



Progress Financial Results

Q4 2021 Supplemental Data

January 18, 2022



Safe Harbor

This presentation contains statements that are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Progress has identified some of these forward-looking statements with words like “believe,” “may,” “could,” “would,” “might,” “should,” “expect,” “intend,” “plan,” “target,” “anticipate” and “continue,” the negative of these words, other terms of similar meaning or the use of future dates. Forward-looking statements in this presentation include, but are not limited to, statements regarding Progress’s strategy; acquisitions; future revenue growth, operating margin and cost savings; strategic partnering and marketing initiatives; and other statements regarding the future operation, direction, prospects and success of Progress’s business.

There are many factors that could cause actual results or future events to differ materially from those anticipated by the forward-looking statements, including, without limitation:

- Economic, geopolitical and market conditions can adversely affect our business, results of operations and financial condition, including our revenue growth and profitability, which in turn could adversely affect our stock price.
- We may fail to achieve our financial forecasts due to such factors as delays or size reductions in transactions, fewer large transactions in a particular quarter, fluctuations in currency exchange rates, or a decline in our renewal rates for contracts.
- Our ability to successfully manage transitions to new business models and markets, including an increased emphasis on a cloud and subscription strategy, may not be successful.
- If we are unable to develop new or sufficiently differentiated products and services, or to enhance and improve our existing products and services in a timely manner to meet market demand, partners and customers may not purchase new software licenses or subscriptions or purchase or renew support contracts.
- We depend upon our extensive partner channel, and we may not be successful in retaining or expanding our relationships with channel partners.
- Our international sales and operations subject us to additional risks that can adversely affect our operating results, including risks relating to foreign currency gains and losses.
- If the security measures for our software, services, other offerings or our internal information technology infrastructure are compromised or subject to a successful cyber-attack, or if our software offerings contain significant coding or configuration errors, we may experience reputational harm, legal claims and financial exposure.
- We have made acquisitions, and may make acquisitions in the future, and those acquisitions may not be successful, may involve unanticipated costs or other integration issues or may disrupt our existing operations.
- The continuing impact of the coronavirus disease (COVID-19) outbreak on our employees, customers, partners, and the global financial markets could adversely affect our business, results of operations and financial condition

For further information regarding risks and uncertainties associated with our business, please refer to our filings with the Securities and Exchange Commission. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this presentation, except for statements relating to Progress’ projected results for the quarter ended February 28, 2022, and fiscal year ended November 30, 2022, which speak only as of January 18, 2022.

Finally, during this presentation we will be referring to non-GAAP financial measures such as non-GAAP revenue, non-GAAP income from operations and operating margin, adjusted free cash flow and non-GAAP diluted earnings per share. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles. A reconciliation between non-GAAP and the most directly comparable GAAP financial measures appears in our earnings press release for the fiscal quarter ended January 18, 2022 and is available in the Investor Relations section of our Web site.

Conference Call Details

What: Progress Q4 2021 Financial Results Conference Call

When: Tuesday, January 18th, 2022

Time: 5:00 p.m. ET

Live Call: (800) 773-2954

(847) 413-3731

Conf ID: 50242105

Live / Recorded Webcast: <https://edge.media-server.com/mmc/p/9wz5nqvf>

Please note: Webcast is listen-only.

Summary Highlights Q4 2021 & FY2021

Strong Financial Results

- **Top-line strength across all products** combined with **disciplined expense management** drove four consecutive quarters of strong performance – providing considerable momentum as we enter FY22
- Top line strength again reflected in **ARR growth** (up 12.2% on an as reported basis and 3.4% on a pro-forma basis, both in constant currency) and **consistently strong net retention rates** of 98% -101%
- Kemp adds ~\$40M of ARR
- Kemp integration proceeding **at or ahead of plan**



