

AUGUST 2020

# Investor Presentation

# Safe Harbor Statement

This presentation includes “forward-looking statements,” which are subject to substantial risks, uncertainties and assumptions, subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Accordingly, you should not place undue reliance on these forward-looking statements. Forward-looking statements include any statement that does not directly relate to any historical or current fact and often include words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “assume,” “assumption,” “forecast,” “estimate,” “seek,” “will,” “may” or similar expressions.

Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including: our financial performance and our ability to achieve, sustain or increase profitability or predict financial results; our ability to generate adequate cash flows from our business; our ability to attract and retain customers; our ability to deliver high-quality customer service; lack of demand growth for our applications; our ability to effectively manage our growth; our ability to continue to consummate and integrate acquisitions and mergers; our ability to manage and predict costs related to our acquisition program; our ability to maintain our senior management and key personnel; our ability to maintain and expand our direct sales organization; our ability to obtain financing in the future on acceptable terms or at all; the performance of our resellers; our ability to adapt to changing market conditions and competition; our ability to successfully enter new markets and manage our international expansion; fluctuations in currency exchange rates; the operation and reliability of our third-party data centers and other service providers; and factors that could affect our business and financial results identified in Upland's filings with the Securities and Exchange Commission (the “SEC”), including Upland's most recent 10-K, filed with the SEC on March 2, 2020. Additional information will also be set forth in Upland's future quarterly reports on Form 10-Q, annual reports on Form 10-K and other filings that Upland makes with the SEC.

The forward-looking statements herein represent Upland's views as of the date of this presentation and these views could change. However, while Upland may elect to update these forward-looking statements at some point in the future, Upland specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing the views of Upland as of any date subsequent to the date of this presentation. Refer to our reconciliations of Adjusted EBITDA to Net Income in our Form 10-Q filings, Form 10-K filing, and earnings press releases.

# Presenters



**Jack McDonald**

Founder, Chairman, and CEO

- + Led **two successful NASDAQ IPOs** (UPLD + PRFT)
- + Created **>\$2BN** in shareholder / enterprise value across companies
- + **Led PRFT** (1999 – 2010) from startup to **\$250MM** global IT consulting leader
- + **Consistent value creation track record** as public company Chairman / CEO
- + Executed **45+** successful technology acquisitions as CEO in 20 years



**Mike Hill**

CFO

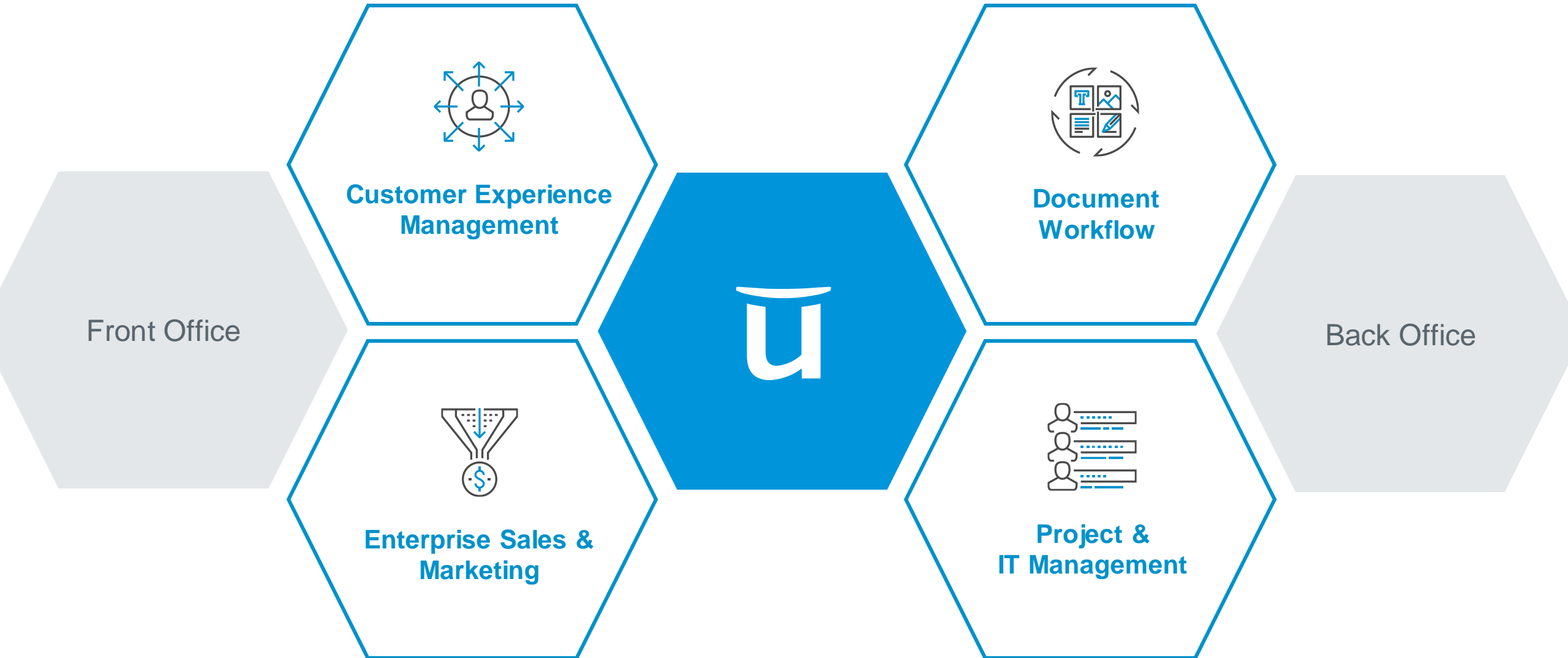
- + **CFO of PRFT** (2004-2007) from **\$30MM** to over **\$200MM** annual revenue run-rate
- + Executed as CFO **35+** successful technology acquisitions across three companies
- + **Consistent value creation track record** as public company CFO
- + Started career at **Ernst & Young LLP** (1991 – 1999)

# Product Strategy

**We transform how  
organizations **sell,**  
**engage, and manage...****

... with **proven cloud tools**  
that deliver value quickly  
without re-platforming or  
building from scratch.

