquired by</p> <p>KKR</p> <p>July 2022</p>	<p>\$275,000,000</p> <p>cube</p> <p>has been acquired by</p> <p>TRINITY</p> <p>July 2022</p>	<p>\$700,000,000</p> <p>LeanTaaS</p> <p>has been acquired by</p> <p>BainCapital</p> <p>July 2022</p>	<p>\$339,000,000</p> <p>Outpost24</p> <p>has been acquired by</p> <p>VITRUVIAN</p> <p>July 2022</p>	<p>€400,000,000</p> <p>Quentic</p> <p>has been acquired by</p> <p>AMCS</p> <p>June 2022</p>	<p>\$900,000,000</p> <p>mycase</p> <p>has been acquired by</p> <p>AFFINIPAY</p> <p>June 2022</p>	<p>\$500,000,000</p> <p>LegitScript</p> <p>has been acquired by</p> <p>TJC</p> <p>June 2022</p>
<p>\$550,000,000</p> <p>HungerRush</p> <p>has been acquired by</p> <p>CORSAIR</p> <p>June 2022</p>	<p>\$625,000,000</p> <p>GRI</p> <p>has been acquired by</p> <p>PROUnlimited</p> <p>May 2022</p>	<p>\$233,000,000</p> <p>Alchemer</p> <p>has received a majority investment from</p> <p>KKR</p> <p>May 2022</p>	<p>\$1,600,000,000</p> <p>THL</p> <p>has acquired</p> <p>IMO Intelligent Medical Objects</p> <p>May 2022</p>	<p>\$2,300,000,000</p> <p>beeline</p> <p>has received a strategic growth investment from</p> <p>STONE POINT CAPITAL</p> <p>May 2022</p>	<p>\$1,700,000,000</p> <p>Command Alkon</p> <p>has received a minority investment from</p> <p>HEIDELBERGCEMENT</p> <p>May 2022</p>	<p>\$250,000,000</p> <p>CARPE DATA</p> <p>has received a strategic growth investment from</p> <p>THL</p> <p>April 2022</p>
<p>\$90,000,000</p> <p>dadepay</p> <p>has been acquired by</p> <p>versapay</p> <p>April 2022</p>	<p>\$450,000,000</p> <p>Lightspeed Systems</p> <p>has received a strategic growth investment from</p> <p>GENSTAR MDP</p> <p>March 2022</p>	<p>\$400,000,000</p> <p>AVA</p> <p>has been acquired by</p> <p>MOTOROLA SOLUTIONS</p> <p>March 2022</p>	<p>\$1,250,000,000</p> <p>EXPERITY</p> <p>has been acquired by</p> <p>GTCR</p> <p>February 2022</p>	<p>\$695,000,000</p> <p>AlsoEnergy</p> <p>has been acquired by</p> <p>stem</p> <p>February 2022</p>	<p>\$5,400,000,000</p> <p>Quest</p> <p>has acquired</p> <p>Quest</p> <p>February 2022</p>	<p>\$100,000,000</p> <p>COVE HILL</p> <p>has made a strategic investment in</p> <p>myDigitalOffice</p> <p>January 2022</p>

✓ **Deep Industry and Sector Knowledge**

✓ **Credibility-Based Relationships with Global Investors**

✓ **Large Market Share and High Volume**

(1) Source: MergerMarket. Disclosed U.S. software sell-side transactions under \$1.0 billion from January 1st, 2017 to February 12th, 2023.

Deep Domain Expertise Across Commerce, Retail, And Vertical Software

Commerce, Retail and Hospitality Technology

<p>\$60,000,000</p> <p>365</p> <p>has acquired</p> <p>parlevel</p>	<p>\$550,000,000</p> <p>HungerRush</p> <p>has been acquired by</p> <p>CORSAIR</p>	<p>€25,000,000</p> <p>KANTAR</p> <p>has sold its Reputation Intelligence Business to</p> <p>STG</p>	<p>\$360,000,000</p> <p>BirchStreet</p> <p>has received a strategic growth investment from</p> <p>PARTHENON CAPITAL</p>
<p>\$1,400,000,000</p> <p>assembly</p> <p>has received a strategic investment led by</p> <p>Advent International PSG</p>	<p>\$245,000,000</p> <p>Restaurant365</p> <p>has acquired</p> <p>compeat</p>	<p>\$707,500,000</p> <p>2020</p> <p>has been acquired by</p> <p>GENSTAR</p>	<p>\$325,000,000</p> <p>ungerboeck</p> <p>has been acquired by</p> <p>COVE HILL PARTNERS</p>
<p>\$735,000,000</p> <p>365</p> <p>has been recapitalized by</p> <p>PROVIDENCEEQUITY</p>	<p>\$2,000,000,000</p> <p>syndigo</p> <p>has announced a growth equity partnership with</p> <p>SUMMIT PARTNERS</p>	<p>\$800,000,000</p> <p>TrueCommerce</p> <p>has been acquired by</p> <p>WCAS</p>	<p>\$430,000,000</p> <p>Upserve</p> <p>has been acquired by</p> <p>lightspeed</p>
<p>\$50,000,000</p> <p>springboard</p> <p>has been acquired by</p> <p>Heartland</p>	<p>\$145,000,000</p> <p>commercetools</p> <p>has received a strategic growth investment from</p> <p>INSIGHT PARTNERS</p>	<p>\$700,000,000</p> <p>MARLIN EQUITY PARTNERS</p> <p>has acquired and merged</p> <p>Fourth HotSchedules</p>	<p>\$1,250,000,000</p> <p>APPRISS</p> <p>has been acquired by</p> <p>RECUR</p>
<p>\$157,500,000</p> <p>simpleview</p> <p>has received a strategic investment from</p> <p>TJC</p>	<p>\$310,000,000</p> <p>afs</p> <p>has received a majority investment from</p> <p>QVC</p>	<p>\$500,000,000</p> <p>NEWMARKET</p> <p>has been acquired by</p> <p>AMADEUS</p>	<p>\$63,000,000</p> <p>Lanyon</p> <p>has been acquired by</p> <p>VISTA EQUITY PARTNERS</p>



Other Vertical Software

<p>\$900,000,000</p> <p>mycase</p> <p>has been acquired by</p> <p>AFFINIPAY</p>	<p>\$390,000,000</p> <p>Fidelity</p> <p>has been recapitalized by</p> <p>PSG</p>	<p>\$885,000,000</p> <p>LINQ</p> <p>has received a strategic growth investment from</p> <p>WCAS Banneker</p>	<p>\$1,670,000,000</p> <p>Ministry Brands</p> <p>has received a majority investment from</p> <p>WARBURG PINCUS</p>
<p>\$1,075,000,000</p> <p>daxko</p> <p>has received an investment from</p> <p>GENSTAR GI PARTNERS</p>	<p>\$435,045,000</p> <p>EngageSmart</p> <p>Initial Public Offering</p>	<p>\$965,000,000</p> <p>DRB</p> <p>has been acquired by</p> <p>VONTIER</p>	<p>\$1,000,000,000</p> <p>everyaction</p> <p>has been acquired by</p> <p>Apax</p>
<p>\$1,150,000,000</p> <p>Government Brands</p> <p>has received a strategic growth investment from</p> <p>PSG TPG</p>	<p>\$925,000,000</p> <p>ZE GO PayLease</p> <p>has been acquired by</p> <p>globalpayments</p>	<p>\$1,250,000,000</p> <p>THERAPYBRANDS</p> <p>has been acquired by</p> <p>KKR</p>	<p>\$150,000,000</p> <p>AxiaMed</p> <p>has been acquired by</p> <p>BANK OF AMERICA</p>
<p>\$2,000,000,000</p> <p>Storable</p> <p>has received a majority investment from</p> <p>IEQT</p>	<p>\$196,000,000</p> <p>fattmerchant</p> <p>has been recapitalized by</p> <p>GSV GREATER SUN VENTURES</p>	<p>\$1,240,000,000</p> <p>TRIBUTE TECHNOLOGY</p> <p>has been acquired by</p> <p>CARLYLE</p>	<p>\$600,000,000</p> <p>HYPHEN SOLUTIONS</p> <p>has received an investment from</p> <p>GreyLion Capital STONE POINT CAPITAL</p>
<p>\$1,300,000,000</p> <p>paya</p> <p>has merged with</p> <p>FT</p>	<p>\$580,000,000</p> <p>Buildium</p> <p>has been acquired by</p> <p>REALPAGE</p>	<p>\$791,000,000</p> <p>TJSG</p> <p>has been acquired by</p> <p>Advent International QVC</p>	<p>\$555,000,000</p> <p>Procure</p> <p>has received a strategic investment from</p> <p>WARBURG PINCUS</p>

Demonstrated Experience Helping Market Leaders Achieve Outlier Outcomes Through Early Preparation & Engagement

Early process preparation and execution best practices can help deliver premium outcomes



has received a strategic growth investment from



Procure-to-Pay Software for the Hospitality Sector

8.4x

NTM Revenue Mult.