Company Overview

NASDAQ: PRGS

FY22E # Revenue: \$610M

FY22E # EPS : \$4.00

FY22E # FCF: \$188M

FY21 EPS growth: 25%*

FY21 ARR growth: 12.2%*

FY21 NDRR: 100.1%*

Guidance provided January 18, 2022, non-GAAP; midpoint of guidance shown
* Non-GAAP and/or as of F4Q21, reported January 18, 2022



Progress is a trusted provider of the best products to develop, deploy and manage high-impact cloud applications and systems

All results shown are for FY'21, non-GAAP, as reported January 18, 2022

\$3.87

FY'21 Earnings Per Share

\$557M

Revenue

22%

YoY Revenue Growth

\$486M

ARR

~80%

Recurring Revenue

\$179M

Free Cash Flow

41%

Operating Margins

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Total Growth Strategy Goals

- Double revenue every 5 years
- Make accretive acquisitions in our key markets
- Invest in R&D to improve retention
- Maximize operational synergies
- Best in class operating margins

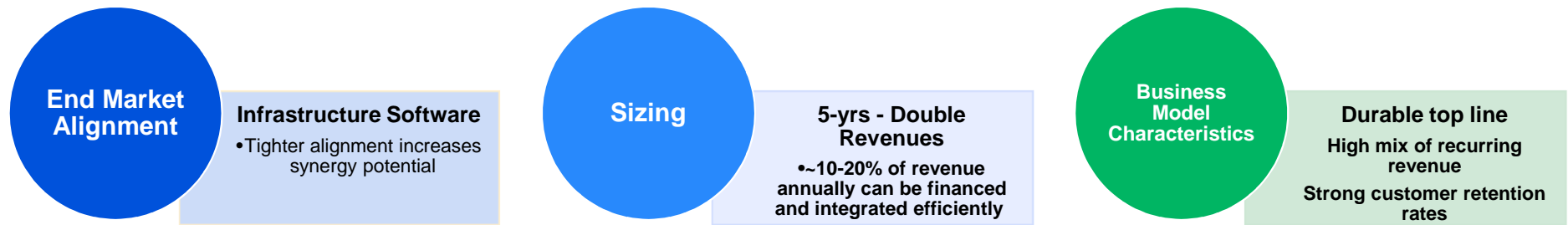
Disciplined
M&A
Strategy

Strengthen
Profitable
Core
Business

Continued
Focus on
Operational
Excellence

Pillars of our Total Growth Strategy

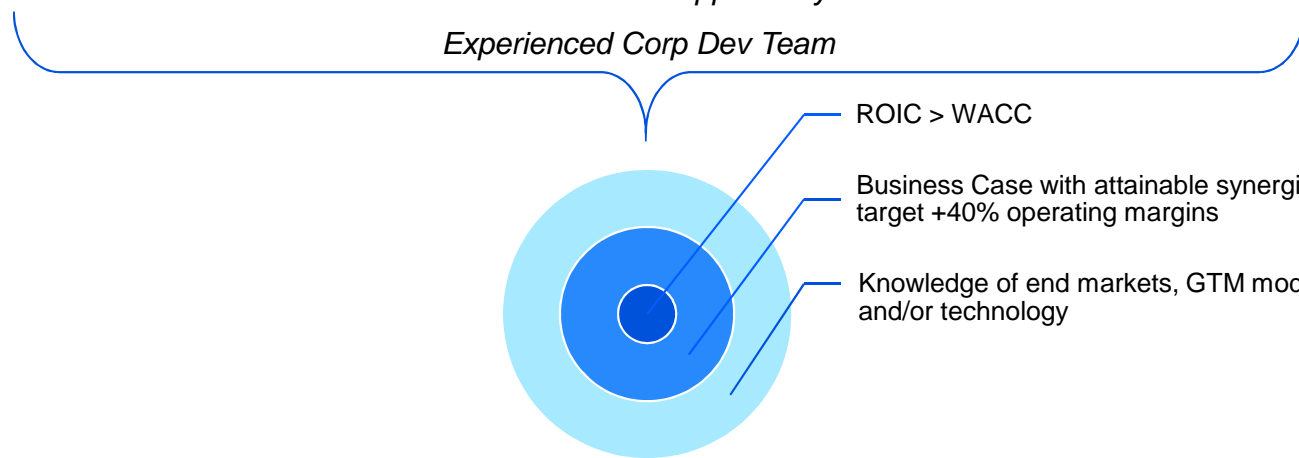
M&A Approach



Venture Backed, Founder Led and PE Sponsor-Owned Targets

Massive Market Opportunity

Experienced Corp Dev Team



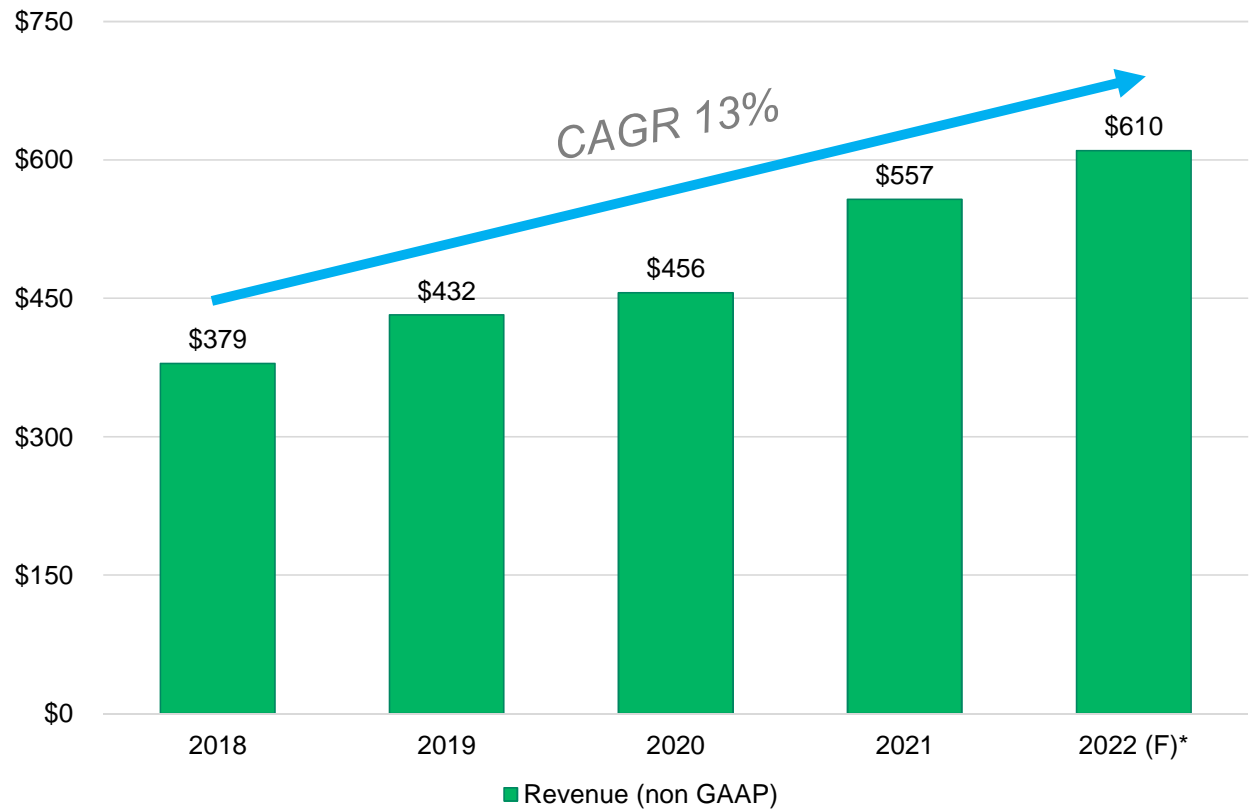
