Progress Investor Day

Progress — a Great Story

Yogesh Gupta

Chief Executive Officer

April 4, 2023

People. Proven. Progress.

Progress®

PRGS | Nasdaq Listed

$2.5B Market cap global infrastructure software company

1981	$684M	$4.13
Founded	Revenue	EPS

All financial results shown are on a non-GAAP basis.
Mid-point of guidance as of March 28, 2023

Note: US$ in Millions. Progress Fiscal Year ending November 30.

Progress at a Glance

~$575M
Recurring Revenue (ARR)

Significant visibility on go-forward revenue

100+%
Net Retention Rate (NRR)

Exceptionally sticky customer base

38+%
Operating Margins

Industry-leading profits provide strength, stability and drive investments

~$220M
Unlevered Free Cash Flow (UFCF)

High level of cash conversion feeds M&A strategy

17+%
Product Investment

High % of revenue reinvested in R&D ensures sustained customer value

2,300+
Employees in 20+ Countries

A vibrant and engaged organization

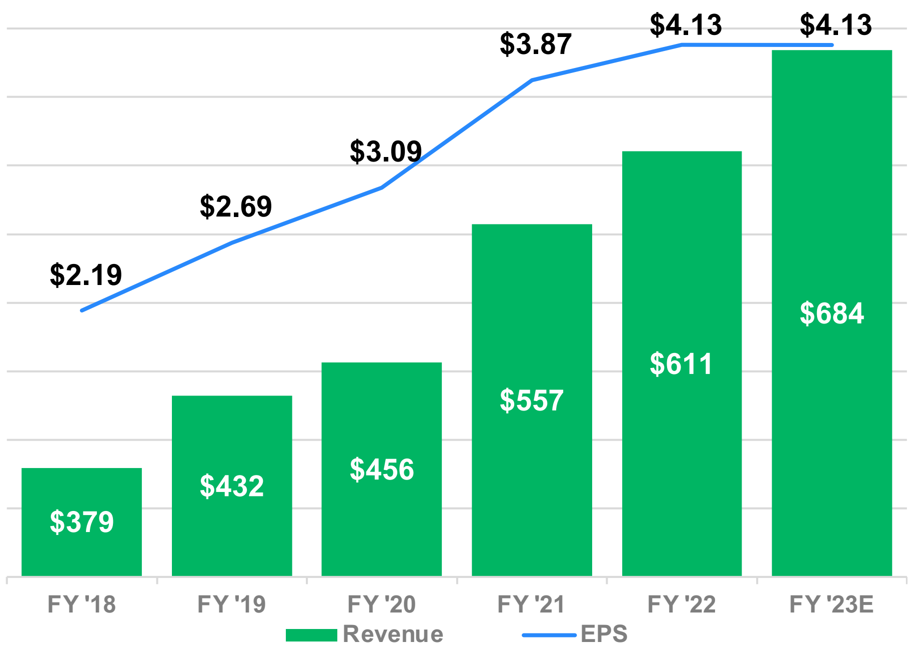
All financial results shown are on a non-GAAP basis.

