

Zuora to Acquire Zephr, Giving Companies the Power to Deliver Optimal Subscriber Experiences

Acquisition will accelerate Zuora's leadership in the media industry and future platform innovation

Redwood City, Calif. & London, August 24, 2022 – [Zuora, Inc.](#) (NYSE: ZUO), the leading cloud-based subscription management platform provider, today announced its planned acquisition of [Zephr](#), a leading subscription experience platform used by global digital publishing and media companies. As an existing Zuora® partner, Zephr's pre-integrated solution is in use today by joint customers, and will immediately expand Zuora's product suite.

The media and publishing industry is thriving as companies continuously roll out and monetize new digital service offerings in response to evolving subscriber demands. Zuora has established a leading position in this space, with customers including Bloomberg, DAZN, Guardian News & Media, and Penske Media Corporation (PMC). With the addition of Zephr, the combined solution will create an expanded opportunity in media and beyond.

Zephr's platform powers nearly eight billion requests a month, with capabilities including identity management, intelligent trials, dynamic paywalls, entitlements management, and a decision engine that helps deliver experiences that are personalized for every subscriber. When combined with data from Zuora's Billing, Collect, and Revenue systems – tens of billions of dollars of transaction volume each quarter – the resulting solution will empower companies across industries to nurture and monetize their subscriber relationships by better understanding their behaviors, experimenting with the right digital offerings, and optimizing their digital experiences.

For companies in the Subscription Economy®, the ability to quickly launch and experiment with new digital services is critical. According to research by Zuora's Subscribed Institute, the fastest-growing media companies iterate their pricing and packaging twice as often¹ as their industry peers. But most companies are bogged down by static, outdated systems that slow down their ability to respond to changing subscriber expectations. Adding Zephr to Zuora's product suite will give companies the agility they need to meet these ever-changing demands – ultimately driving subscriber conversion, retention, and growth.

“The winners in the media industry are those continuously innovating around new services, bundles, and offers. And where the media industry goes, other industries will follow,” said Tien

¹ “2021 Media Industry Report,” Zuora, February 2021

Tzuo, CEO and Founder at Zuora. “This is what combining Zuora and Zephr is about. We’re thrilled to welcome our fellow ZEOs into the family.”

“Our focus has been on giving our customers the agility they need to deliver the experiences that modern customers expect – it starts from the first digital interaction, to conversion, to renewal,” said James Henderson, CEO at Zephr. “It was a clear decision to join Zuora to accelerate where our platform is headed, and empower all of our customers to nurture and monetize their subscriber relationships.”

Founded in 2018 by James Henderson and Chris Scott, Zephr launched as a subscription experience platform focused on accelerating revenue growth, with customers including News Corp, McClatchy, and Bauer. Upon closing, Zephr will become a part of Zuora's existing product suite, alongside Zuora Billing, Zuora Revenue, and Zuora Collect. Zephr employees will join Zuora to continue advancing innovation and the success of the combined customer base.

Acquisition Details

Under the terms of the acquisition agreement, Zuora will acquire Zephr for \$44 million in cash payable at close, plus an earnout consideration of up to \$6 million, subject to certain financial objectives. At closing, Zuora expects the acquisition to contribute approximately \$5 million to Zuora’s annual recurring revenue (ARR). The acquisition is subject to customary approvals and closing conditions, and is expected to close in early September. Foros is acting as financial advisor and Fenwick & West as legal advisor to Zuora. Stifel is acting as financial advisor and Cooley as legal advisor to Zephr.

For its fiscal year 2023 ending January 31, 2023, Zuora anticipates the acquisition will add approximately \$2 million of subscription revenue and expects to absorb incremental operating expenses with no impact to the non-GAAP operating loss. Zuora will host a conference call for investors at 2:00 p.m. PT (5:00 p.m. ET) today to discuss its fiscal second quarter results and its outlook for the fiscal third quarter ending October 31, 2022, and the fiscal year ending January 31, 2023. The live webcast and a replay of the webcast will be available at the Investor Relations section of Zuora’s website.

To learn more, please visit zuora.com.

About Zuora, Inc.

Zuora provides the leading cloud-based subscription management platform that functions as a system of record for subscription businesses across all industries. Powering the Subscription Economy®, the Zuora platform was architected specifically for dynamic, recurring subscription business models, and acts as an intelligent subscription management hub that automates and

orchestrates the entire quote to cash and revenue recognition process. Zuora serves more than 1,000 companies around the world, including Box, Ford, Penske Media Corporation, Schneider Electric, Siemens, Xplornet, and Zoom. Headquartered in Silicon Valley, Zuora also operates offices around the world in the U.S., EMEA and APAC. To learn more about the Zuora platform, please visit www.zuora.com.

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About Zephr

Zephr is a leading subscription experience platform, headquartered in London, focused on accelerating revenue growth for the world's leading digital publishing and media companies. With a best-in-breed solution, Zephr combines an intuitive user interface and plug-and-play integrations to let commercial and technical teams develop powerful subscription relationships and deliver personalised experiences for every customer at the right time for the right price. Unlock your subscription revenue potential with Zephr.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding Zuora's business strategy, plans, and objectives for future operations, including the anticipated impact of the proposed acquisition of Zephr on Zuora's business and future financial and operating results, the ability of Zuora to successfully integrate Zephr operations and technology, and the expected amount and timing of synergies and benefits from the acquisition; statements regarding research by Zuora's Subscribed Institute regarding the pricing activity and expected growth and trends of subscription-based companies and non-subscription based companies; Zuora's market opportunity, including trends in the pace of the subscription economy; the market for subscription-related products and trends in this market, future growth and related targets; expectations for our industry and business, such as our business model, demand for our products, and expected benefits and scale of our products; and expectations regarding the expansion of our product portfolio, including through acquisitions. There are a significant number of factors that could cause actual results to differ materially from statements made in this press release, including: risks associated with Zuora's strategies, priorities, or plans taking longer to execute than anticipated; general market, business, competitive, economic conditions, including the effects of currency rate exchange fluctuations, inflation and recession; fluctuations in the trading prices of our stock as a result of volatility in the market; political conditions, including war, conflict or acts of terrorism, such as the ongoing conflict in Ukraine; future responses to and effects of the ongoing COVID-19 pandemic and other public health crises.

Additional risks and uncertainties that could affect our financial results are included under the caption “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended April 30, 2022, which is available on the “Investors” page of our website at <https://investor.zuora.com> and on the U.S. Securities and Exchange Commission’s website at www.sec.gov. Additional information will also be set forth in our Quarterly Report on Form 10-Q for the quarter ended July 31, 2022. All forward-looking statements contained herein are based on information available to us as of the date hereof and we do not assume any obligation to update these statements as a result of new information or future events.

SOURCE: ZUORA FINANCIAL

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