11 Buyers

Involved in highly targeted process

William Blair Impact

- ✓ **Engaged inbound investors ahead of time** to validate best strategic fits and drive an efficient process while limiting disruption to day-to-day operations



has received a majority investment from



Operations and Marketing Management Software for Self-Storage Providers

11.2x

NTM Revenue Mult.

\$450M

Increase in initial bid median to accepted bid

William Blair Impact

- ✓ Early work on **quantifying whitespace opportunity** and **developing a concrete M&A roadmap** resulted in a premium outcome



has been recapitalized by



Self-Service Commerce and Engagement Software for Unattended Retail Venues

7.4x

NTM Revenue Mult.

13 Days

From process launch to accepting bid

William Blair Impact

- ✓ Used WB conference to provide “**early looks**” to select **investors before process launch** and leveraged feedback to design **narrow and efficient process**



has announced a growth equity partnership with



SUMMIT PARTNERS

Retail PIM & Data Analytics Platform Serving Brands, Retailers, and Distributors

12.6x

NTM Revenue Mult.

6 Sponsors

Contacted in highly selective process

William Blair Impact

- ✓ **Helped integrate disparate data sets and prepared bespoke analyses ahead of the process**, providing strong analytical support for bidders to put best foot forward



Upserve

has been acquired by



lightspeed

Restaurant Management & Analytics Platform with Payments Component

7.6x

NTM Revenue Mult.

\$100M

Increase in price from initial to final bid

William Blair Impact

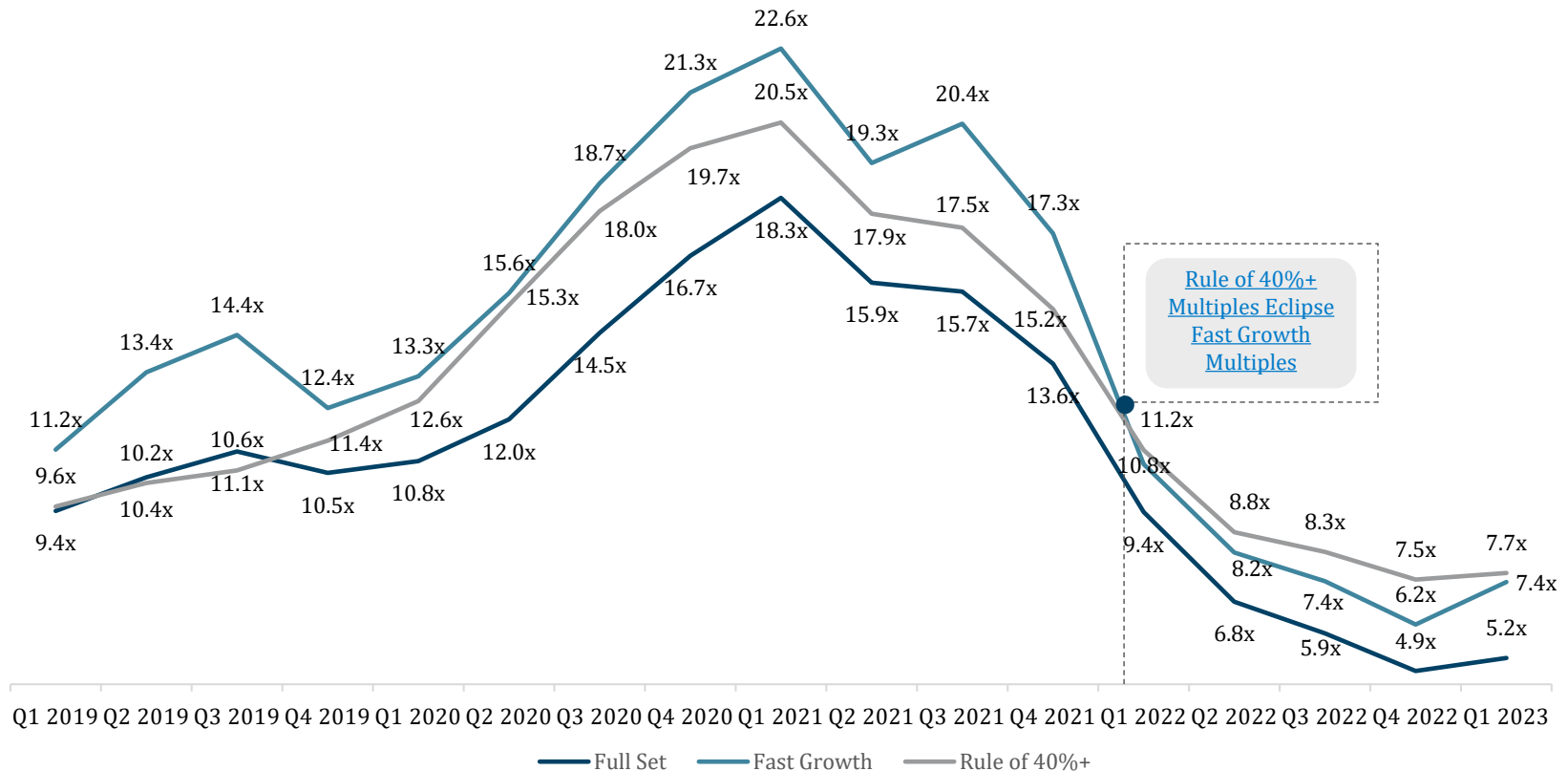
- ✓ Early engagement allowed WB to **manage inbound buyer interest** and design a focused and narrow process that **maximized competitive tension**

'Rule Of 40' Companies Receive Premium Values In Today's Market...

Investors have noticeably shifted strategies to rule of 40%+ companies that generate efficient growth

Software Multiple Comparison (2019-Today)

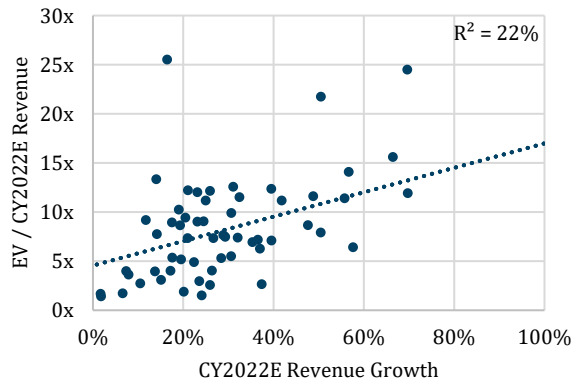
(EV / NTM Revenue)



...And Is Now The Primary Valuation Determinant

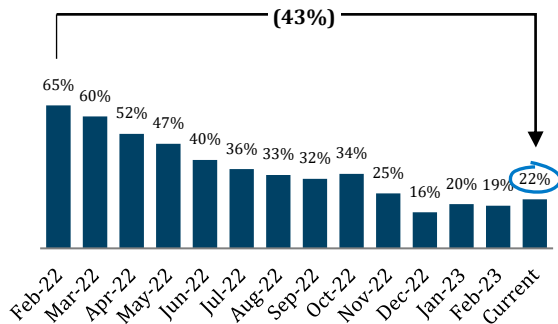
The “Rule of 40” is becoming the predominant determinant of valuation for public software companies as the market rewards businesses with a healthy balance of profitability and growth

EV / Revenue vs. Revenue Growth

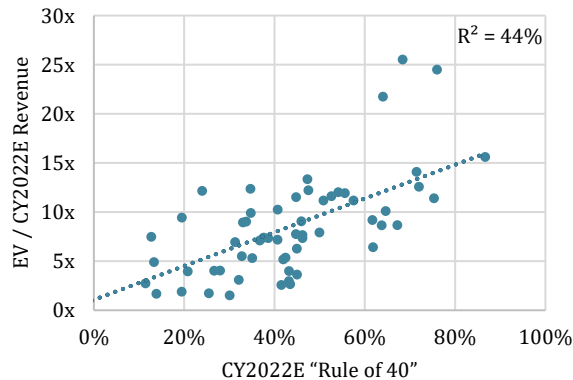


Valuation Explained by Revenue Growth

Historical R-Squares⁽¹⁾

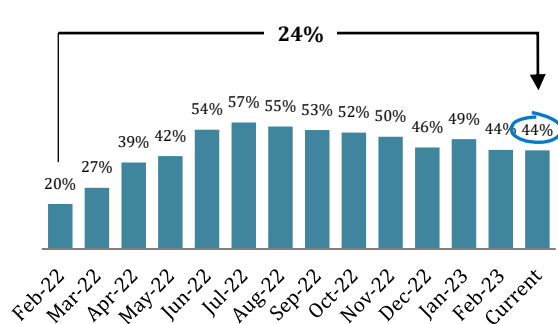


EV / Revenue vs “Rule of 40”



Valuation Explained by “Rule of 40”

Historical R-Squares⁽²⁾



“Rule of 40” Explained

- “Rule of 40” has become the predominant factor in determining the valuation of software companies
- Companies with weak “Rule of 40” scores tend to face valuation pressure as risk-aversion develops in the public and private markets
- While “Rule of 40” is the key headline metric – achieving proportionally higher growth to profitability is viewed favorably

Source: Company filings and CapitalIQ as of February 21, 2023.