Consistent Financial Performance

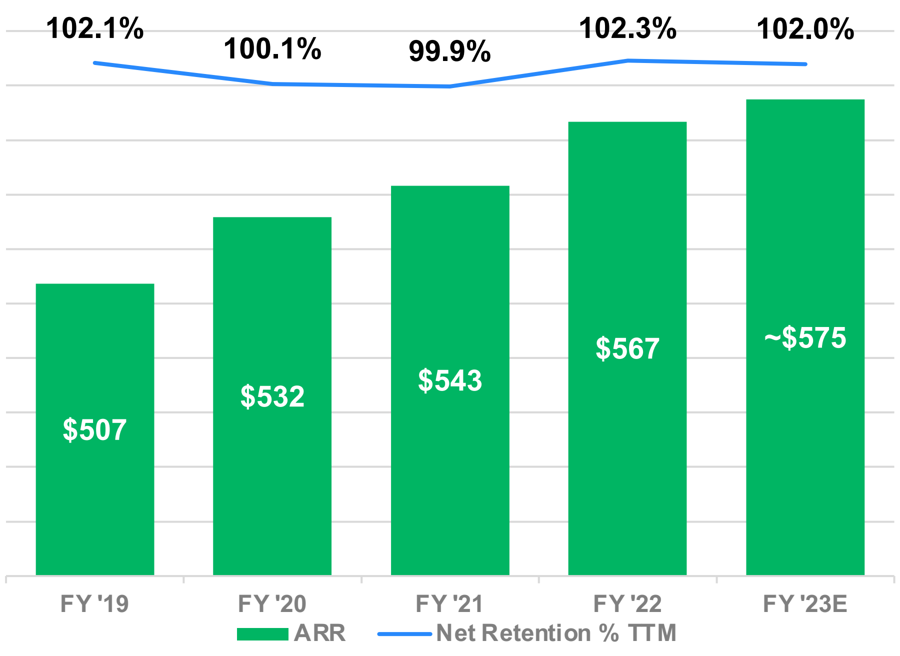
5 YEARS FY'18 – FY'23E

Revenue CAGR	Operating Income CAGR	EPS CAGR
12.5%	14.4%	13.5%

Progress Revenue & EPS



Progress ARR & NRR



All financial results shown are on a non-GAAP basis.
Revenue and ARR are in $US millions. ARR is pro forma.

Progress

Our Vision

To propel business forward in a technology-driven world.

Our Mission

To be the trusted provider of the best products to develop, deploy and manage high-impact applications.

Progress

Our Total Growth Strategy

1. Invest and Innovate
2. Acquire and Integrate
3. Drive Customer Success

Double Revenue and Profitability Every 5 Years

1. Invest and Innovate

Products

Strong R&D investment in products keeps us current and responsive to evolving customer needs.

High retention rates: **100+%**

People

Thoughtful investment in our people grows our talent and ensures they remain engaged, motivated and retained.

eNPS: **40**

Systems & Processes

Innovating our systems and processes keeps us nimble and enables rapid acquisition integration.

Operating Margins: **38+%**

Innovation Across the Portfolio

Progress® Sitefinity®

Cloud digital experience platform

Progress® OpenEdge®

Lowest TCO app/DB platform for cloud applications

Progress® Chef®

Pioneer in DevOps and DevSecOps

Progress® Telerik®

Modern UI made easy—mobile, web, AR/VR, chat

Progress® DataDirect®

Premier cloud, on-prem and hybrid data connectivity

Progress® Kemp® LoadMaster®

Application high availability scalability and security

Progress® MOVEit®

Secure, compliant cloud and mobile file transfer

Progress® | MarkLogic®

Simplify complex data and achieve data agility

Progress® WhatsUp® Gold

End-to-end IT infrastructure monitoring for on-prem and cloud infrastructure

Progress® Corticon®

Scalable, codeless rule automation at cloud's edge

Progress® | SEMAPHORE

Metadata management with semantic AI

Progress® Flowmon®

Comprehensive network observability, threat detection and response

Award-Winning Products

2. Acquire and Integrate

Acquire Strong Businesses

Disciplined criteria for identifying targets:

- Infrastructure software
- Revenue size 10-25% of our revenue
- High degree of recurring revenue
- High retention rates