Summary Q4 2021 Financial Results

	Q4 2021 Results	Q4 2021 Outlook (09/23/2021)
GAAP Revenue	\$140 M	\$129 M - \$133 M
Non-GAAP Revenue	\$144 M	\$134 M - \$138 M
GAAP earnings per share (Diluted)	\$0.33	\$0.13 - \$0.15
Non-GAAP earnings per share (Diluted)	\$0.92	\$0.73 - \$0.75
GAAP Operating Margin	15%	Not guided
Non-GAAP Operating Margin	36%	Not guided
Adjusted Free Cash Flow	\$42 M	Not guided

Driving Total Growth

FY'21* revenue growth of 22%

Revenue CAGR of 13%
2018 – 2022(F)*



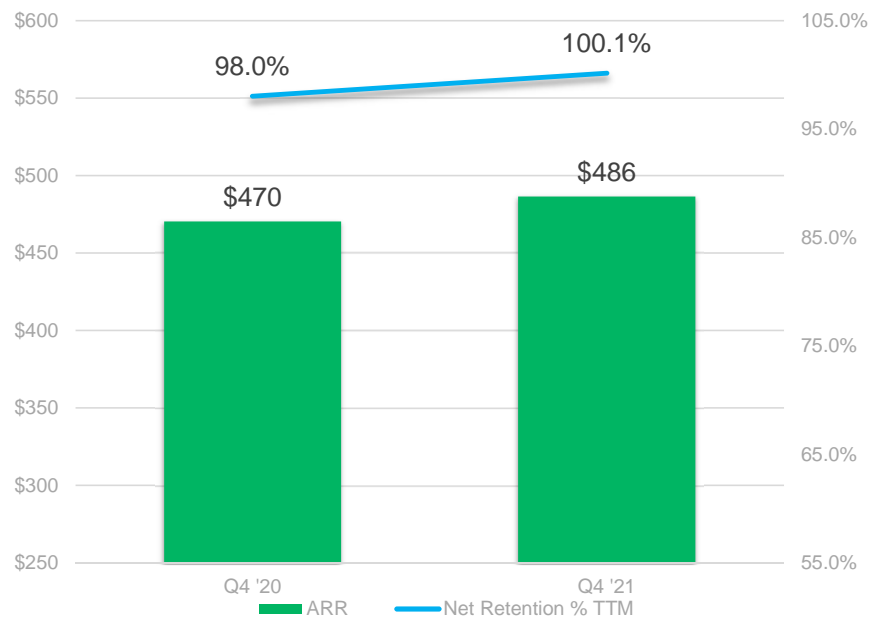
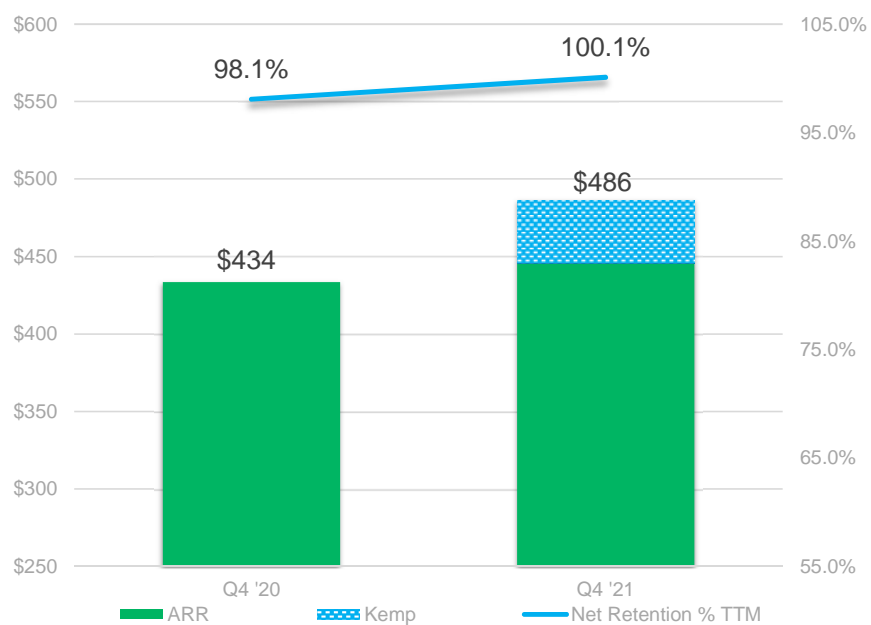
* Represents the mid-point of our FY'22 guidance range



Annualized Recurring Revenue (amounts reported in constant currency)

“As Reported”
 Kemp adds ~\$40M of ARR
 ARR growth = 12.2% year-over-year
 Net Retention Rate has ranged between 98%-101%

“Pro Forma”
 Kemp ARR included in both periods presented
 ARR growth = 3.4% year-over-year
 Net Retention Rate has ranged between 98%-101%



Note: ARR is a Non-GAAP operating metric and does not have a standardized definition. It is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace either of those items. ARR is not a forecast and the active contracts at the end of a reporting period used in calculating ARR may or may not be extended or renewed by our customers.

Annualized Recurring Revenue Trend ("pro-forma")

Kemp adds ~\$40M of ARR

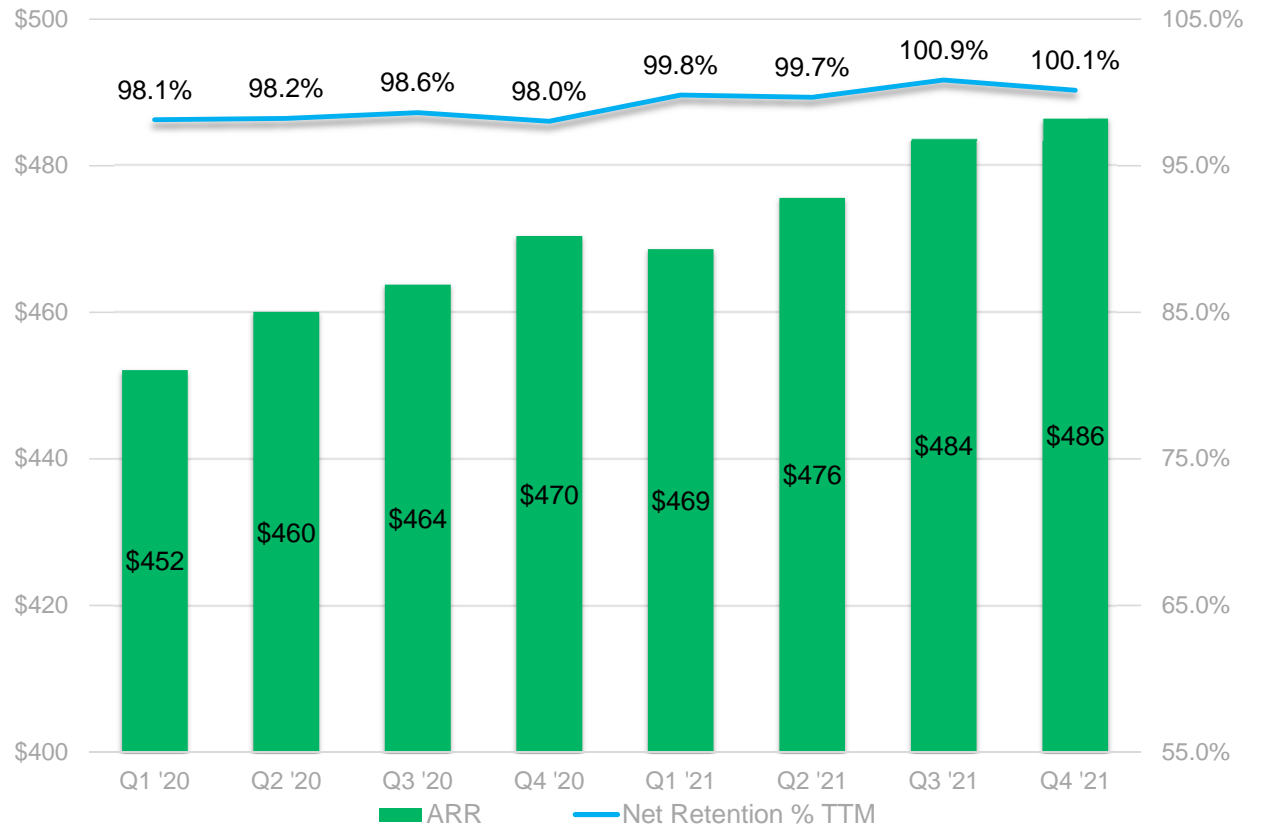
ARR growth = 3.4% year-over-year

+

Net Retention Rate between 98%-101%

=

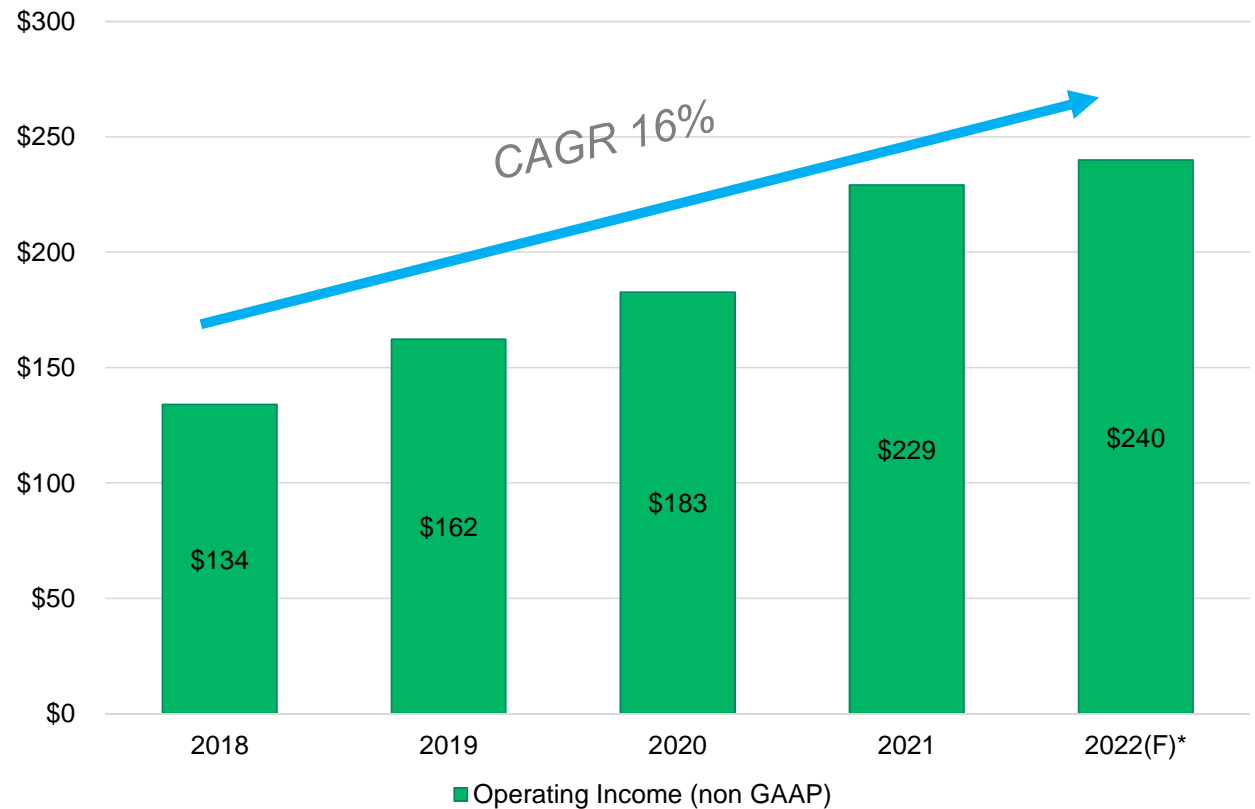
Predictable and durable top line performance



Growing Profitability

Consistent growth in operating income
CAGR 16% FY'18 – FY'22(F)*

Best-in-class operating margins consistently above 35%



* Represents the mid-point of our FY'22 guidance range

Business Outlook (as of January 18, 2022)

	Q1 2022 Current Outlook	FY 2022 Current Outlook (As of 01/18/2022)
Non-GAAP Revenue	\$139M – \$142M	\$605M – \$615M
Non-GAAP EPS	\$0.83 – \$0.85	\$3.95 – \$4.05
Non-GAAP Operating Margin	<i>Not guided</i>	39%
Non-GAAP Adjusted Free Cash Flow	<i>Not guided</i>	\$185M – \$190M
Non-GAAP Effective Tax Rate	<i>Not guided</i>	20 - 21%

Supplemental Financial Information *

* The following supplemental financial information includes GAAP and non-GAAP information. A reconciliation of non-GAAP financial measures to the most directly comparable GAAP numbers can be found in the financial results press release that we issued today.

Supplemental Revenue Information

(Unaudited)

(in thousands)	QTD GAAP Basis							
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Revenue by Type								
License	30,629	19,663	27,514	37,443	33,317	30,107	51,930	41,236
Maintenance	70,056	71,686	72,764	74,381	76,977	80,069	82,875	85,942
Services	8,998	9,034	9,421	10,561	10,986	12,312	12,612	12,950
Total Revenue	\$109,683	\$100,383	\$109,699	\$122,385	\$121,280	\$122,488	\$147,417	\$140,128
Revenue by Region								
North America	65,413	56,564	62,927	76,094	71,505	71,094	93,880	81,335
EMEA	34,988	34,157	37,447	37,162	40,240	41,321	40,999	46,775
Latin America	4,000	3,346	3,547	3,681	3,493	3,753	5,298	4,492
Asia Pacific	5,282	6,316	5,778	5,448	6,042	6,320	7,240	7,526
Total Revenue	\$109,683	\$100,383	\$109,699	\$122,385	\$121,280	\$122,488	\$147,417	\$140,128

Other NON-GAAP Financial Measures

(Unaudited)

(in thousands)	QTD GAAP Q4 2021	QTD Non-GAAP Adjustment	QTD Non-GAAP Q4 2021
Revenue by Type			
License	41,236	165	41,401
Maintenance	85,942	3,304	89,246
Services	12,950	128	13,078
Total Revenue	\$140,128	\$3,597	\$143,725
Revenue by Region			
North America	81,335	2,501	83,836
EMEA	46,775	859	47,634
Latin America	4,492	19	4,511
Asia Pacific	7,526	218	7,744
Total Revenue	\$140,128	\$3,597	\$143,725

Other NON-GAAP Financial Measures

(Unaudited)

(in thousands)	YTD GAAP Q4 2021	YTD Non-GAAP Adjustment	YTD Non-GAAP Q4 2021
Revenue by Type			
License	156,590	3,149	159,739
Maintenance	325,863	22,547	348,410
Services	48,860	295	49,155
Total Revenue	\$531,313	\$25,991	\$557,304
Revenue by Region			
North America	317,814	17,687	335,501
EMEA	169,335	6,886	176,221
Latin America	17,036	122	17,158
Asia Pacific	27,128	1,296	28,424
Total Revenue	\$531,313	\$25,991	\$557,304