Notes: “Rule of 40” defined as Revenue Growth plus EBITDA Margin.

(1) R-Square of EV / CY2022 Revenue regressed against CY2022 Revenue Growth.

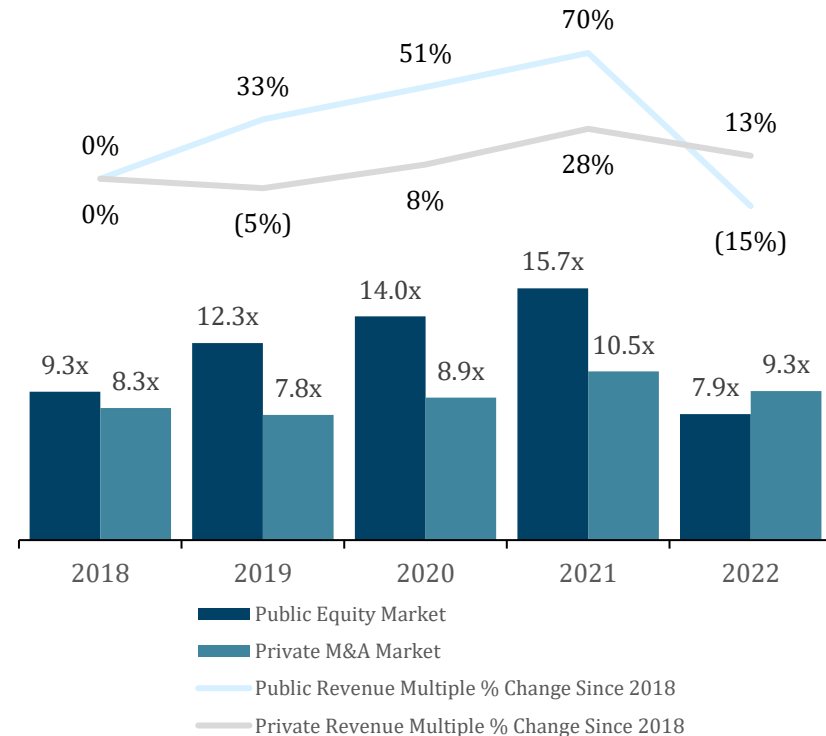
(2) R-Square of EV / CY2022 Revenue regressed against CY2022 “Rule of 40”.

Public Market Rise And Fall Has Been Dramatic

For more profitable names trading on EBITDA, however, repricing has been much less significant

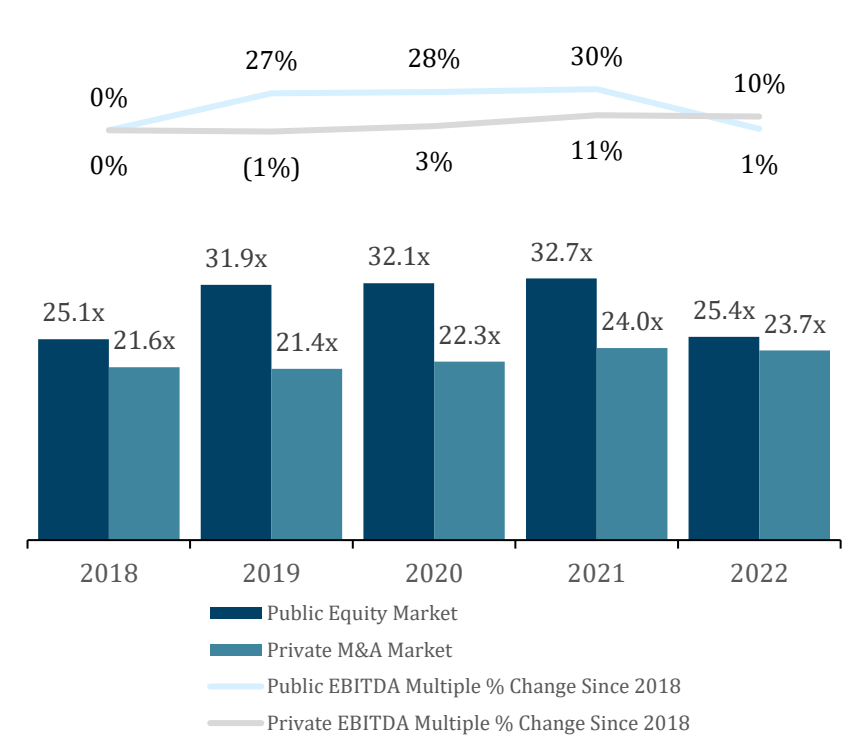
Average Software Revenue Multiples⁽¹⁾

(EV / LTM revenue)



Average Software EBITDA Multiples⁽²⁾

(EV / LTM EBITDA)



Private market revenue multiples have tracked to public market valuations, albeit much less volatile, and based on YTD data have already nearly reset to public market movement

Private market EBITDA multiples have been less volatile and are likely to experience limited movement to historical averages

Source: CapitalIQ, William Blair Equity Research, William Blair proprietary database.

(1) Only transactions without meaningful EBITDA that 'traded on revenue' (had LTM Revenue multiples of >0.5x and <30x) were included as part of the analysis.

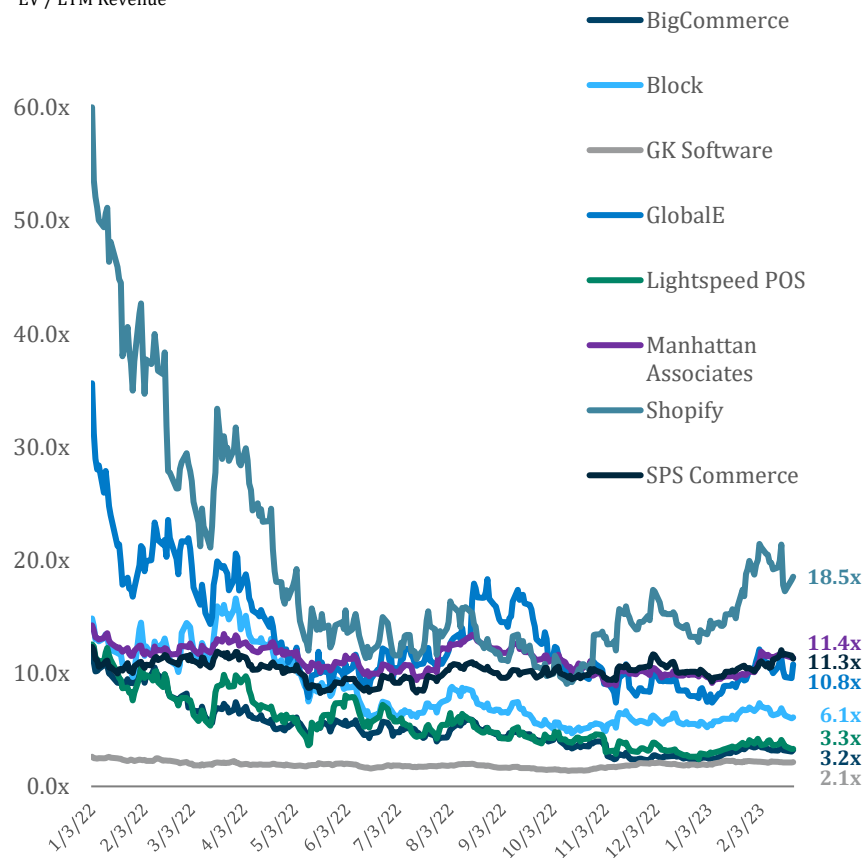
(2) Only transactions that 'traded on EBITDA' (had meaningful LTM EBITDA multiples of >10x and <40x) were included as part of the analysis.

Commerce Software Public Company Landscape

Commerce software and payments platforms have materially reset valuations, but still trade in attractive ranges