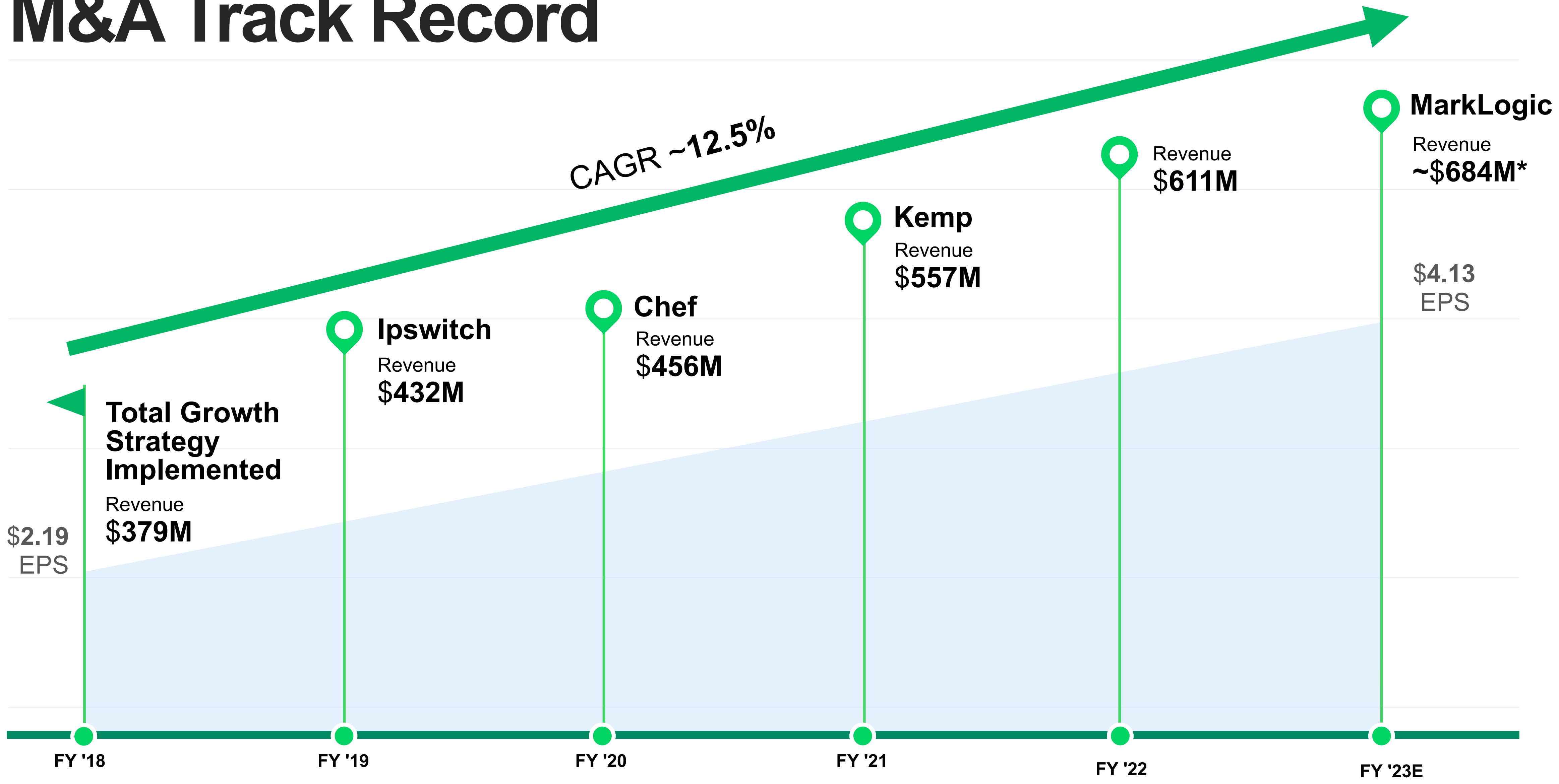
Post integration **target outcomes**:

- Operating margin 40+%
- ROIC > WACC
- NRR 100%

Integrate into Progress Platform

- Repeatable M&A playbook across all functions
- Keen focus on profitability/margin improvement
- Disciplined integration timeline
- Outstanding employee onboarding experience
- Excellent customer experience
- Swiftly integrate into Progress systems and processes
- Continuously improve

M&A Track Record



All financial results shown are on a non-GAAP basis
* Mid-point of guidance as of March 28, 2023

Demonstrable M&A Successes

	Ipswitch May 2019	Chef Oct 2020	Kemp Nov 2021	MarkLogic Feb 2023
Price	$225M	$220M	$258M	$355M
Revenue Multiple	3.0x	3.1x	3.6x	3.5x
Pre-Acquisition Op Margins	Mid-20s%	Break-even	Low 20s%	Low 20s%
	Hitting Our Targets			
Pro Forma EBITDA Multiple	<8x pro forma, post-synergies			
Time to Integration	~12 months or less			
Post-Acquisition Op Margins	40+%			

Progress

3. Drive Customer Success

B2B Technology	Industrial	Healthcare	Financial Services	B2C / Retail
SAS	GE	Mayo Clinic	Zurich	Gatorade
orange	Boeing	Kaiser Permanente	H&R Block	Old National
Microsoft	BAE Systems	Molina Healthcare	American Express	Walmart
hp	Schneider Electric	Abbott A Promise for Life	citi	Facebook
SAP	Volvo	Cerner	Barclays	Best Western
IBM	Caterpillar	Rochester Regional Health	Wells Fargo	IKEA
Epicor	Toyota	Merck	Hello bank! by BNP Paribas	Netflix
TOTVS	gm	Bayer	John Hancock	CBRE
ca technologies A Broadcom Company	International Paper	Cigna	S&P Global	Panera Bread
infor		Jefferson	fiserv.	bluestem brands, inc.
QAD		Optum	Legal & General	Tesco
Informatica		World Health Organization	Prudential	Discount Tire
Pro Alpha		Greenway Health		PepsiCo
sage				Menards
precisely				
software AG				
Alvaria				

Our Customer Commitment

Everything we have—our people, technology, experience, and commitment to continuous innovation and investment—ensures our customer's success.