# Tools for Digital Transformation



# Driving Value Across the Enterprise

Powering more effective call center interactions and delivering \$MMs in annual savings

## Customer Experience

- Mobile Marketing*
- Email Marketing*
- Voice of Customer*
- Knowledge Management**
- Call Center Operations*

## Document Workflow

- Secure Document Capture*
- Enterprise Cloud Fax*
- Document & Workflow Automation*



## Financial Services Customer

Reducing time to market for new website and social media content

## Enterprise S&M

- Account Management*
- Opportunity Management*
- RFP Automation*
- Customer Advocacy*
- Content Operations**

## Project & IT Management

- IT Financial Management*
- Telecom Expense Management*
- Project & Portfolio Management**
- Professional Services Automation*

Providing project visibility and management for thousands of users across the business



# Unified UplandOne Cloud Platform

## 20+ Products



Customer Experience Management



Enterprise Sales & Marketing



Project & IT Management



Document Workflow

Single Sign On

Unified User Interface

Unified Analytics

Integrations powered by Dell Boomi



Enterprise-Grade Cloud Platform



ORACLE

servicenow.



Third-Party Platforms

Microsoft



CONCUR



# Product Strategy

Digital transformation is an ongoing journey requiring **proven products** and a **long-term partner**

We provide **plug-and-play cloud solutions** that don't require building from scratch or re-platforming

Our tools for transformation **solve multiple pain points** and deliver **immediate value**

# Market & Growth Strategy

# Digital Transformation is Driving Demand

Enterprises challenged to resolve key pain points



## Customer Expectations Continue to Grow

*Rise of the customer experience economy – CX as today's competitive battleground  
Proliferation of customer touchpoints driving more complexity and more siloed interactions*



## Disparate Data and Inefficient Processes Create Bottlenecks

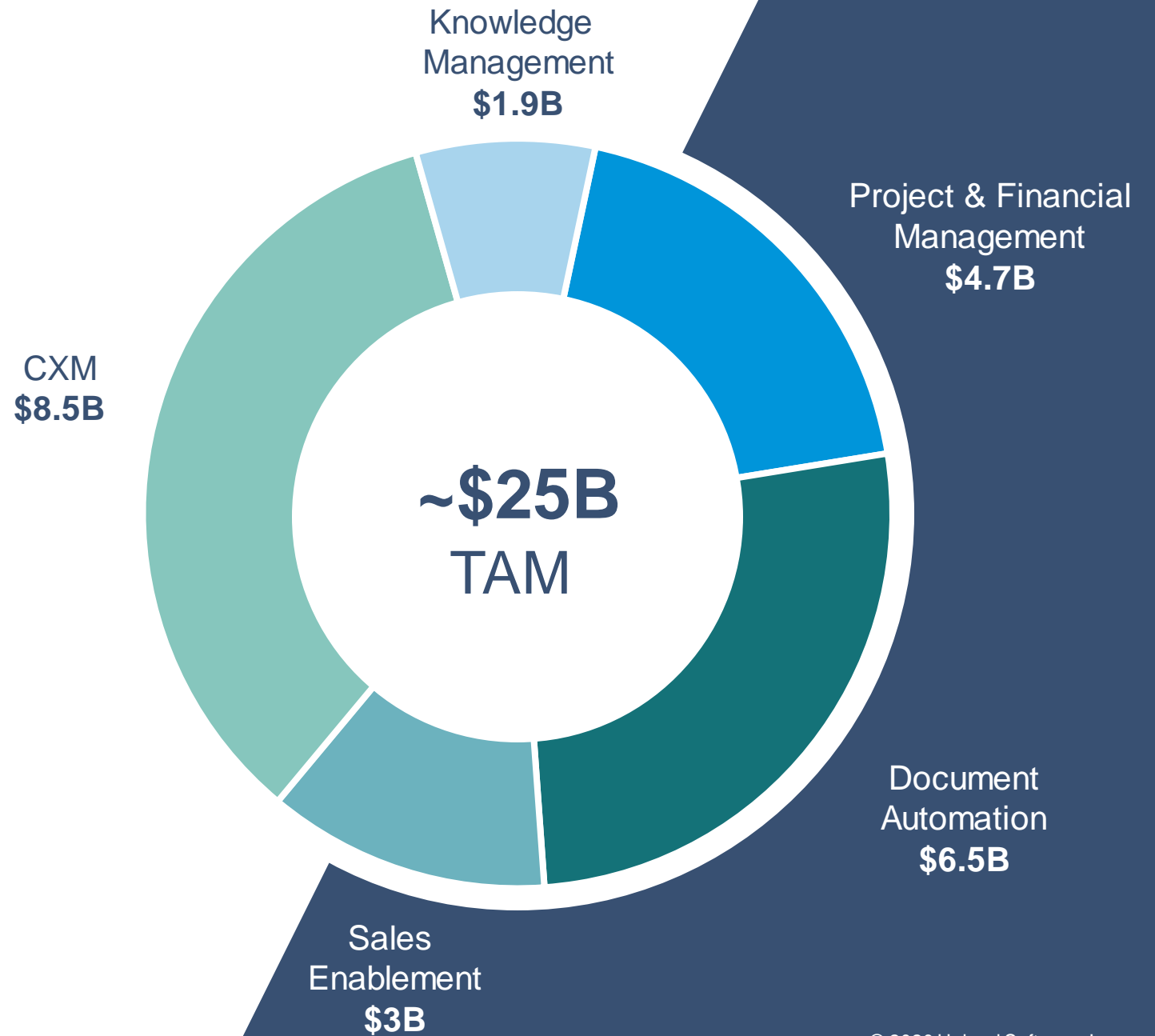
*Manual, time-intensive processes as the status quo  
Complex, intertwined web of paper documents and digital workflows*



## Operational Complexity Creates Cost and Productivity Challenges

*Lack of coordination and alignment directly hurting the top and bottom line  
Limited visibility into project budget and status driving bloated costs*

# Creating Multiple Attractive Markets



Sources:

Gartner Enterprise Software Forecast Q2 2020

Gartner Market Share All Software Markets Worldwide 2019

<https://www.openpr.com/news/2000791/knowledge-management-software-market-share-size-2020-global>

<http://www.marketsandmarkets.com/MarketReports/customer-experience-management-cem-market-543.html>