Retail Technology Public Valuations

EV / LTM Revenue



Performance Comparison

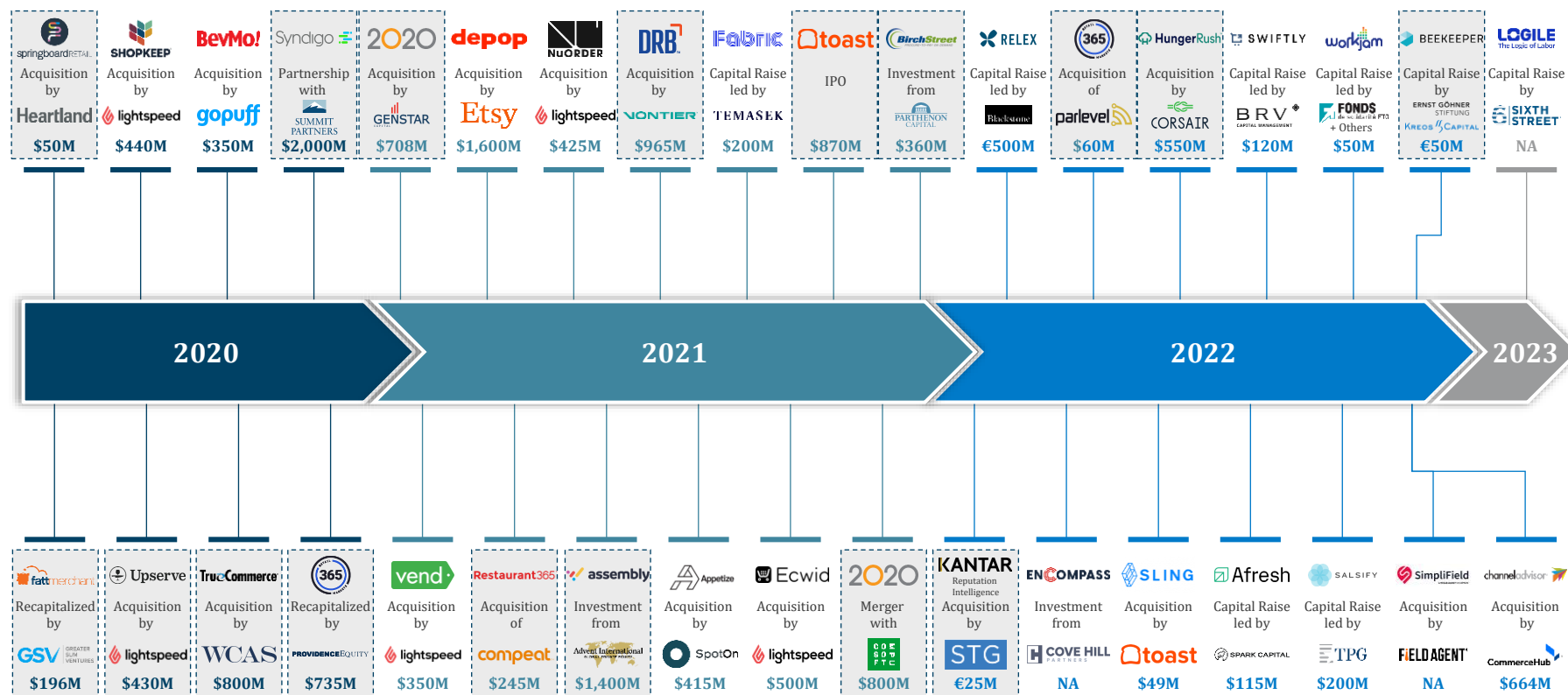
Company	LTM Perf.	'22P Rev. Growth	'22P EBITDA Margin	EV / LTM Revenue		EV / Gross Profit
				As of 1/3/22	As of 2/22/23	2022E
BIGCOMMERCE	(54%)	27%	(18%)	11.9x	3.2x	4.1x
BLOCK	(22%)	41%	13%	14.8x	6.1x	7.4x
GK	2%	9%	20%	2.6x	2.1x	2.1x
GlobalE	(19%)	66%	11%	35.6x	10.8x	27.0x
lightspeed	(40%)	21%	(11%)	12.6x	3.3x	4.5x
Manhattan Associates	13%	13%	26%	14.2x	11.4x	21.0x
shopify	(33%)	10%	(2%)	60.0x	18.5x	20.4x
SPS COMMERCE	19%	17%	29%	12.3x	11.3x	16.8x
Median	(21%)	19%	12%	13.4x	8.4x	12.1x

Source: Capital IQ as of February 22, 2023, William Blair Equity Research.

Note: Block, Lightspeed POS, and Shopify based on net revenue.

Capital Continues To Flow Into The Commerce & Retail Technology Industry

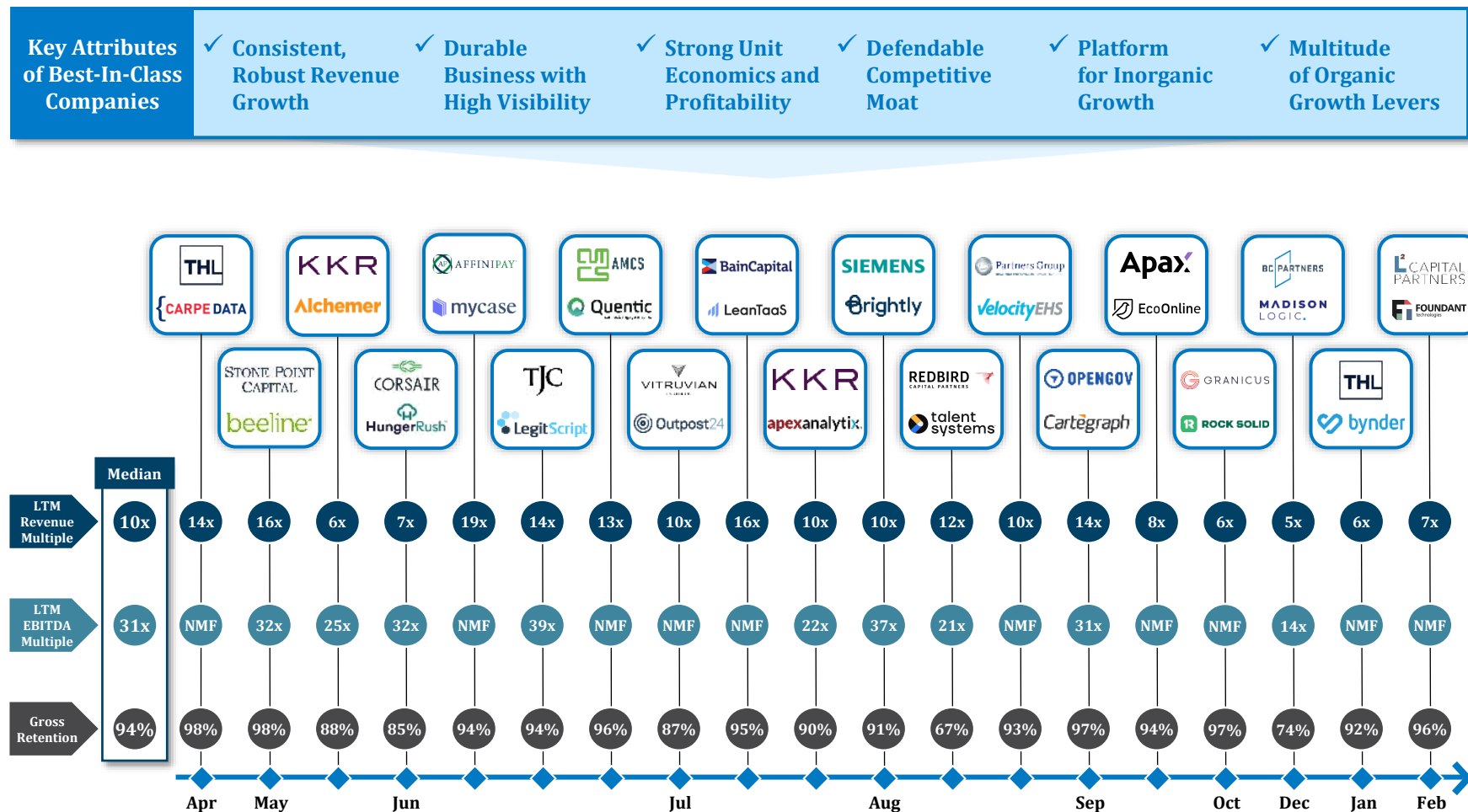
Investors remain eager to back companies in the fast-growing Retail Technology space



Activity on the "Horizon"



Despite A Tumultuous Market, A “Flight To Quality” Is Driving Great Outcomes For Great Businesses