Progress

Our Impact and Industry Relevance

1,700+

software companies build their products on Progress technologies

3.5+M

strong **developer community**

6+M

business users work with applications that run on Progress technologies

100s of Thousands

of enterprises run their high-impact applications on Progress

100s of Millions

of consumers use applications that run on Progress products

Progress

Keys to Our Success

Business Platform — Operational Excellence

- Customer retention and success
- Disciplined M&A methodology
- Repeatable integration playbook
- Optimized systems, infrastructure and processes
- Expense management
- Strong balance sheet and cashflow
- Prudent capital allocation

Progress

Capital Allocation Strategy

M&A
Achieve strongest returns through disciplined M&A

Buybacks
Remain flexible, opportunistic

Dividends
Return capital directly to shareholders

People: Our Strongest Asset

Invest in Employee Development

Career Growth

Programs to help employees achieve their professional and personal goals. Includes manager training, mentorship program, team enablement, inclusive leadership and more.

Personal Care

On-demand wellbeing resources support employee mental, physical and financial wellness, also augmented by events, activities and benefit programs.

Workplace Flexibility

Choice of where and how to work—in office, at home or a combination—empowers employees to craft a work/life balance that optimizes performance and earns loyalty.

40 Employee Net Promoter Score

80% Engagement

88% Employee Retention in 2022

Progress

Our Values

ProgressPROUD

P

PROGRESS
collaboratively

R

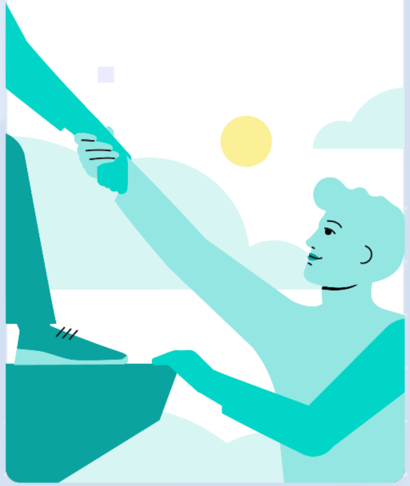
RESPECT
differences and diversity

O

OWN
our tomorrow today

U

UPHOLD
trust



D

DARE
to innovate

Corporate Social Responsibility Program

Three primary focus areas:

Our People
Our Global Community
Our Planet

Progress® for Tomorrow

Progress Accolades

Forbes America's Best Employers 2022

Inc. Best Workplaces Honoree 2022

The Boston Globe Top Places to Work 2022 Massachusetts

Welcome to Fabulous BPTW Honoree

KINCENTRIC› Best Employer BULGARIA 2021

KINCENTRIC› Best Employer NETHERLANDS 2021

The Boston Club Advancing Women Leaders

50 Women 50 On Boards

Great Place To Work® Certified NOV 2021–NOV 2022 INDIA

Bronze 2021 Stevie® Winner American Business Awards

CSR The International CSR Excellence Awards for companies that have a heart

built in eba Employer Branding Awards Activator 2022

TrustRadius Tech Cares 2022

Top 50 SaaS CEO 2022

Top 25 Software Sales Executives 2022

Top 100 Software Companies 2022

TOP 100

Most Valuable Corporate Partner, SOS Children's Villages, Bulgaria

Employer Branding Awards b2b Media

career show index 2022

National Feather Awards

HR Distinction Awards

atd Awards Excellence in Talent Development

Tech Top 50 MassTLC

Winner Career Show Awards 2022

ГОДИШНИ НАГРАДИ НА b2b Media

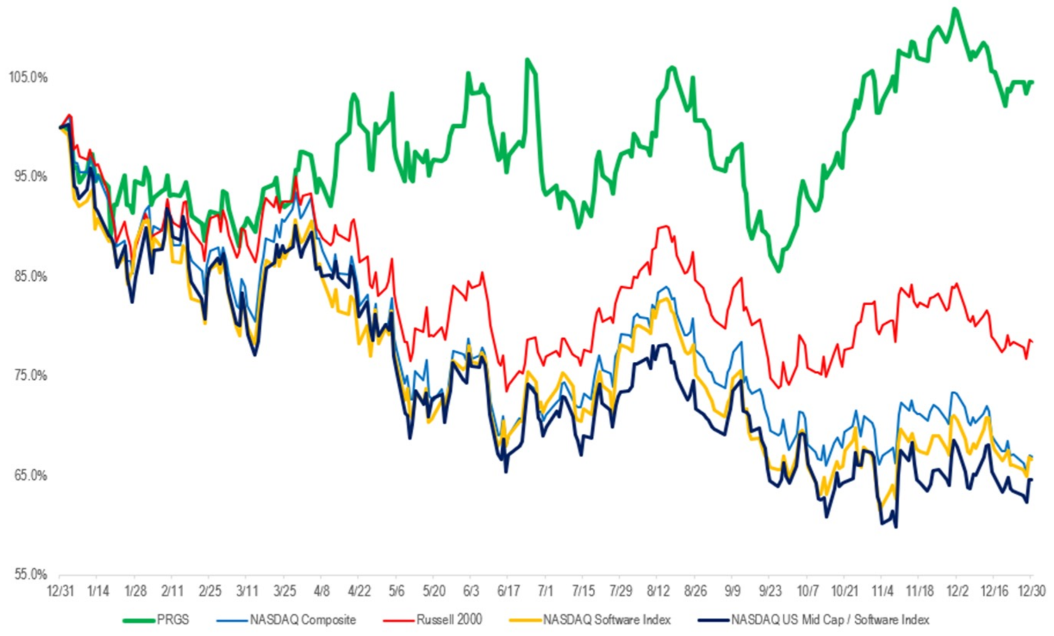
K100

Corporate Development

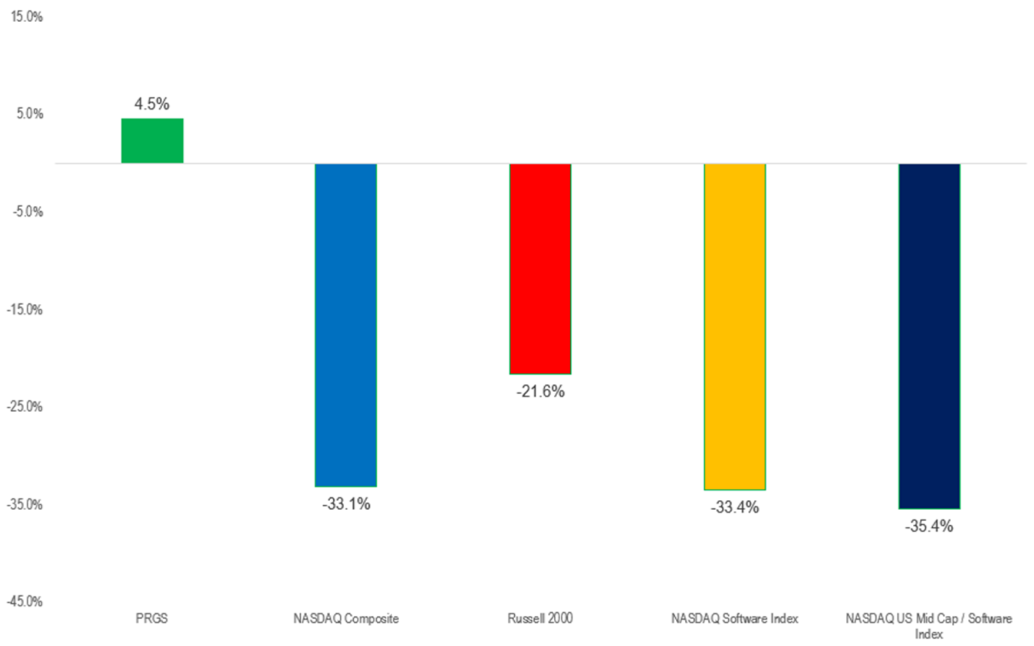
Enterprise Management 360°

Execution of Our Total Growth Strategy Led to Strong Stock Performance in 2022

PRGS — Relative Strength vs. Equity Indices
December 31, 2021 - December 30. 2022



PRGS — (%) Performance
December 31, 2021 - December 30, 2022



Source: NASDAQ

Progress

Key Takeaways

- Well-established trusted provider of mission-critical infrastructure software
- Successfully executing Total Growth Strategy
- Prudent capital allocation, focused on maximizing returns
- Reliable, predictable and durable revenues, cash flow, operating income, and earnings
- Sticky products, loyal customer base, commitment to innovation and R&D
- Steadily increasing ARR with Net Retention Rates consistently above 100%
- Replicable M&A playbook, highly disciplined acquisition model, proven integration execution
- Acquirer of choice for sellers, companies, customers
- Strong corporate culture with industry-low employee turnover

Progress

Progress®

Disclosure Slides

Safe Harbor / Forward Looking Statements

GAAP/non-GAAP Reconciliation

Forward Looking Statements

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; future revenue growth, operating margin and cost savings; strategic partnering and marketing initiatives; the timing of, or our ability to close, the MarkLogic acquisition or the results expected therefrom; and other statements regarding the future operation, direction, prospects and success of Progress’s business. There are a number of factors that could cause actual results or future events to differ materially from those anticipated by the forward-looking statements, including, without limitation: (i) 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; (ii) 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; (iii) 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; (iv) 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; (v) the timing of, or our ability to close, the proposed MarkLogic acquisition or the results expected therefrom; and (vi~~ii~~) risks related to the potential disruption of management’s attention due to the acquisition of MarkLogic. For further information regarding risks and uncertainties associated with our business, please refer to our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended November 30, 2022. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this presentation.

Non-GAAP Financial Measures

We refer to certain non-GAAP financial measures in this presentation, including but not limited to, non-GAAP revenue, non-GAAP income from operations and operating margin, adjusted free cash flow, annual recurring revenue ("ARR"), Net Retention Rate ("NRR"), and non-GAAP diluted earnings per share. These non-GAAP measures are not prepared in accordance with generally accepted accounting principles (“GAAP”). Please see "Important Information Regarding Non-GAAP Financial Information" below for additional information. A reconciliation between non-GAAP measures and the most directly comparable GAAP measures appears in our earnings press release for the fiscal quarter ended February 28, 2023, which is furnished on a Form 8-K concurrently with this presentation and is available in the Investor Relations section of our website.

Important Information Regarding Non-GAAP Financial Information

Progress furnishes certain non-GAAP supplemental information to its financial results. We use such non-GAAP financial measures to evaluate our period-over-period operating performance because our management team believes that by excluding the effects of certain GAAP-related items that in their opinion do not reflect the ordinary earnings of our operations, such information helps to illustrate underlying trends in our business and provides us with a more comparable measure of our continuing business, as well as greater understanding of the results from the primary operations of our business. Management also uses such non-GAAP financial measures to establish budgets and operational goals, evaluate performance, and allocate resources. In addition, the compensation of our executives and non-executive employees is based in part on the performance of our business as evaluated by such non-GAAP financial measures. We believe these non-GAAP financial measures enhance investors' overall understanding of our current financial performance and our prospects for the future by: (i) providing more transparency for certain financial measures, (ii) presenting disclosure that helps investors understand how we plan and measure the performance of our business, (iii) affords a view of our operating results that may be more easily compared to our peer companies, and (iv) enables investors to consider our operating results on both a GAAP and non-GAAP basis (including following the integration period of our prior and proposed acquisitions). However, this non-GAAP information is not in accordance with, or an alternative to, generally accepted accounting principles in the United States ("GAAP") and should be considered in conjunction with our GAAP results as the items excluded from the non-GAAP information may have a material impact on Progress' financial results. A reconciliation between non-GAAP measures and the most directly comparable GAAP measures appears in our earnings press release for the fiscal quarter ended February 28, 2023, which is furnished on a Form 8-K concurrently with this presentation and is available on the Progress website at www.progress.com within the investor relations section.

In this presentation, we may reference the following non-GAAP financial measures:

- Acquisition-related revenue - We include acquisition-related revenue, which constitutes revenue reflected as pre-acquisition deferred revenue that would have been recognized prior to our adoption of Accounting Standards Update No. 2021-08, Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers ("ASU 2021-08") during the fourth quarter of fiscal year 2021. The acquisition-related revenue in our results relates to Chef Software, Inc. and Ipswitch, Inc., which we acquired on October 5, 2020 and April 30, 2019, respectively. Since GAAP accounting required the elimination of this revenue prior to the adoption of ASU 2021-08, GAAP results alone do not fully capture all of our economic activities. We believe these adjustments are useful to management and investors as a measure of the ongoing performance of the business because, although we cannot be certain that customers will renew their contracts, we have historically experienced high renewal rates on maintenance and support agreements and other customer contracts. Upon our adoption of ASU 2021-08, this adjustment is no longer applicable to subsequent acquisitions. The remaining adjustment is related to our acquisition of Chef and is expected to continue through the end of fiscal year 2023

- Amortization of acquired intangibles - We exclude amortization of acquired intangibles because those expenses are unrelated to our core operating performance and the intangible assets acquired vary significantly based on the timing and magnitude of our acquisition transactions and the maturities of the businesses acquired. Adjustments include preliminary estimates relating to the valuation of intangible assets from MarkLogic Corporation ("MarkLogic"), which we acquired on February 7, 2023. The final amounts will not be available until the Company's internal procedures and reviews are completed.

- Stock-based compensation - We exclude stock-based compensation to be consistent with the way management and, in our view, the overall financial community evaluates our performance and the methods used by analysts to calculate consensus estimates. The expense related to stock-based awards is generally not controllable in the short-term and can vary significantly based on the timing, size and nature of awards granted. As such, we do not include these charges in operating plans.

- Restructuring expenses - In all periods presented, we exclude restructuring expenses incurred because those expenses distort trends and are not part of our core operating results. Adjustments include preliminary estimates relating to restructuring expenses from MarkLogic. The final amounts will not be available until the Company's internal procedures and reviews are completed.

- Acquisition-related expenses - We exclude acquisition-related expenses in order to provide a more meaningful comparison of the financial results to our historical operations and forward-looking guidance and the financial results of less acquisitive peer companies. We consider these types of costs and adjustments, to a great extent, to be unpredictable and dependent on a significant number of factors that are outside of our control. Furthermore, we do not consider these acquisition-related costs and adjustments to be related to the organic continuing operations of the acquired businesses and are generally not relevant to assessing or estimating the long-term performance of the acquired assets. In addition, the size, complexity and/or volume of past acquisitions, which often drives the magnitude of acquisition-related costs, may not be indicative of the size, complexity and/or volume of future acquisitions.

Important Information Regarding Non-GAAP Financial Information

- Cyber incident - We exclude certain expenses resulting from the detection of irregular activity on certain portions of our corporate network, as more thoroughly described in the Form 8-K that we filed on December 19, 2022. Expenses include costs to investigate and remediate the cyber incident, as well as legal and other professional services related thereto. Cyber incident costs are provided net of expected insurance recoveries, although the timing of recognizing insurance recoveries may differ from the timing of recognizing the associated expenses. Costs associated with the enhancement of our cybersecurity program are not included within this adjustment. We expect to incur legal and other professional services expenses associated with this incident in future periods. The cyber incident is expected to result in operating expenses that would not have otherwise been incurred in the normal course of business operations. We believe that excluding these costs facilitates a more meaningful evaluation of our operating performance and comparisons to our past operating performance.

- Provision for income taxes - We adjust our income tax provision by excluding the tax impact of the non-GAAP adjustments discussed above.

- Constant Currency - Revenue from our international operations has historically represented a substantial portion of our total revenue. As a result, our revenue results have been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. As exchange rates are an important factor in understanding period-to-period comparisons, we present revenue growth rates on a constant currency basis, which helps improve the understanding of our revenue results and our performance in comparison to prior periods. The constant currency information presented is calculated by translating current period results using prior period weighted average foreign currency exchange rates. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP.

- Annual Recurring Revenue ("ARR") and Net Retention Rate ("NRR") - We provide ARR and NRR performance metrics to help investors better understand and assess the performance of our business because our mix of revenue generated from recurring sources has increased in recent years. ARR represents the annualized contract value for all active and contractually binding term-based contracts at the end of a reporting period. ARR includes maintenance, software upgrade rights, public cloud and on-premises subscription-based transactions and managed services. NRR represents the percentage of recurring revenue retained from existing customers on a trailing twelve-month basis. Progress calculates NRR using the beginning ARR less churn, less customer contracts that have declined in value, plus customer contracts that have increased in value, the sum of which is divided by the beginning ARR. ARR and NRR do not have any standardized meaning and are therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR and NRR 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 and NRR are not a forecast and the active contracts at the end of a reporting period used in calculating ARR and NRR may or may not be extended or renewed by our customers.

- We also provide guidance on adjusted free cash flow, which is equal to cash flows from operating activities less purchases of property and equipment, plus restructuring payments.