<https://aragonresearch.com/sales-engagement/>

# Upland's Products Well Positioned

## Plug and play time to value with enterprise scale



### Beat small point solution vendors

- scale & resources to deliver
- product portfolio
- incumbent position
- strong financials



### Extend large enterprise platforms

- buy vs. build critical functionality
- approved platform partner
- faster time to value
- leverage existing infrastructure

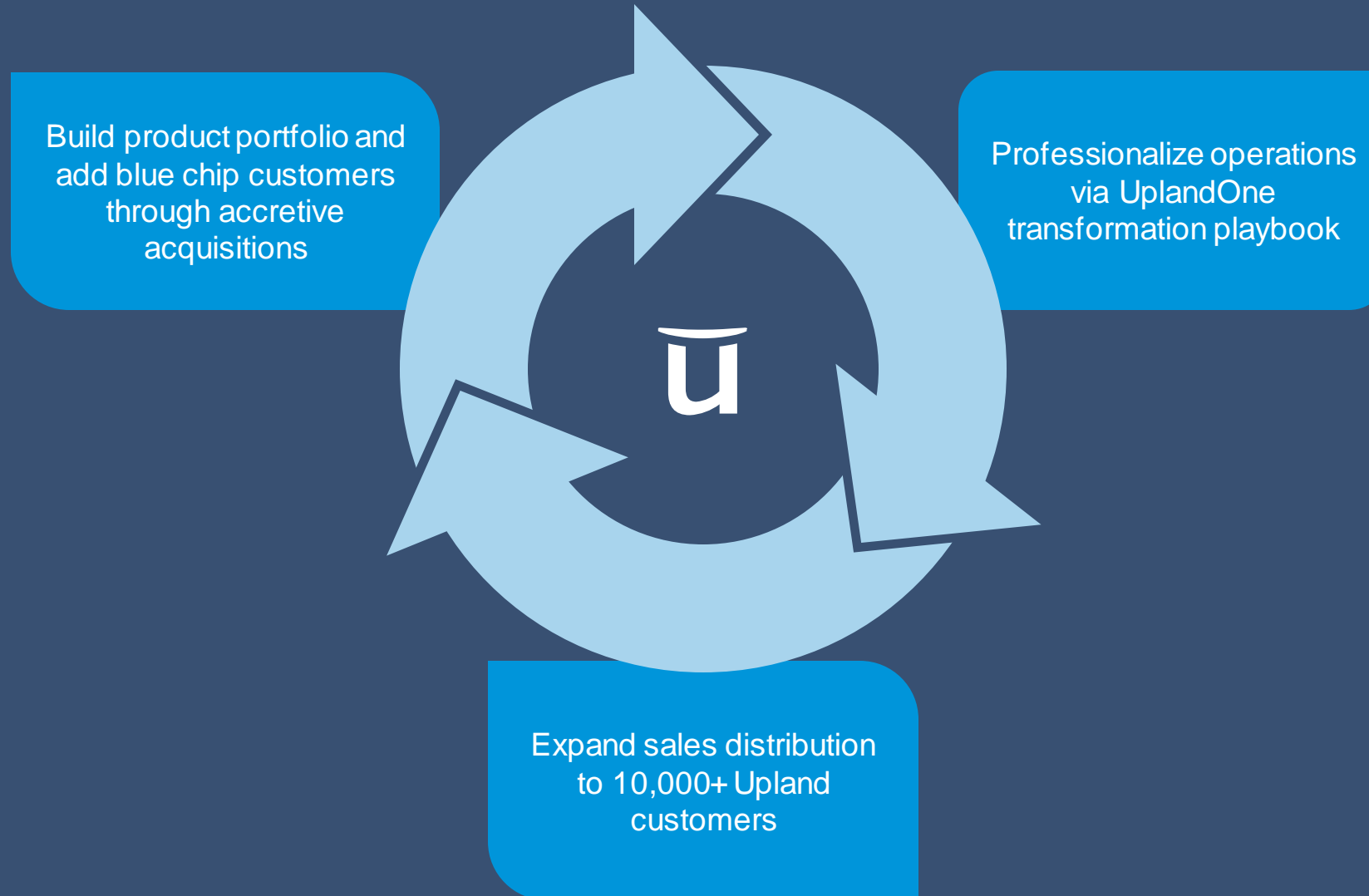


### Replace homegrown apps & tools

- plug & play
- eliminate costly maintenance
- modernize experience
- migrate to cloud