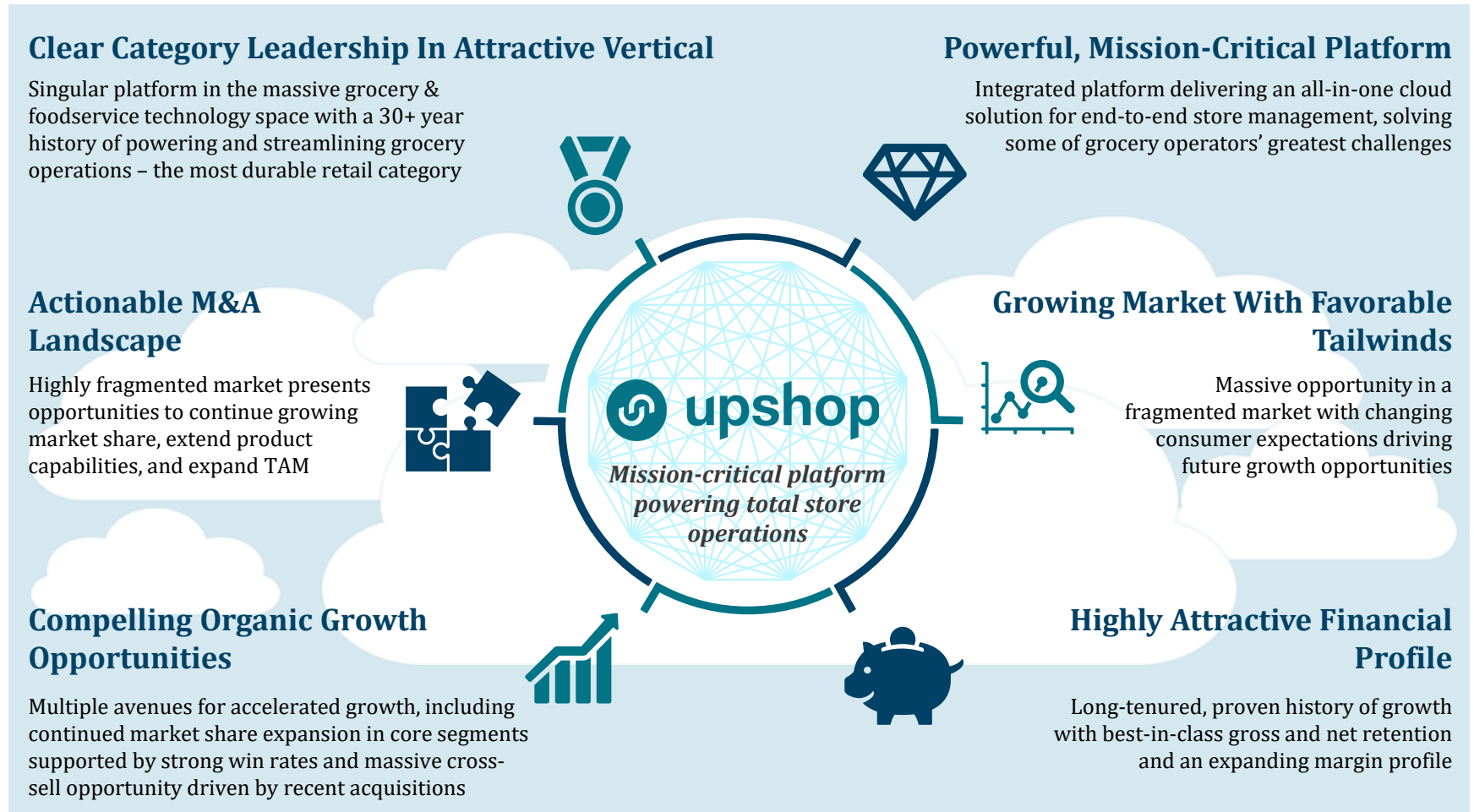


Optimizing the Upshop Story

The background of the slide features a soft, abstract design. It consists of flowing, wavy lines in various shades of light blue and white, creating a sense of movement. Overlaid on these waves is a faint, semi-transparent grid pattern, reminiscent of a technical drawing or a data visualization. The overall aesthetic is clean, modern, and professional.

Why We Love Upshop

Upshop is a one-of-a-kind asset that we believe will garner significant investor interest at the right time



Grocery Store Operators Are Being Hit From Every Angle And Need Technology More Than Ever

In an increasingly complex environment, grocery stores need a singular, unified operations platform that drives retailer ROI, associate experience, and customer loyalty

Today's Grocers Face Existential Pain Points and Often Use a Disconnected Set of Point Solutions to Address Them

40%

Of grocery chains' revenues are driven by fresh categories



Changing Consumer Behavior Towards Fresh

Consumers are thinking fresh when they go grocery shopping and fresh food is one of the main drivers of store traffic and customer loyalty

\$349B

Cost of lost sales from overstocks and out-of-stocks for U.S. and Canadian retailers in 2022



Supply Chain & Logistical Challenges

Out-of-stock rates are at record levels and retailers need reliable solutions to anticipate consumer demand while mitigating waste

80%

Retailers saying their ability to attract and retain workers has been challenged over the past year



Labor Shortages and Workforce Management

Rising labor costs and staffing shortages require solutions that streamline workflows and free employees for shopper-driven tasks

~2x

Estimated growth of eCommerce penetration in grocery in the 12 months post COVID



Explosion of Online Grocery and Delivery

Omnichannel competition is steep; retailers must adapt and innovate to garner business in the unrelenting race for consumer loyalty

Grocery Stores Need to Adopt Technology to Generate Revenue, Increase Profit and Drive Shopper Loyalty

Upshop's Platform Is The Industry's Gold Standard For Total Store Operations

By definition, store operations are multi-faceted; Upshop unites mission-critical functions on a singular platform to create the most functionally rich platform delivering Total Store Operations



The Backbone Of Grocery Store Operations

Upshop drives high ROI outcomes by organically uniting all key store operations solutions on one platform

Proven Results Driving Real Impact

35%+

Waste Reduction

53%

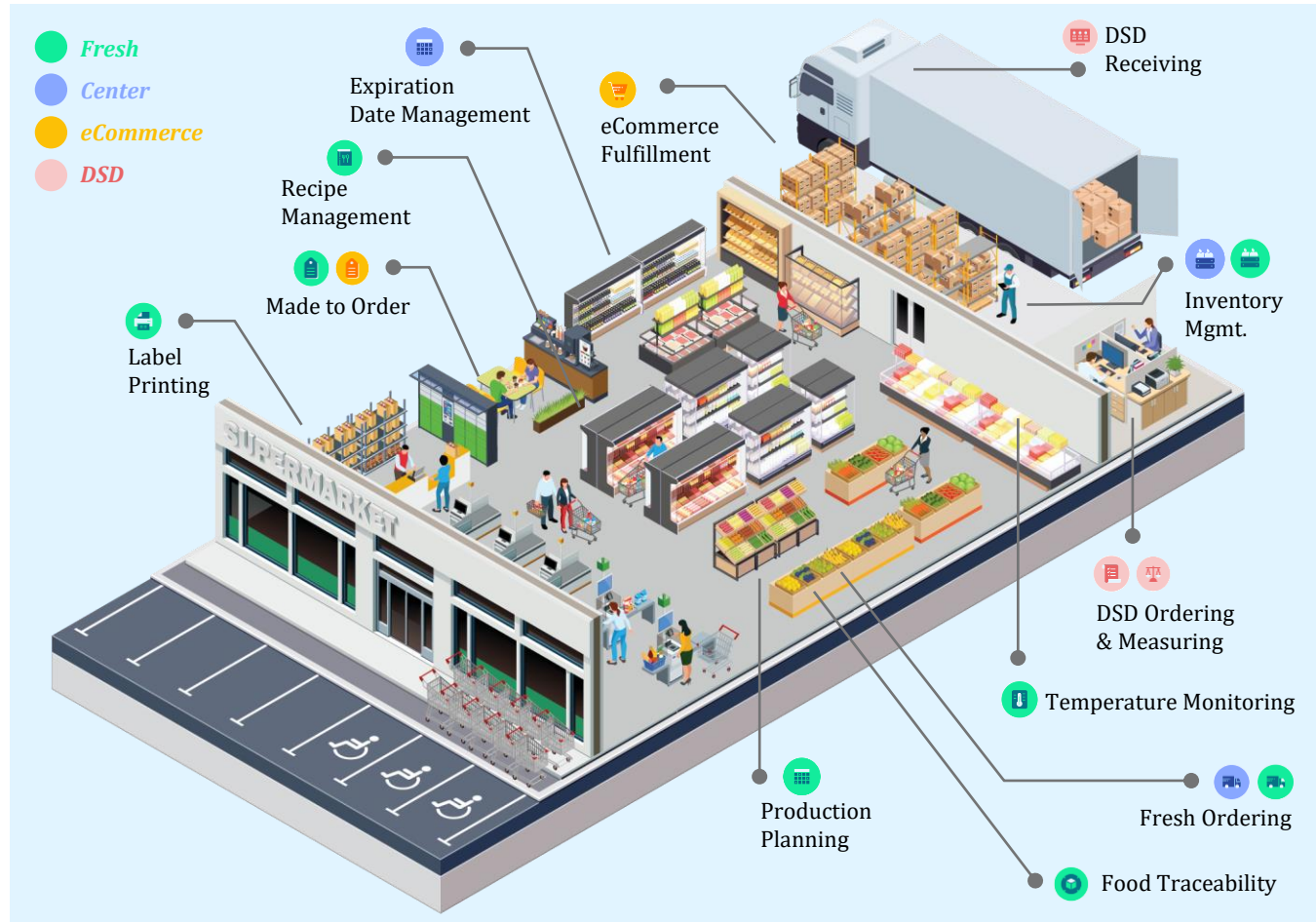
Avg. Shrink Savings

\$2.34

Labor Savings / Order

99.5%














Shelf Availability



Owning the More Complex and Challenging Outer Aisles Puts Upshop in Pole Position to Attack and Win the Center Aisles

Upshop Is The Most Comprehensive Solution In The Industry Today...

Upshop is years ahead of the competition and its full-suite offering is a critical competitive advantage

Key Vendors:	Food Waste Management	Inventory Optimization	eCommerce Enablement	Food Traceability	Recipe Management	Demand Forecasting	Supply Chain Management	Workforce Management	Data & Analytics
 upshop	✓	✓	✓	✓	✓	✓	✓	✓	✓
 Afresh	✓	✓				✓	✓		✓
 crisp.		✓					✓		✓
 focal SYSTEMS		✓					✓		✓
 GK		✓	✓						✓
 invafresh	✓	✓		✓	✓	✓			✓
 mercatus*			✓						✓
 RELEX	✓	✓				✓	✓	✓	✓
 SHELF ENGINE	✓					✓	✓		✓
 SymphonyAI RETAIL CPG	✓	✓	✓	✓	✓	✓	✓		✓
 TOTALCTRL	✓	✓					✓		✓
 wasteless Reducing food waste.	✓	✓							
 wynshop			✓						✓

...And A Scalable M&A Platform With A Path To Consolidate A Fragmented Industry

Upshop's experience with M&A execution and integration provides foundation for additional acquisitions

Proven M&A Platform...

