



# Coupa to be Acquired by Thoma Bravo:

*Delivering Compelling, Certain Cash Premium  
to Coupa Shareholders*

December 12, 2022

# Transaction Summary

## Transaction Overview

**\$81** cash per share

**8.4x** NTM revenue multiple (street consensus)

**77%** premium to unaffected share price

**\$8.0B** enterprise value

**8.7x** NTM revenue multiple (company projections)

**64%** premium to unaffected 30-day VWAP

## Parties

- Coupa is the cloud-based Business Spend Management platform that unifies processes across supply chain, procurement, and finance functions
- Thoma Bravo is a leading private equity investment firm focused on the software and technology-enabled services sectors

## Robust Process

- Transaction is the result of a robust process overseen by a highly engaged and independent Board
  - Process included significant and multi-faceted outreach to prospective acquirors and fulsome evaluation of standalone opportunities
  - Coupa engaged with 14 prospective acquirors, including 3 strategics and 11 financial sponsors
  - In addition to proactive outreach, this included inbound interest from 6 parties following media speculation
- The Board retained independent financial advisors, Qatalyst Partners, and legal advisors, Freshfields in connection with its review of potential transaction alternatives

## Timing and Approvals

- Transaction is expected to close in first half of 2023
- Subject to approval of a majority of Coupa's outstanding shares
- Subject to customary closing conditions including receipt of required regulatory approvals
- Transaction is fully financed and not subject to a financing condition

# Coupa Responded to Challenging Outlook by Taking Action

## Where We Are Today

### Dynamic macro and market environment has created significant headwinds

- EMEA new business down ~17% YTD
- North American Mid-Market new business, after being up 50%+ in Q1, is now roughly flat YTD
- North American Enterprise new business, after being up ~40% for the first half, was roughly flat for Q3
- Expect FY'24 revenue growth to be below current street consensus
- Expect to operate below Rule of 40 for at least the next couple of years

## Actions to Improve Profitability

### As discussed last quarter, we are focused on taking action to drive increased profitability and free cash flow

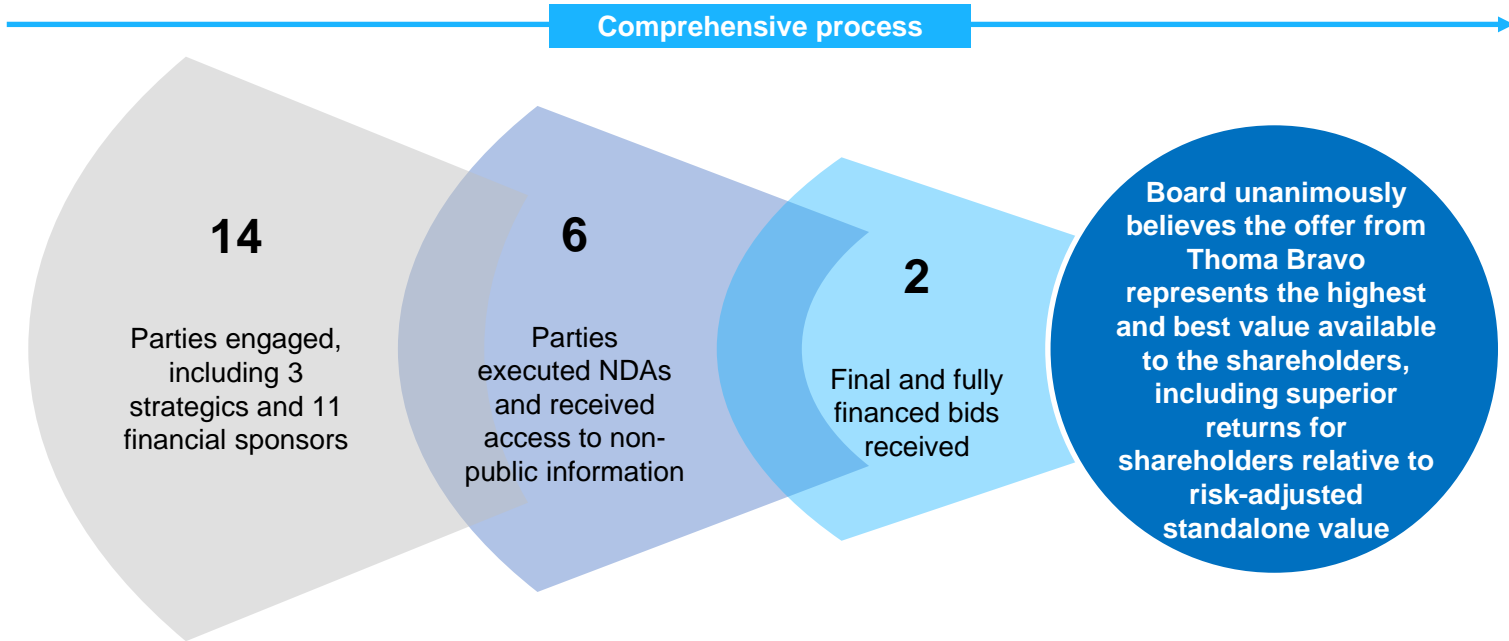
- Taking proactive steps including reducing headcount investment and reviewing stock based compensation structure