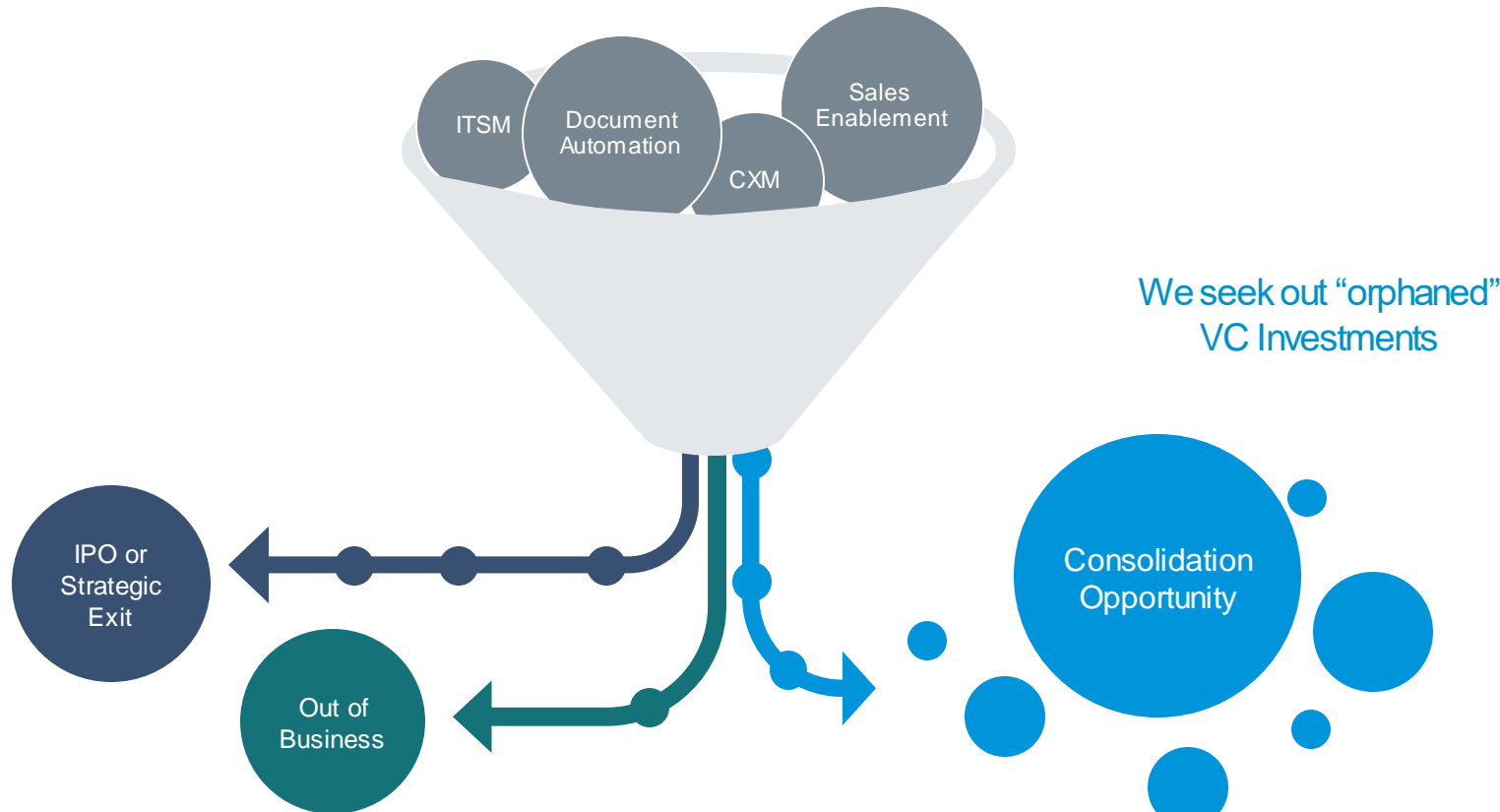
***Expansion and Cross Sell Motion***

# Upland Growth Flywheel



# The Consolidation Opportunity

## Fueled by continued VC cloud investments



### Growing pipeline of targets

\$318 billion invested by VCs since 2002<sup>(1)</sup> - majority in last 5 years

### Proven, disciplined model

26 acquisitions to date of high quality, subscale, thematic cloud products at 5-8x pro forma AEBITDA

### Accretive acquisitions

Product portfolio and customer base expansion, operating leverage through scale, AEBITDA per share

Source: Company information and management

(1) Pw C/CB Insights MoneyTree™ data for Q1 2002 to Q4 2019, filtered by Sector (Software and Internet) and Stage (Seed / Angel, Series A / B / C / D / E+, or Other).



# M&A Playbook: Goals & Targets



## Goals & Track Record

- ❑ Innovate through acquisition
- ❑ Add \$25-\$50MM revenue run-rate per year
- ❑ 26 acquisitions to date @ 0.9x-3.5x revs
- ❑ Strong reputation / pipeline



## Strategic Fit

- ❑ Cloud-native and complement solutions customers need
- ❑ Add to our Fortune 2000 and major mid-size customer base
- ❑ US, Canada, EMEA



## Financial Fit

- ❑ \$5-\$25MM Revenue
- ❑ 90%+ NDRR
- ❑ 70%+ Gross Margins
- ❑ Average ARR per Major Account > \$25K
- ❑ 10-20% Organic Growth
- ❑ 5-8x Pro Forma Adj. EBITDA<sup>(1)</sup>



## Typical Challenges

- ❑ Access to growth capital
- ❑ Inefficient product roadmap and R&D
- ❑ Lack scale to build cost effective enterprise sales distribution

Source: Company information and management  
(1) See Appendix f for definition of Adjusted EBITDA.

# Transforming Operations with UplandOne Model

Scalable with high margins and high customer satisfaction



## 100% Customer Success Culture

*Programmatic customer account management*



## Enterprise Grade Delivery

*AWS, global customer support and services*



## Customer-Driven Innovation via M&A

*Accelerates product roadmap and cross-selling*



## Outsourcing and Offshoring

*Tap global labor staff with stars at fraction of price*



## Account Based Sales Distribution

*Targeting key verticals and business functions*



## Satisfied Customers

**97%**

**Net Dollar Retention Rate<sup>(1)</sup>**

## Higher Margins

**33%**

**Adjusted EBITDA margin<sup>(2)</sup>**

Source: Company information and management

(1) As disclosed in our Form 10-K for the year ended December 31, 2019.

(2) As disclosed in our Form 10-Q for the quarter ended June 30, 2020. See our Form 10-Q for the quarter ended June 30, 2020 for definition and reconciliation of Adjusted EBITDA.

# Sales Distribution to 10,000+ Customers

## Financial Services



## Manufacturing, Industrial



## Government, Nonprofit, Education



## Corporate Services



## Technology



## Healthcare



## Telecom & Media



## Consumer, Retail



**1,600+**

Major accounts  
>\$160KARR

**1.X**

Average products  
per account

**New Team**

Evolving cross selling  
motions at product,  
function, industry levels

# Investment Highlights

## Powering Digital Transformation

Cloud tools that deliver value quickly without re-platforming or building from scratch