Three Acquisitions Have Cemented Upshop's Product Leadership and Accelerated Its Growth

ITASCA
RETAIL

2022

Inventory Intelligence Technology

PINPOINT
SOFTWARE

2021

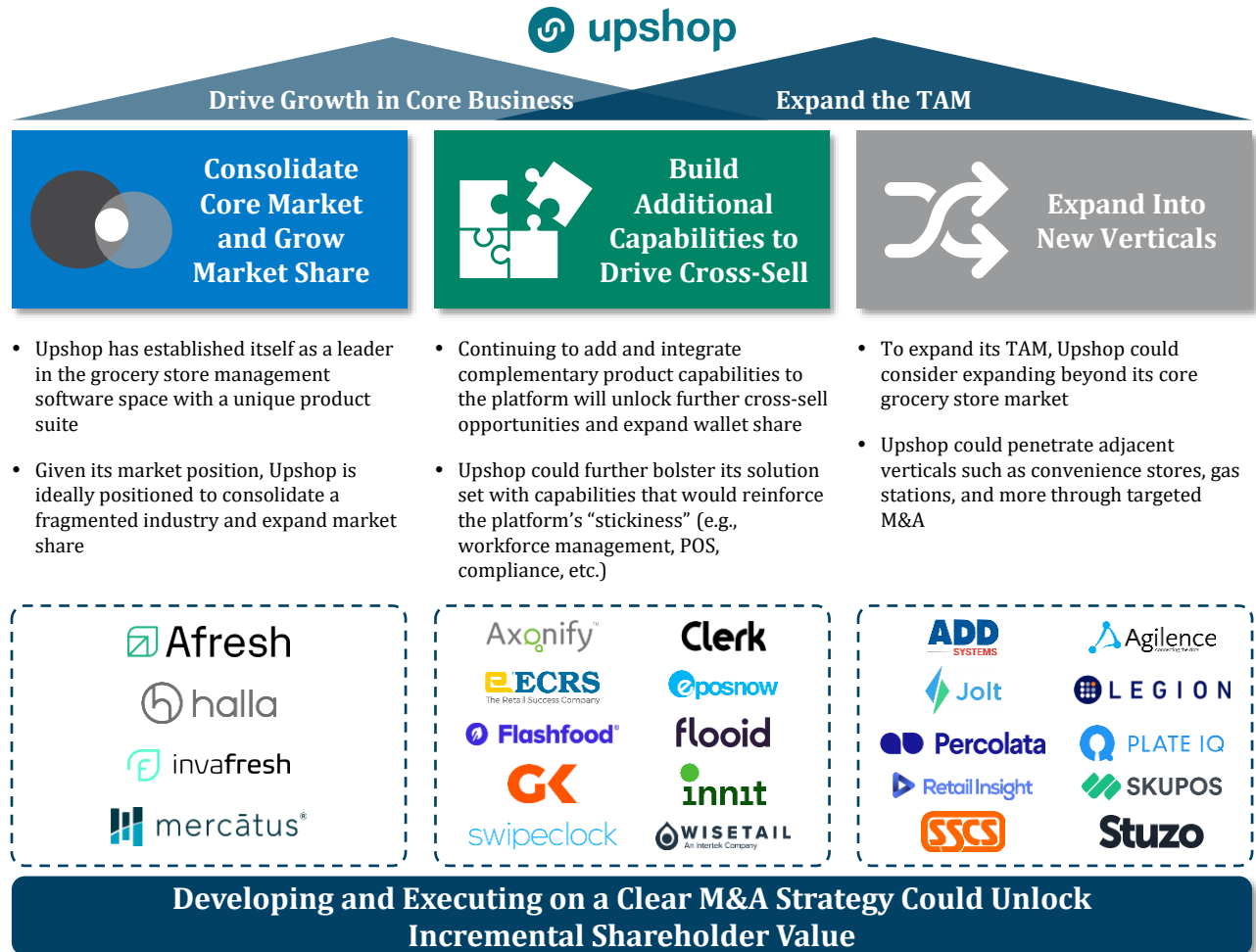
Expiration Date Management Software

ShopperKit

2020

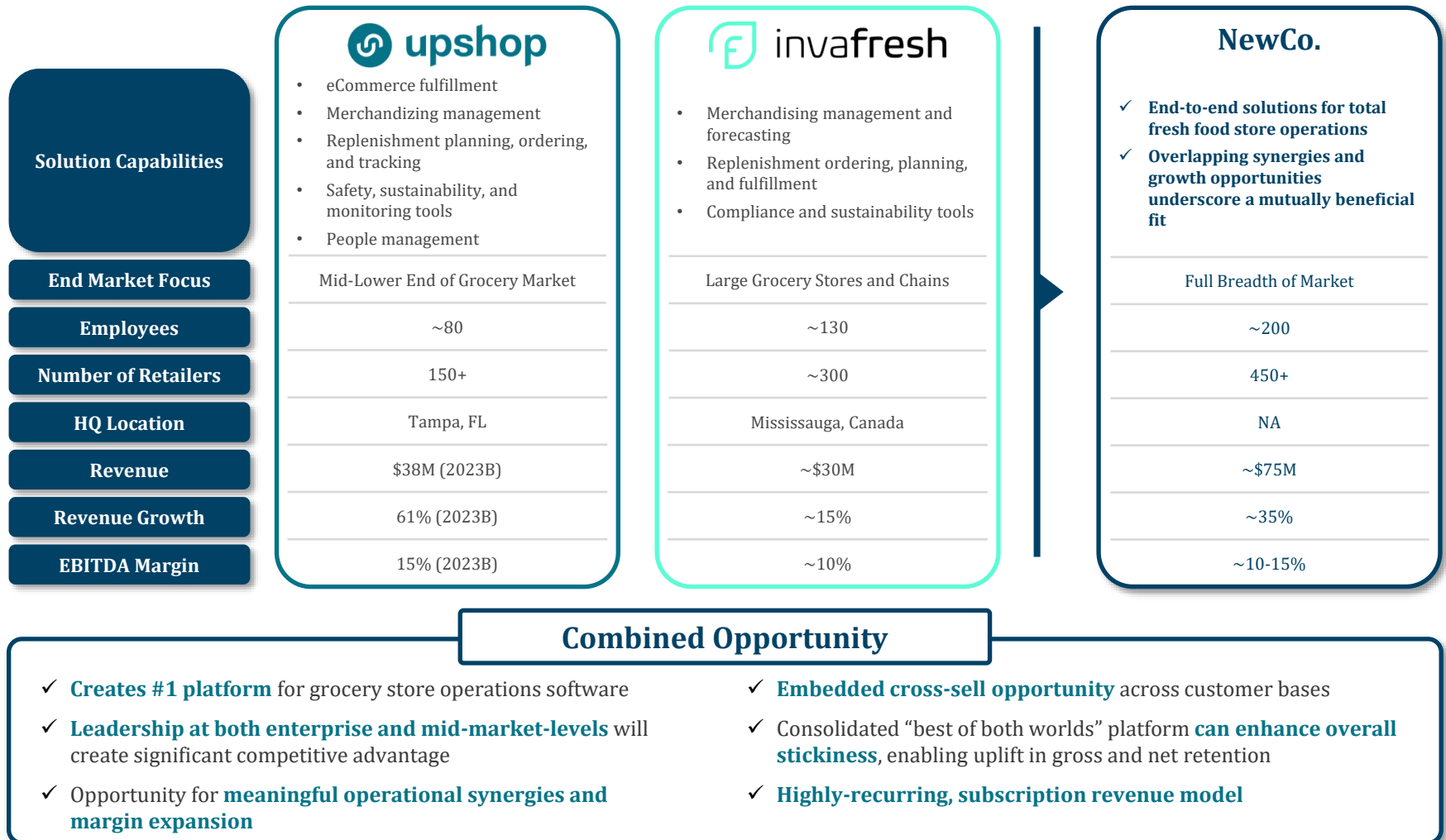
Order Fulfillment Platform

...With Actionable M&A Targets & Upside To Benefit Future Shareholders



Case Study: Opportunity For Synergistic Combination With Invafresh

Compelling case for a combination with Invafresh to create #1 platform for Total Store Operations



Keys to Unlocking a Premium Valuation

The background of the slide features a soft, abstract design. It consists of several overlapping, wavy bands of light blue and white, creating a sense of motion and depth. In the lower-left quadrant, there is a faint, semi-transparent grid pattern that adds a structured element to the otherwise fluid background. The overall color palette is cool and professional, dominated by various shades of blue and white.