## Actions to Evaluate Alternatives

### The Board also took action and affirmatively pursued and evaluated potential transaction alternatives that could deliver superior, risk-adjusted value to Coupa's standalone prospects

- Focus was on maximizing value to shareholders and increasing certainty

# Robust Review of Transaction Alternatives

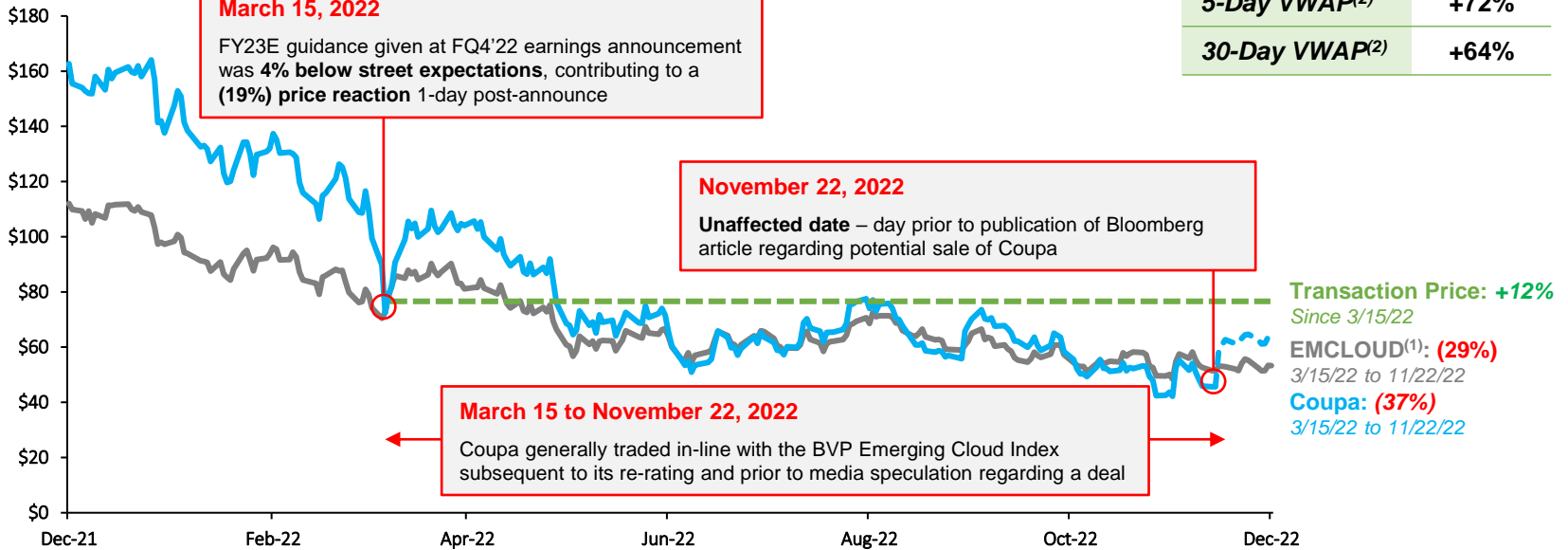


- *Process led by independent, highly experienced Board supported by independent financial advisor (Qatalyst) and independent legal advisor (Freshfields)*
- *Media speculation prior to announcement resulted in multiple inbounds, with whom the Company engaged*
- *Competitive process between two parties at the final bid stage*