## Massive, Growing Market

Driven by cloud, digital transformation, and VC investment tailwinds

## Powerful Growth Flywheel

Accretive M&A + Operating Model + Sales Distribution

## Attractive Financial Model

High growth, recurring revenue, high margin model

## Capital and Tax Efficient

~\$1MM/yr CAPEX and \$200MM+ NOLs

## Experienced Leadership

Experienced team driving value creation through prudent capital stewardship

# Financial Overview

# Financial Highlights

**44%**  
Revenue growth  
CAGR  
'16A-'19A<sup>(1)</sup>

**>94%**  
Recurring  
Revenue<sup>(2)</sup>

**97%**  
Net Dollar  
Retention Rate<sup>(3)</sup>

**33%**  
Adjusted EBITDA  
margin<sup>(4)</sup>

Target 40% at scale

**Strong free cash  
flow conversion**

Low CAPEX, tax efficient

**Disciplined  
use of leverage**

Target Leverage 3.0 - 4.0x

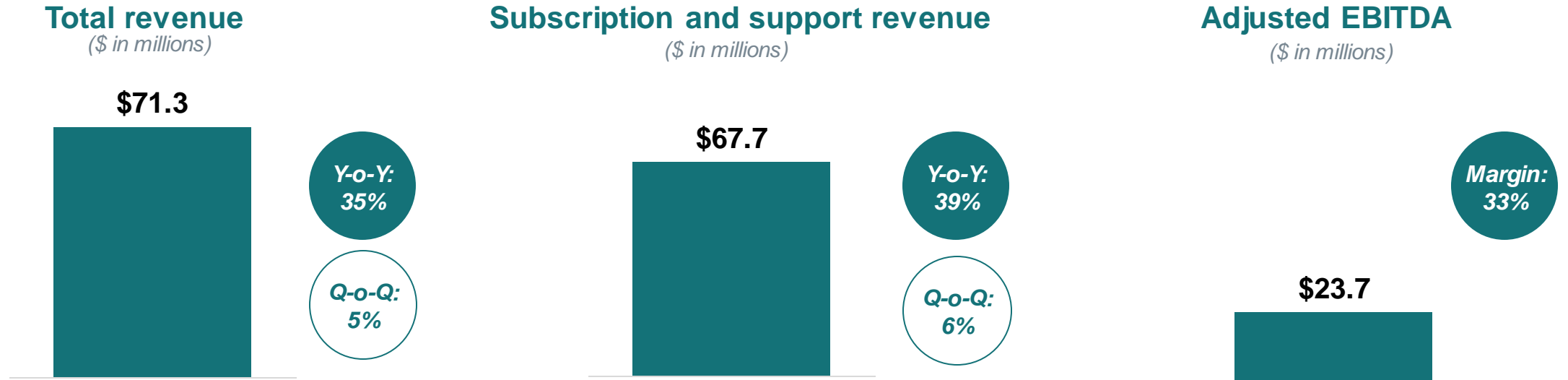
(1) Based on revenue as disclosed in our Form 10-K for the year ended December 31, 2019 and 10-K for the year ended December 31, 2016.

(2) Recurring revenue is also known as subscription and support revenue; based on subscription and support revenue as disclosed in our Form 10-Q for the quarter ended June 30, 2020.

(3) As disclosed in our Form 10-K for the year ended December 31, 2019.

(4) As disclosed in our Form 10-Q for the quarter ended June 30, 2020. See our Form 10-Q for the quarter ended June 30, 2020 for definition and reconciliation of Adjusted EBITDA.

# Q2 Financial Highlights



**Strong performance in Q2, reflecting some impact of COVID-19 to new bookings and churn, offset by areas of strength**

- + Growth driven by increased usage of the Upland Cloud as customers accelerate digital transformation
- + Strong 8% organic growth<sup>(1)</sup> exceeded expectations, reflecting the durability and strategic nature of the Upland Cloud
- + Continued expansion of customer relationships and additions of customer accounts
- + Diversified, enterprise customer base with limited exposure to heavily impacted industry verticals

Source: Company information and management

(1) Represents organic growth in subscription and support revenue as disclosed in our Form 10-Q for the quarter ended June 30, 2020.

# Annual Revenue Growth Trend

## Growth Drivers

- + Accretive acquisitions
- + 97% net dollar retention rate<sup>(1)</sup>
- + Installed base expansion
- + Price uplift, platinum support
- + Efficient new logo acquisition

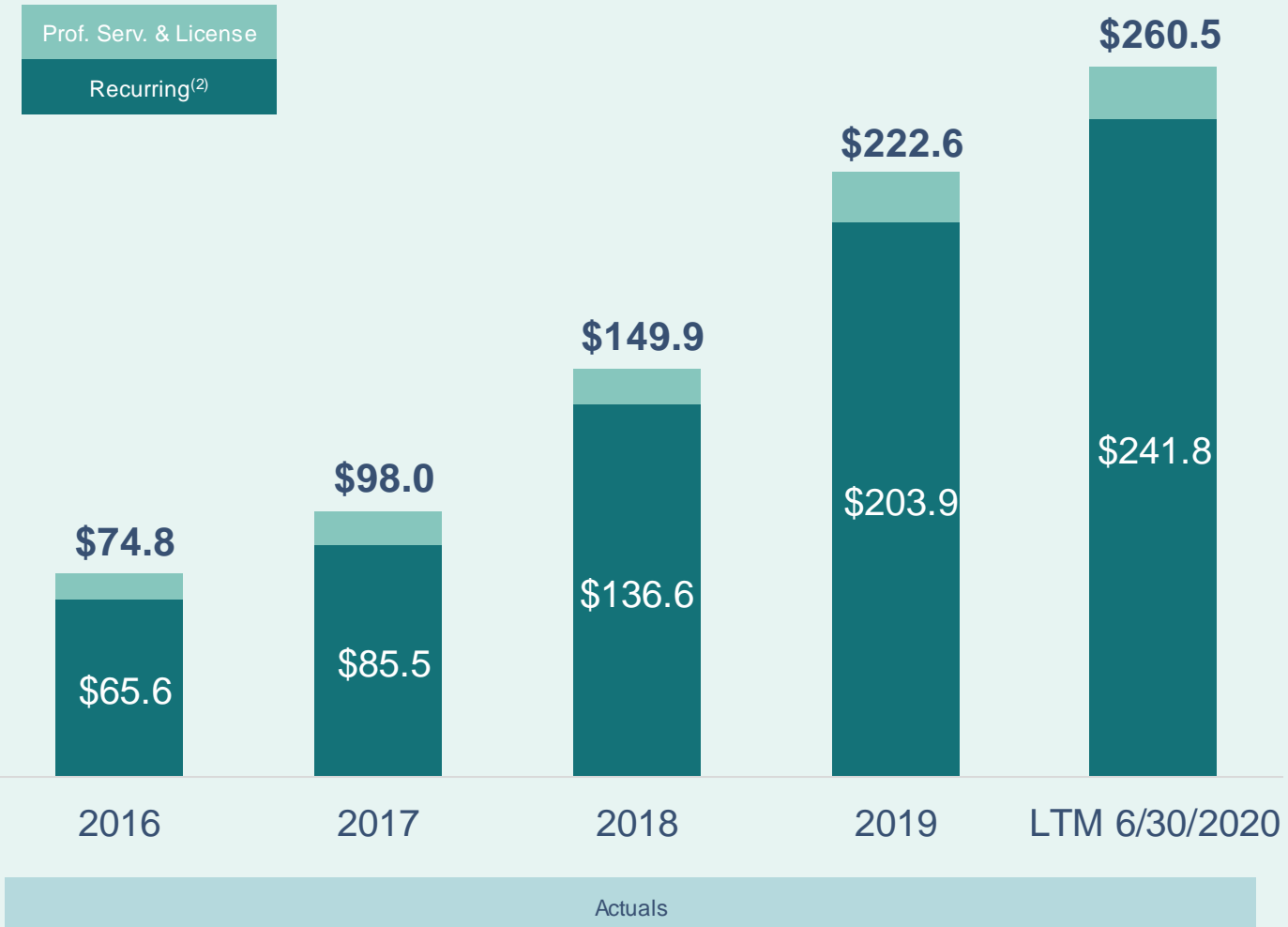
Source: Company information and management

(1) As disclosed in our Form 10-K for the year ended December 31, 2019.

(2) Recurring revenue is also known as subscription and support revenue.

Annual Revenue  
(\$ in millions)

3 Year CAGR: 44%





# Adjusted EBITDA Growth Trend

## Consistent Margin Expansion

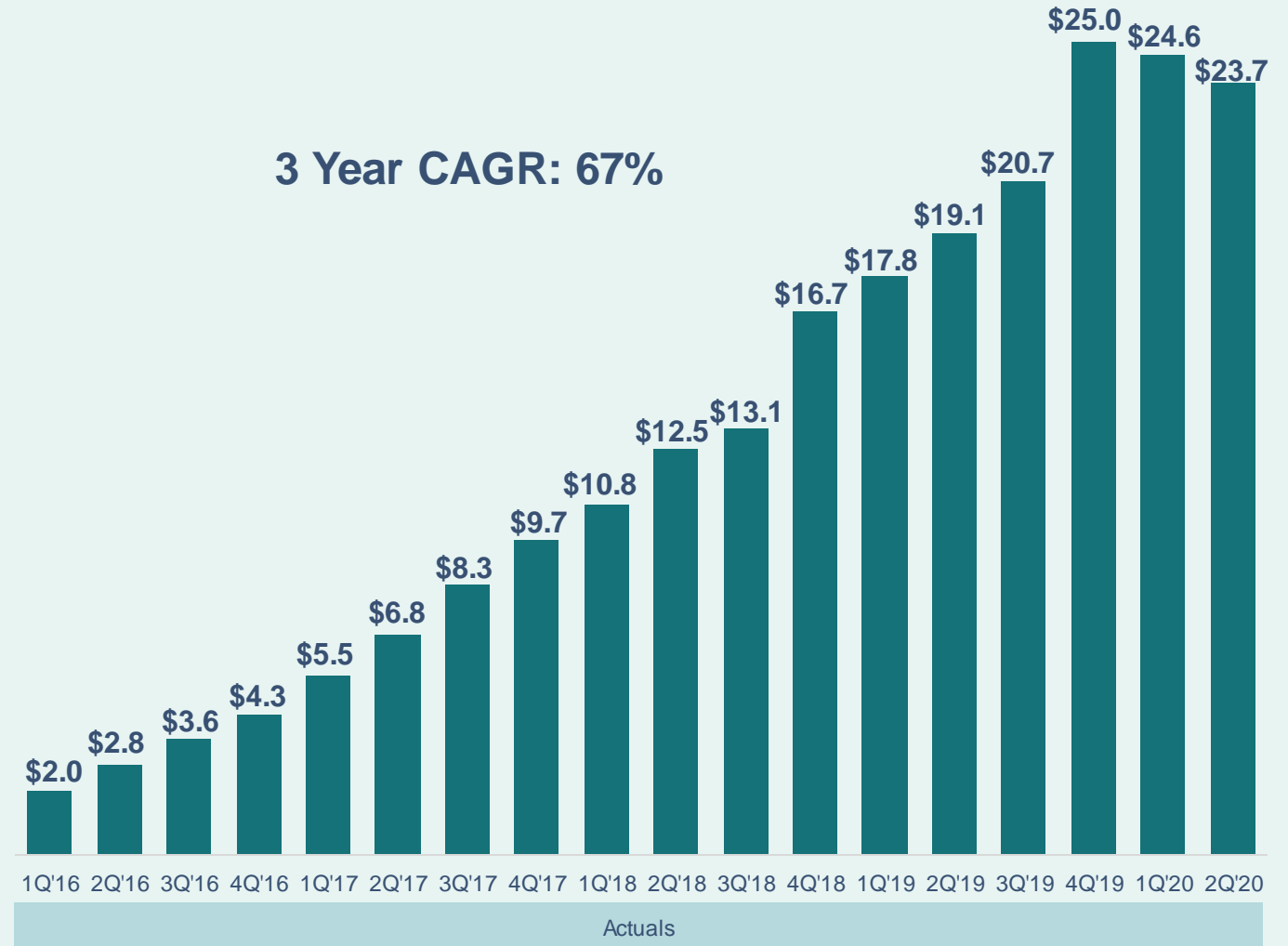
- + Driven by UplandOne operating platform and scale efficiencies
- + Adjusted EBITDA expansion from 3% at IPO to 33% today<sup>(1)</sup>
- + Investing in Go to Market team across Sales, Marketing, and Customer Success in FY 2020

Source: Company information and management

(1) As disclosed in our Form 10-Q for the period ended June 30, 2020. See our Form 10-Q for the quarter ended June 30, 2020 for definition and reconciliation of Adjusted EBITDA.

## Quarterly Adjusted EBITDA (\$ in millions)

3 Year CAGR: 67%

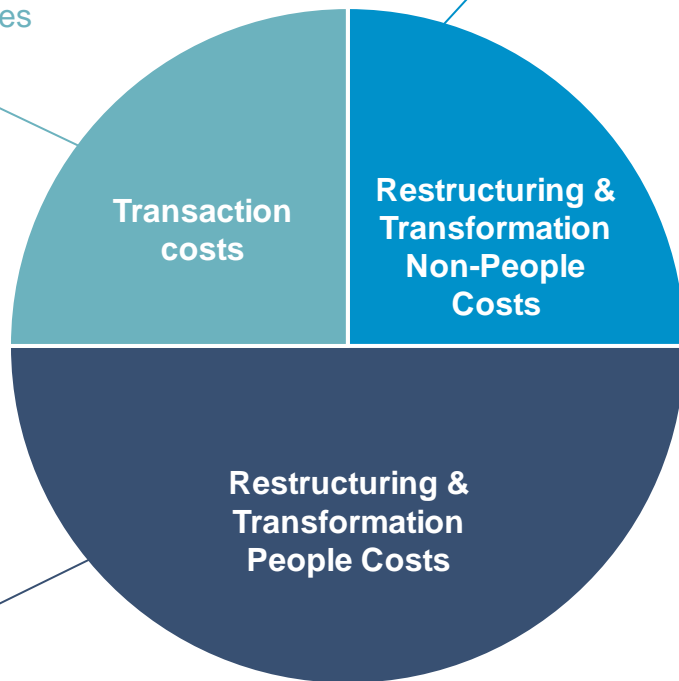


# Appendix

# Acquisition Related Expenses Are Temporary

Example Mix of Acq Related Expenses

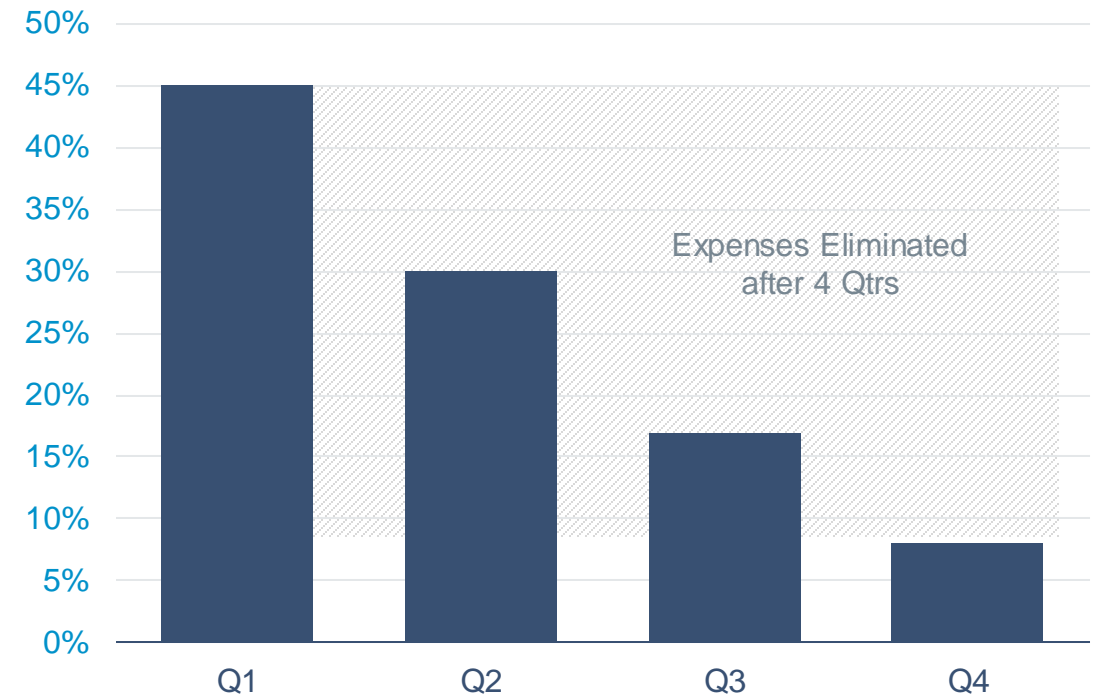
- Legal, accounting, tax diligence experts
- Banking fees
- Indemnity insurance
- M&A bonuses
- Office lease terminations
- Vendor cancellations
- Datacenter lift & shift



- Severance
- Transitional personnel compensation
- Temporary transitional contractors
- Marketing conversions

Source: Company Information

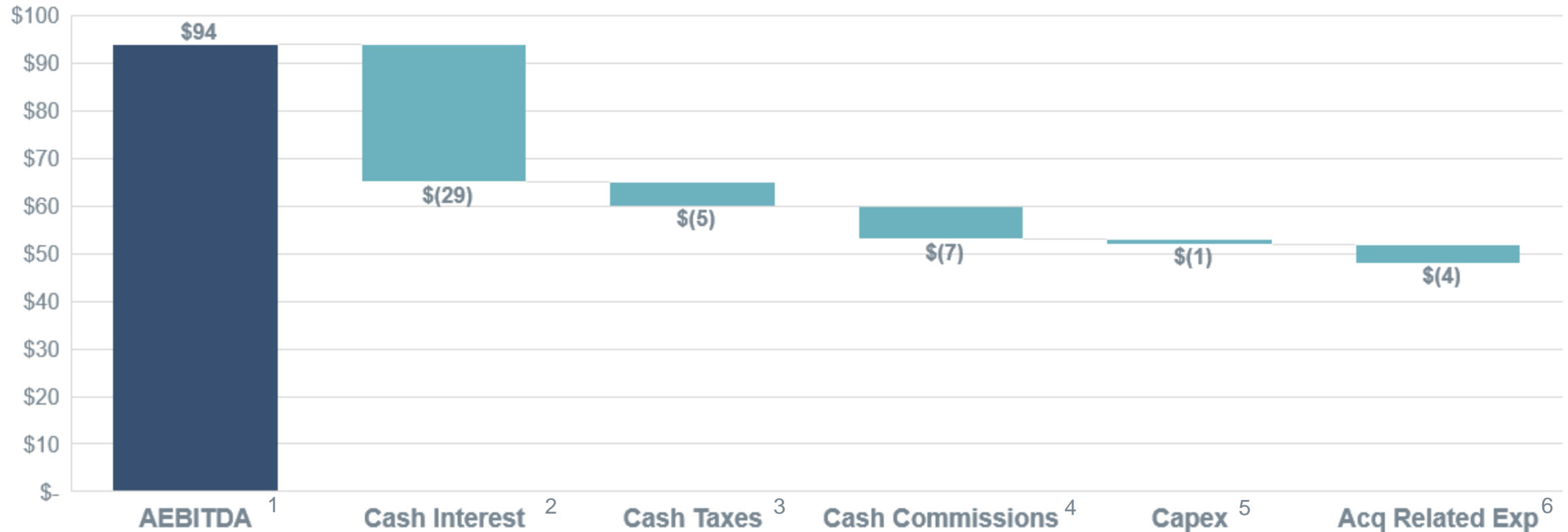
Example Timing of Acq Related Exp on P&L for Each Acq



Note: Expense recognition timing varies based on the timing of the close of the acquisition transaction within the initial calendar quarter and when each type of expense is incurred. Examples: acquisition transaction costs are generally expensed when the acquisition closes; people costs are expensed as compensation is earned over time; severance expense is recognized in the period that termination is communicated to the employee; and lease termination costs are expensed in the period when the lease is vacated.

# Theoretical AEBITDA to FCF Bridge (FTM)

In Millions



Source: Company information and management

(1) Based on the midpoint of full year 2020 guidance in the August 6, 2020 8-K.

(2) Annual net cash interest based on \$539MM of gross debt outstanding at 5.4% interest rate.

(3) Annual cash taxes estimated based on cash taxes disclosed in the supplemental information of the Statement of Cash Flows for full year 2019 in the March 2, 2020 10-K and forecasting additional cash taxes for recent acquisitions.

(4) Estimated annual sales commissions to be paid, net of amortization of deferred commissions (i.e. annual increase in prepaid sales commissions).

(5) Annual capital expenditures for purchases of plant, property, and equipment based on full year 2019 in the March 2, 2020 10-K.

(6) Acquisition related expenses based on estimated taper down of quarterly acquisition related expenses for Q3'20 (around \$3MM), and Q4'20 (around \$1MM)

Note: This chart is for illustrative purposes only, does not constitute guidance and is based on assumptions. There can be no assurance that these illustrative amounts will represent future results. For example, annual cash taxes are estimated with high level assumptions and have not been determined by bottoms-up analysis around taxable income by jurisdiction and tax NOL usage over time. Similarly, cash interest could change with debt levels, cash commissions are dependent upon levels of future bookings, capex could vary, and acquisition related expenses vary based on the size and timing of acquisitions and end by Q1'21 if acquisition activity stops.

Source: Company Information

# Organic Growth Rate

- + GAAP Recurring Revenue
- + Operating assets owned for full prior year comparison period, excl. divested/sunset assets
- + Deferred revenue discount can inflate reported organic growth rate
- + Disclosed in 10-Q/K's and tied out by external independent auditors

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-K**

**Upland Software, Inc.**  
(Exact name of registrant as specified in its charter)

*Comparison of Years Ended December 31, 2019 and December 31, 2018*

Subscription and support revenue was \$203.9 million in 2019, compared to \$136.6 million in 2018, an increase of \$67.3 million, or 49%. Of the increase in subscription and support revenue, \$61.6 million was due to the acquisitions we closed after January 1, 2018. Subscription and support revenue related to our Sunset Assets decreased \$1.5 million as a result of decreased sales and marketing focus on those Sunset Assets. Subscription and support revenue related to our Organic Business increased \$7.2 million, or 7%.

**”...subscription and support revenue related to our organic business increased by \$7.2 million, or 7%.”**

Source: Company Information

Note: Above screen shot from the MD&A Section of our 2019 Form 10-K

# Acquisitions To Date

<b>FEB</b> 2012	<b>PowerSteering</b> <i>Project Portfolio Management</i>	<b>JAN</b> 2016	<b>LeadLander</b> <i>Website Visitor Analytics &amp; Reporting</i>	<b>OCT</b> 2018	<b>Rant &amp; Rave</b> <i>Cloud-Based Customer Engagement</i>
<b>FEB</b> 2012	<b>Tenrox</b> <i>Professional Services Automation</i>	<b>MAR</b> 2016	<b>Hipcricket</b> <i>Enterprise Mobile Messaging &amp; SMS</i>	<b>DEC</b> 2018	<b>Adestra</b> <i>Email Marketing Automation &amp; Analytics</i>
<b>NOV</b> 2012	<b>EPM Live</b> <i>Project &amp; Work Management</i>	<b>MAY</b> 2016	<b>API</b> <i>Document &amp; Workflow Automation</i>	<b>APR</b> 2019	<b>Post-Up</b> <i>Email Marketing Automation &amp; Analytics</i>
<b>MAY</b> 2013	<b>FileBound</b> <i>Document &amp; Workflow Automation</i>	<b>JAN</b> 2017	<b>Omtool (AccuRoute)</b> <i>Secure Document Capture &amp; Fax</i>	<b>MAY</b> 2019	<b>Kapost</b> <i>Content Operations Platform</i>
<b>NOV</b> 2013	<b>ComSci</b> <i>IT Financial Management</i>	<b>APR</b> 2017	<b>RightAnswers</b> <i>Enterprise Knowledge Management</i>	<b>AUG</b> 2019	<b>Cimpl</b> <i>Telecom Expense Management</i>
<b>DEC</b> 2013	<b>Clickability</b> <i>Enterprise Web Content Management</i>	<b>JUL</b> 2017	<b>Waterfall</b> <i>Enterprise Mobile Messaging &amp; SMS</i>	<b>OCT</b> 2019	<b>InGenius</b> <i>Contact Center Productivity</i>
<b>NOV</b> 2014	<b>Eclipse PPM</b> <i>Project &amp; Work Management</i>	<b>NOV</b> 2017	<b>Qvidian</b> <i>RFP &amp; Sales Proposal Automation</i>	<b>OCT</b> 2019	<b>Altify</b> <i>Customer Revenue Optimization</i>
<b>DEC</b> 2014	<b>Mobile Commons</b> <i>Enterprise Mobile Messaging &amp; SMS</i>	<b>MAR</b> 2018	<b>InterFAX</b> <i>Enterprise Cloud-Based Fax</i>	<b>FEB</b> 2020	<b>Localytics</b> <i>Mobile Application Personalization</i>
<b>NOV</b> 2015	<b>Ultriva</b> <i>Supply Chain Management</i>	<b>JUN</b> 2018	<b>RO Innovation</b> <i>Customer Reference &amp; Sales Enablement</i>		