Buyers Will Love Upshop's Qualitative Attributes

The only end-to-end grocery store management platform



Item	Assessment	
Platform Integration	<ul style="list-style-type: none">• <u>Mission-critical, highly sticky</u> cloud-based platform with unparalleled breadth of functionality	TBD
Customer Base	<ul style="list-style-type: none">• <u>Blue-chip customer base</u> including many of the top 100 grocery retailers in the U.S.	✓
TAM	<ul style="list-style-type: none">• <u>Leading position in the large grocery & foodservice technology space with ample opportunity for expansion into adjacencies</u> such as convenience retail	TBD
Financial Profile	<ul style="list-style-type: none">• Robust financial profile with <u>strong growth momentum and expanding margins</u>	✓
Organic Growth	<ul style="list-style-type: none">• Multiple avenues for continued organic growth, including <u>massive whitespace opportunity and runway for additional customer wallet share penetration</u>	✓
Future M&A	<ul style="list-style-type: none">• Ideally positioned to pursue <u>thoughtful M&A strategy to consolidate the space</u>	✓

Preliminary Observations Of Upshop's Financials

Key Areas Requiring Additional Analysis

	2022A	2023B	2024P
ARR	\$ 18,632,007	\$ 27,952,121	\$ 35,644,042
<i>% growth</i>		50%	28%
Revenue			
Subscription	\$ 17,786,626	\$ 22,514,347	\$ 32,296,454
License	① 250,523	8,295,800	-
Managed Services	664,276	384,000	406,846
Professional Services	3,153,394	4,690,961	2,525,202
Transactional	1,441,873	1,645,025	1,957,975
Total Revenue	\$ 23,296,691	\$ 37,530,133	\$ 37,186,477
<i>% growth</i>		61%	(1%)
<i>% growth (excl. License)</i>		27%	27%
Gross Profit	\$ 17,326,990	\$ 29,322,888	\$ 27,422,527
<i>% margin</i>	③ 74%	78%	74%
EBITDA	\$ 1,144,788	\$ 5,636,542	\$ 2,703,421
<i>% margin</i>	④ 5%	15%	7%

Commentary

① License Revenue

Understanding nature of licenses software revenue and contextualizing it will be crucial for investors focused on recurring revenue streams

② Revenue Growth Momentum

Discussing and understanding revenue mix and growth expectations for 2024P and beyond will help inform timing and positioning

③ Gross Margin Profile

Helping investors understand the company's long-term margin profile and path to expanding it will be a key focus area








④ EBITDA Margin Expansion

Demonstrating a clear path to sustained EBITDA margin expansion after recent S&M investments will be important

Further Unpacking Upshop's Financial Performance and KPIs Will Help Inform Our Perspectives

Benchmarking Upshop Against “Best of Breed” Performance

Strong growth and robust steady-state retention profile but it will be important to continue improving profitability

	“Best of Breed”	Projections		Commentary
		2023B	2024P	
 ARR Growth	>20%	50%	28%	Strong ARR growth momentum supported by massive whitespace opportunity
 Recurring Revenue	>80%	60%	88%	Understanding dynamics around license sales will be important, although contribution from license sales and services is expected to decline in 2024P
 Gross Margin	>75%	78%	74%	Defining long-term gross margin potential of the business and levers for expansion will be crucial
 EBITDA Margin	>25%	15%	7%	Operating leverage and synergy realization should enable further margin expansion
 Rule of 40⁽¹⁾	>40%	65%	35%	Strong rule of 40 profile has become crucial for investors in current market conditions; continued margin improvement will be paramount
 Gross Retention	>90%	~95%	~95%	Contextualize one-off events that resulted in retention deterioration in 2022 and return to steady-state execution
 Net Retention	>110%	110%+	110%+	Embedded cross-sell opportunity creates potential for meaningful NRR expansion

Sustaining Current Quality of Revenue While Driving Continued Margin Expansion Should Be a Priority in Coming Months

Sources: Company provided financials.

(1) Rule of 40 calculated using ARR Growth.

Selected Public Company Comparables Trading And Operating Metrics

Across public comparables, relevant assets are trading near 7.6x NTM Revenue

Public Comps

(\$ In Millions)









Top 7 Rankings								
	appfolio	EngageSmart	Global	PROCORE	toast	Unity		
Trading Metrics	% of 52WH	98%	95%	64%	94%	75%	33%	Median
	EV	\$4,457	\$3,276	\$3,913	\$8,374	\$9,288	\$14,828	
	Market Cap	\$4,563	\$3,556	\$4,084	\$8,873	\$10,215	\$14,703	
Operating Metrics	NTM Rev Growth	22%	26%	40%	25%	36%	65%	31%
	NTM Gross Margin	60%	79%	40%	84%	60%	75%	67%
	NTM EBITDA Margin	5%	18%	12%	(1%)	(1%)	8%	7%
Valuation Metrics	EV / LTM Revenue	9.4x	10.8x	9.6x	11.6x	10.0x	11.8x	10.4x
	EV / NTM Revenue	7.8x	8.6x	6.8x	9.3x	7.3x	7.1x	7.6x
	EV / NTM Gross Profit	13.0x	10.8x	16.9x	11.2x	12.3x	9.6x	11.7x

Source: CapIQ; data as of 2/21/2023 close.
Note: Toast revenue presented on a net basis.

WB Select Leading Commerce And Vertical Software Precedent Transactions Analysis

Retail and commerce sector precedents imply a valuation range of 7.5x EV / NTM Revenue

M&A Transaction Metrics

	Commerce & Retail Software								Vertical SaaS Platforms				Median		
	Project Name	UNLEASH	DIAMOND-BACK	SUPER-BOWL	GARAGE	CLOUD9	UNLOCK	BARRA-CUDA	AMORE	PIONEER	MARSHALL	MOJO	HALO		
	Closing Date	Dec-20	May-18	Jul-19	Dec-20	Dec-20	Apr-21	Dec-21	Jun-22	Nov-21	Jun-22	Feb-23	Oct-20		
	Buyer Type	Strategic	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Strategic	Financial	Financial		
	Company Description	Restaurant Mgmt. & Analytics	Travel & Tourism Solutions	Hospitality Workforce Mgmt.	Foodservice Commerce & Engagement	Retail PIM & Data Analytics	Event & Venue Mgmt.	Hospitality Procure-to-Pay Solutions	Hospitality POS Solutions	Legal Practice Mgmt.	Legal Practice Mgmt.	Grant & Scholarship Mgmt.	Construction Mgmt. Software		
EV	Enterprise Value	\$430M	\$158M	\$700M	\$735M	\$2,000M	\$325M	\$360M	\$550M	\$400M	\$900M	\$150M	\$600M	\$490M	 FY2023B "Score"
Operating Metrics	NTM Rev Growth	33%	20%	11%	35%	16%	9%	36%	31%	35%	51%	22%	23%	27%	61% 
	% Recurring Revenue	85%	88%	77%	57%	88%	81%	80%	97%	99%	73%	92%	93%	86%	60% ⁽¹⁾ 
	NTM Gross Margin	64%	58%	64%	76%	80%	65%	73%	93%	85%	87%	74%	85%	75%	78% 
	NTM EBITDA Margin	(1%)	24%	6%	40%	45%	10% ⁽²⁾	41%	41%	29%	21%	(2%)	52%	27%	15% 
	Rule of 40%	32%	45%	18%	75%	61%	19%	76%	72%	63%	72%	20%	75%	62%	65% 
	Net Retention	100%	125%	~105%	126%	104%	105%	116%	119%	113%	134%	107%	102%	110%	110%+ 
	Gross Retention	90%	93%	~85%	N/A	92%	90%	95%	85%	86%	94%	96%	98%	92%	~95% 
Valuation Metrics	EV / LTM Revenue	10.1x	4.1x	4.8x	10.0x	14.7x	7.3x	11.4x	7.2x	14.2x	18.7x	6.8x	12.8x	10.1x	
	EV / NTM Revenue	7.6x	3.4x	4.3x	7.4x	12.6x	6.6x	8.4x	5.5x	10.6x	12.4x	5.5x	10.5x	7.5x	

(1) Defined as Subscription Revenue / Total Revenue.

(2) Represents NTM EBIT margin.

Themes We Think Potential Partners Will Unpack

Our extensive experience provides insights on how to create tailored narratives to proactively address investor focus areas



TAM

Confirming room for expansion in Upshop's core market and potential adjacent verticals

Representative Client

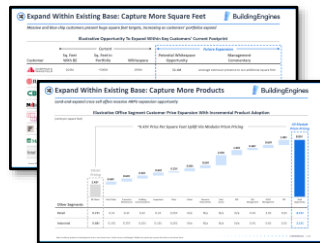


Created custom analysis showing multiple TAM expansion opportunities including geographic expansion, new product development, entrance into adjacent markets, etc.