# Acquisition by Thoma Bravo Delivers a Compelling Cash Premium for Coupa Shareholders

## Coupa LTM Stock Price Performance

12/9/2021 to 12/9/2022 (Current)

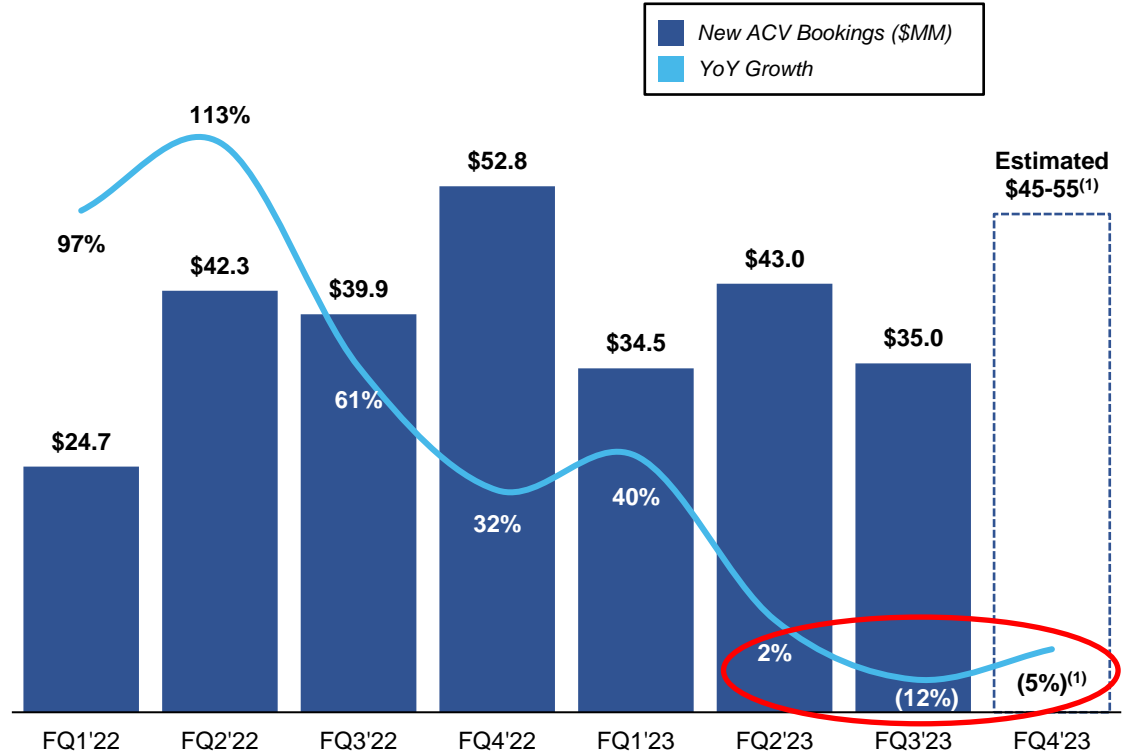


(1) BVP Emerging Cloud Index indexed to Coupa share price on March 15, 2022.

(2) Volume-weighted average prices based on trading days per Bloomberg as of unaffected date (November 22, 2022).

# Bookings Trend Highlights Deceleration of Business Momentum Amid Turbulent Macro

- **New ACV bookings are an indicator** for Coupa's forward business momentum, specifically NTM revenue growth
- Coupa's **New ACV Bookings have meaningfully decelerated**, with negative Bookings in Q3

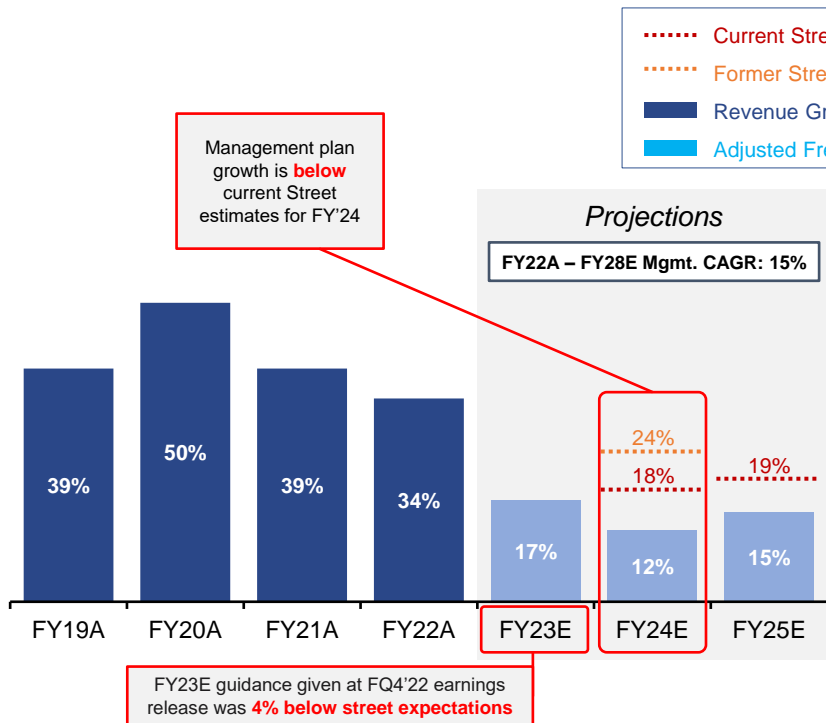


Note: New ACV Bookings defined as the annual contracted value of new logo bookings, expansion bookings, contracted pricing increases, and renewal price increases.

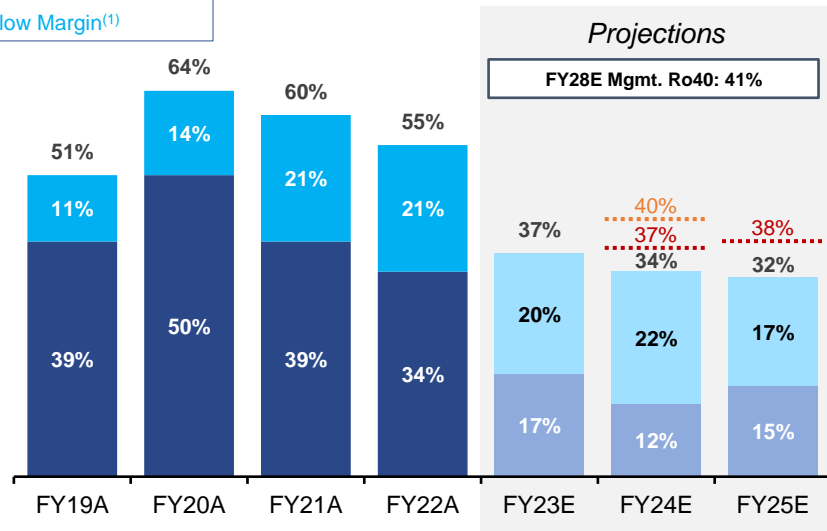
(1) Reflects estimates informed by performance to-date; quarter is in-process and actual figures may differ, including as a result of the announcement of this transaction. Graphic and y-o-y growth represents the mid-point of estimates.

# Street Expectations Outpace Coupa's Long-Term Business Projections

## Revenue Growth



## SaaS Rule of 40<sup>(1,2)</sup>

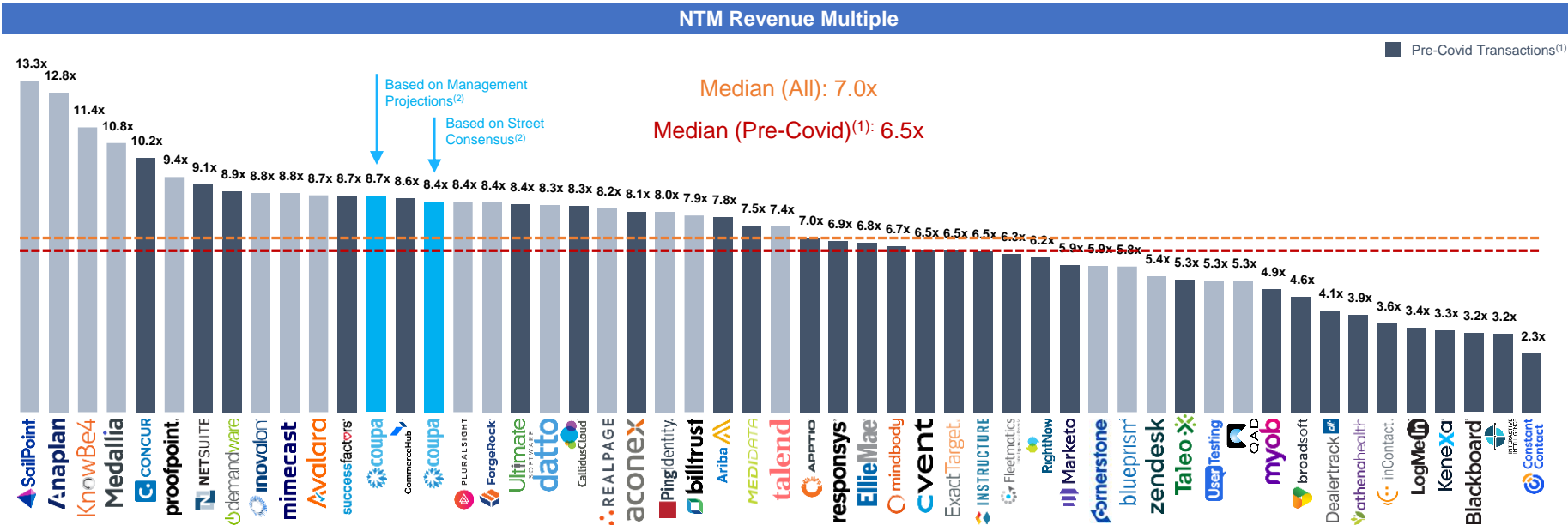


Source: FactSet mean consensus estimates as of December 9, 2022.

(1) We define Adjusted Free Cash Flows as operating cash flow, less purchases of property equipment, plus one time payout of legacy unvested equity awards accelerated in conjunction with a historical business combination, and prior to the adoption of ASU 2020 06 on February 1 2022 plus repayments of convertible senior notes attributable to debt discount

(2) SaaS Rule of 40 is a Non GAAP measure that sums the YoY total revenue growth rate and the Adjusted Free Cash Flow Margin.

# Transaction Represents an Attractive Multiple Relative to Precedent Transactions



- On a NTM Revenue Multiple basis, the consideration offered by Thoma Bravo is top tercile relative to precedent transactions
- The valuation appears even more favorable relative to transactions announced prior to the COVID era

Source: Capital IQ, FactSet, company filings, company press releases and Wall Street research.

Note: Medians do not include Coupa.

(1) Transactions announced prior to 2020.

(2) Coupa NTM statistics ending October 31, 2023. Common shares outstanding and dilutive equity awards as of December 8, 2022. Fully diluted shares calculated using treasury stock method. Cash and cash equivalents, principal value of convertible debt, and non-controlling interest as of October 31, 2022. In-the-money convertible debt treated on a net share basis (excluding any make-whole shares or other change of control adjustments for the 2023 Notes). Assumes 2023 Capped Calls are net share settled with 1.3MM shares. Includes cash settlement of capped calls based on Black-Scholes option valuation model assuming volatility from Bloomberg for the 2025 Notes and 2026 Notes. Assumes 2023 Capped Calls are net share settled with 1.3MM shares.



# Legal Disclosure

## **Additional Information about the Transaction and Where to Find It**

In connection with the proposed transaction, Coupa will file with the SEC and mail or otherwise provide to its stockholders a proxy statement regarding the proposed transaction. BEFORE MAKING ANY VOTING DECISION, COUPA'S STOCKHOLDERS ARE URGED TO CAREFULLY READ THE PROXY STATEMENT IN ITS ENTIRETY WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTION OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND THE PARTIES TO THE PROPOSED TRANSACTION. Investors and security holders may obtain a free copy of the proxy statement and other documents that Coupa files with the SEC (when available) from the SEC's website at [www.sec.gov](http://www.sec.gov) and Coupa's website at [investors.coupa.com](http://investors.coupa.com). In addition, the proxy statement and other documents filed by Coupa with the SEC (when available) may be obtained from Coupa free of charge by directing a request to Coupa's Investor Relations at [ir@coupa.com](mailto:ir@coupa.com).

## **Participants in the Solicitation**

Coupa and certain of its directors, executive officers and employees may be considered to be participants in the solicitation of proxies from Coupa's stockholders in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the stockholders of Coupa in connection with the proposed transaction, including a description of their respective direct or indirect interests, by security holdings or otherwise will be included in the proxy statement when it is filed with the SEC. You may also find additional information about Coupa's directors and executive officers in Coupa's proxy statement for its 2022 Annual Meeting of Stockholders, which was filed with the SEC on April 11, 2022. You can obtain a free copy of this document from Coupa using the contact information above.

# Legal Disclosure (cont'd)

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In addition to U.S. GAAP financial information, this presentation includes certain non-GAAP financial and liquidity measures. These non-GAAP measures are in addition to, not a substitute for or superior to, measures of financial performance prepared in accordance with U.S. GAAP. A reconciliation of historical non-GAAP measures to historical GAAP measures is contained in the Appendix. Coupa's definitions of its non-GAAP measures may differ from those used by other companies for similarly-titled measures, and therefore comparability may be limited. In addition, other companies may not publish these or similar metrics. Thus, Coupa's non-GAAP measures should be considered in addition to, not as substitutes for, or in isolation from, Coupa's GAAP results.

Coupa believes these non-GAAP measures are useful to investors and other users of its financial information because they provide a way to measure and evaluate Coupa's underlying operating performance and the strength of its core business consistently across the periods presented. Coupa believes these non-GAAP measures are also useful for comparing its operating performance to that of other companies in its industry, because they eliminate the effects of certain items that may vary between companies for reasons unrelated to their operating performance. Coupa believes that adjusted free cash flows also provides a useful measure of capital strength and liquidity, although it is not intended to represent and should not be viewed as the amount of residual cash flow available for discretionary expenditures.

This presentation contains estimates and forecasts that have been prepared by independent third parties. We have not independently verified such estimates and forecasts.

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# Adjusted Free Cash Flow Reconciliation

(in thousands)	FY2019	FY2020	FY2021	FY2022
Net cash provided by operating activities	\$37,436	\$68,156	\$78,202	\$168,090
Less: purchases of property and equipment	(7,528)	(11,970)	(11,492)	(13,853)
Add: repayments of convertible senior notes attributable to debt discount	–	–	27,409	1,338
Add: one-time payout of legacy unvested equity awards accelerated in conjunction with a business combination	–	–	19,428	–
<b>Adjusted free cash flows</b>	<b>\$29,908</b>	<b>\$56,186</b>	<b>\$113,547</b>	<b>\$155,575</b>
<b>Divided by: total revenues</b>	<b>\$260,366</b>	<b>\$389,719</b>	<b>\$541,643</b>	<b>\$725,289</b>
<b>Operating cash flows margin</b>	<b>14%</b>	<b>17%</b>	<b>14%</b>	<b>23%</b>
<b>Adjusted free cash flows margin</b>	<b>11%</b>	<b>14%</b>	<b>21%</b>	<b>21%</b>