Validation of Cross-Sell / Upsell

Supporting "Total Store Operations" capabilities through continued upsell and cross-sell wins

Representative Client



Detailed analysis on total whitespace available within current customer base, quantifying impact from price increases, additional unit sales, and cross-sell opportunities

Competitive Dynamics

Showcasing Upshop's right to win against vertical competitors like Invafresh and point solution providers

Representative Client

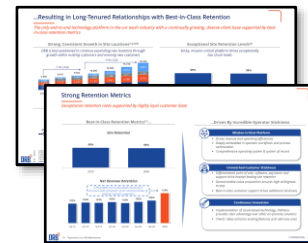


In-depth examination of market position with extensive detail on the right to win, including a win rate analysis against different key competitors

Retention Profile

Highlighting Upshop's ability to reduce churn and supercharge retention coming out of pandemic

Representative Client



Worked through multiple disparate data sources to create one source of truth and normalize retention for one-time events

M&A Integration

Demonstrating the platform nature of Upshop's solution as compared to portfolio of point solutions

Representative Client







Highlighted Government Brands' successful track-record of integrating past acquisitions into the platform and presented a well-curated pipeline of actionable opportunities

Thinking Ahead – Exit Preparedness

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Exit Preparedness & Timing Considerations

Key guidelines for maximizing readiness informed by our experience preparing companies for a process

	Do's	Don'ts	
Continued Focus on Growth	<ul style="list-style-type: none">✓ Maintain new logo momentum while proving out embedded cross-sell opportunity✓ Bring gross and net retention metrics back to steady-state levels after 2022 one-off customer losses	<ul style="list-style-type: none">✗ Sacrifice / divert resources away from business execution to focus on a potential process	
Kick-Off Prep Early	<ul style="list-style-type: none">✓ Commence prep as early as possible and assign clear owners of workstreams✓ Customer data cube is the most critical and must be prioritized early (several quarters prior to a potential exit)	<ul style="list-style-type: none">✗ Delay critical data cleaning and prep initiatives that may become bottlenecks during a process	
Engage Strategics, Raise Profile	<ul style="list-style-type: none">✓ Start dialogues with strategics and investors 6-9 months ahead of launch to raise awareness and assess strategic fit, including participating in key industry events and private company conferences	<ul style="list-style-type: none">✗ Start dialogues 12+ months out unless a qualified strategic comes inbound	
Prioritize Key Prep Activities	<ul style="list-style-type: none">✓ Prepare key datasets and craft the best company story through bespoke analyses✓ Kick-off 3rd party workstreams (QoE, market study) 3-6 months prior to launch	<ul style="list-style-type: none">✗ Wait until launch to engage an advisor or other third-parties to help develop key deliverables	

Multiple Tools Will Drive Preparedness And Maximize Value

WB Marketing Materials

Process

Description And Benefits

Marketing Presentations



- Highlight key positioning themes and value proposition in presentations for buyers, including strategic-specific content
- Materials developed include:
 - **Company Overview:** 15 – 20 page presentation that delivers the positioning narrative and investment highlights to be used for early education meetings with potential buyers
 - **Management Presentation:** 40 – 50 page presentation containing additional insight into the business and growth plans; presentation will be used by Upshop's broader management team to guide discussions with potential buyers
 - **Financial Supplement:** 20 – 25 page financial overview including historical and projected financial statements and supplementary / KPI analyses

Financial Model



- Detailed Excel model highlighting historical results and forecasting future financial performance
- Demonstrate recurring, visible nature of revenue and growth opportunity from new products

Customer Data Cube



- Detailed Excel model breaking down revenue and bookings by customer and customer type
- Reinforce historical financials, customer retention metrics, and growth assumptions

Customer Cohort / Retention Analysis



- Enable buyers to analyze historical gross and net retention trends by product and on a consolidated basis
- Support credibility of valuation off forward financials

Bookings and Sales Pipeline



- Give buyers visibility into prospective customers and go-to-market effectiveness
- Demonstrate Upshop's organic growth capabilities

M&A Platform Opportunity



- Provide robust list, status, and rationales for near-term M&A opportunities

Quality of Earnings (QoE)



- Meaningfully reduce uncertainty and accelerate buyer due diligence
- Add credibility to historical and projected financials, as well as pro forma and run-rate
- Opportunity to identify and validate adjustments that seek to extract maximum value

Commercial Market Study - Optional



- Establish value proposition and customer perception relative to peers
- Proactively address industry related issues or questions and illustrate whitespace and greenfield in restaurant market
- Demonstrate attractive market position and ability to capitalize on new and adjacent markets

Technology Report - Optional



- Provides an assessment of product/strategy, technical staff, workflows, and architecture
- Exposes any key quality, legal, and security risks in advance of deeper buyer diligence

Supplementary WB Materials

Third-Party Workstreams

Critical Data Items

The below items typically are the “long poles in the tent” from a data collection standpoint

	Revenue Data Tape	KPI Performance Metrics	Master Bookings Database
	<i>Revenue By Customer By Product On A Monthly Basis</i>	<i>Frequently Analysed KPI Data On A Monthly Basis</i>	<i>Bookings By Customer By Product On A Monthly Basis</i>
Key Attributes	<ul style="list-style-type: none"> ✓ Sum total of dataset should equal internal financials on a monthly basis ✓ Credits / rebates identified and smoothed out 	<ul style="list-style-type: none"> ✓ Internal KPI tracking ✓ Identification of associated revenue streams ✓ Other KPIs (LTV / CAC, payback, ASP, win / loss analysis, etc.) 	<ul style="list-style-type: none"> ✓ Totals should equal internal KPI tracking ✓ Sales rep identification by booking ✓ New logo vs. upsell designation ✓ Split by product ✓ Indicate “go-live” date
Analyses Impacted	<ul style="list-style-type: none"> ✓ Core revenue build (financial model) ✓ Gross and net retention ✓ Customer cohort analysis ✓ Customer wallet-share analysis ✓ Revenue by geography ✓ Customer concentration 	<ul style="list-style-type: none"> ✓ Unit economics ✓ Product whitespace ✓ Pricing trends (potential) 	<ul style="list-style-type: none"> ✓ Bottoms up revenue build (financial model) ✓ Sales rep performance to quota ✓ New logo vs. upsell analysis ✓ Book to bill analysis ✓ Pipeline to bookings coverage

Critical for All Datasets to Contain Uniform Identification Conventions

Preliminary Thoughts On Upshop's Buyer Landscape

Strategic buyers most likely to engage and pay a premium value

In-Store Retail Technology

globalpayments

NCR

ORACLE

RELEX
(TCV)

SHIFT 4

SymphonyAI
RETAIL | CPG
(SAI Group)

TELUS

trax
(Softbank)

ZEBRA

Supply Chain / ERP

BlueYonder
(Panasonic)

infor
(Koch)

Manhattan
Associates.

SAP

PS

eCommerce

DOORDASH

gopuff

instacart

Uber Eats

Sponsor-Backed Platforms

Afresh
(Insight)

aptos
(Goldman Sachs)

cegid
(Silver Lake)

EPICOR
(CDR)

INMAR
intelligence
(Omers)

IRI
Growth delivered.
(Hellman & Friedman)

KANTAR
(Bain)

PDI
(Insight)

Preliminary View Of Upshop's Best Sponsor Partners

Key Attributes of Selected Upshop Financial Buyers	✓ Deep Experience Within Upshop's Core Markets	✓ Proven Ability to Pay Premium Prices and Move Aggressively	✓ Ample Capital to Deploy for Future Growth Opportunities	✓ Appetite for and Experience With M&A
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Apax

AQUILINE


BainCapital

 BRIGHTON PARK
CAPITAL


CORAIR

 COVE HILL
PARTNERS

CVC

 GENSTAR
CAPITAL

GI PARTNERS

Great Hill
PARTNERS

 Hg

INSIGHT
PARTNERS

THE JORDAN COMPANY


K1

KKR

LIGHTYEAR CAPITAL

MARLIN  EQUITY
PARTNERS

 PARTHENON
CAPITAL

 PROVIDENCE
EQUITY PARTNERS

PSG

 SUMMIT
PARTNERS

 TA ASSOCIATES

 THL

 THOMABRAVO


VISTA

WARBURG PINCUS

WCAS

Recommendations & Next Steps



Continued execution against the financial plan is mission-critical



Utilize William Blair Tech Leaders or Private Equity Conference to familiarize buyers with Upshop, and gather feedback on what is resonating with buyers and areas of potential diligence



Engage with William Blair later in the year to prepare necessary marketing materials and financial analyses



Carefully monitor the broader market alongside actual financial results to decide optimal timing for process launch

Appendix

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2023 Tech Leaders Conference Overview

Conference presents a compelling, no obligation opportunity to 'get the word out' on Upshop

Summary

Exclusive conference for the technology ecosystem featuring leading investors and high-quality companies

- Company Review Period: April 3-21
- Virtual Meetings: May 10-11
- **Attendees:**
 - C-Level Executives of leading private tech companies
 - Executives from the most active corporate acquirers
 - Leading growth equity, late-stage, and public investors
- **Benefits:**
 - Explore strategic partnership opportunities
 - Attend private virtual one-on-one meetings with companies of interest
 - Discover new, interesting acquisition and investment opportunities
 - Gain direct access to thought leaders in the industry

Select Presenting Companies in 2022

- 66 growth and late-stage private companies, including:



500+ Client Attendees in 2022

- Leading corporate, business development and strategic investors from companies attended, including:



- Growth Equity and VC investors attended, including:

