Legal Notice

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 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:

- 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.
- Delay or failure to realize the expected synergies and benefits of the Chef acquisition could adversely impact our future results of operations and financial condition.
- 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.

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 and adjusted free cash flow. 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 the Appendix.
Progress – A Compelling Opportunity

- A trusted provider of the best products to develop, deploy and manage high-impact cloud applications
- Focused on customer and ISV partner retention to drive recurring revenue and profitability
- Pursuing a total growth strategy driven by acquisitions of businesses within the software infrastructure market
- Executing a shareholder-friendly capital allocation policy that utilizes dividends and share repurchases
Who is Progress?

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

NASDAQ: PRGS

1,700+ Software companies build their products on Progress technologies

100,000+ Enterprises run their mission-critical business systems on Progress

3+ Million Strong developer community

6+ Million Business users work with applications that run on Progress technologies

100s of Millions Of consumers use applications that run on Progress products
Who is Progress?

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NASDAQ: PRGS

Financial Highlights

- **$474M** LTM Revenue $^{(1)}$ High quality global revenue base across multiple industries
- **$432M** Annual Recurring Revenue (ARR) $^{(3)}$ Durable top-line growth
- **43%** Operating Margins $^{(2)}$ Industry-leading profits provide strength, stability and drive investments
- **80%** Recurring Revenue $^{(4)}$ Stable and predictable business with high level of revenue visibility
- **16%** Revenue YoY Growth $^{(2)}$ Strong revenue increase driven by organic and inorganic growth
- **35%** Cash Flow Margin $^{(2), (5)}$ High cash flow generation driven by robust margins
High-Impact Business Applications Are Very Complex

Adaptive User Experiences

Cognitive Intelligence

Connected Data and Content

Everything in the Cloud

Agile and Automated

Reliable and Secure

Extremely Challenging to Build, Deploy and Manage
Innovative Portfolio for High-Impact Applications

- Modern UI made easy – mobile, web, AR/VR, chat
- Cloud digital experience platform
- Scalable, codeless rule automation at cloud’s edge
- Pioneering cloud and on-prem DevOps & DevSecOps
- Secure, compliant cloud & mobile file transfer
- Premier cloud, on-prem and hybrid data connectivity
- Lowest TCO database platform for cloud applications
- Monitor and manage on-prem and cloud infrastructure

Progress® Telerik®
Progress® Sitefinity®
Progress® Corticon®
Progress® CHEF®
Progress® MOVEit®
Progress® DataDirect®
Progress® OpenEdge®
Progress® WhatsUp® Gold
The world's most successful organizations stand out from the crowd with high-impact business applications that work everywhere, all the time.
Some Progress Customers

TECHNOLOGY

INDUSTRIAL

HEALTHCARE

FINANCIAL SERVICES

RETAIL/CONSUMER

Our Customer Commitment

Everything we have — our people, technology, experience, continuous innovation and R&D investments — are here to take our customers you from where they are, to where they want to be.
Total Growth Strategy & Financial Overview

Note: All financial information herein is presented on a non-GAPP basis. Reconciliations for GAAP figures are attached in the Appendix. Estimates herein (*) represent our 2021 guidance or the mid-point of our 2021 guidance range.
## Progress Investment Highlights

<table>
<thead>
<tr>
<th>Icon</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Graph" /></td>
<td>Durable, predictable financial model; strong balance sheet</td>
</tr>
<tr>
<td><img src="image" alt="Currency" /></td>
<td>Shareholder value-focused capital allocation strategy, including $0.70 dividend</td>
</tr>
<tr>
<td><img src="image" alt="Clock" /></td>
<td>ARR of $432M in 1Q22, with net retention rate 97%-100%</td>
</tr>
<tr>
<td><img src="image" alt="Medal" /></td>
<td>Meaningful EPS/FCF growth with strong and stable balance sheet</td>
</tr>
<tr>
<td><img src="image" alt="Award" /></td>
<td>Successful acquisition track record with integration and synergy achievement; strong M&amp;A pipeline</td>
</tr>
<tr>
<td><img src="image" alt="Tree" /></td>
<td>Accretive M&amp;A and operational efficiencies driving margin improvement</td>
</tr>
<tr>
<td><img src="image" alt="Card" /></td>
<td>Disciplined use of financial leverage (currently &lt; 1.5x) plus strong flexibility to pay down debt</td>
</tr>
</tbody>
</table>
Capital Allocation Focus

- Continue to return capital to shareholders with stable, increasing dividends
- Accretive M&A that meets our regimented criteria
- Strong Corp Dev team now in place
- Repurchase shares to offset dilution from our equity programs
  - Existing authorization $250M; $175M remaining
  - Flexibility to increase, reduce or suspend repurchases, depending on market conditions and size and timing of M&A

Capital Allocation 2016 – Q1 2021

- Cash Dividends $115M
- Debt Principal Payments $62M
- Share Repurchases $373M
- Capital Spending $28M
- Acquisitions $516M

Share repurchase authorization
- Current total: $250M
- Remaining: $175M
Total Growth Strategy: M&A Framework

--- Goal is to double the size of the company in 5 years ---

Accretive M&A enables us to add scale and cash flows, and generate strong shareholder returns

- Target acquisition profile:
  - Complementary to our business (product, audience, and growth profile)
  - Significant recurring revenue and excellent retention rates
  - Cost synergistic and accretive
  - Operating margins after synergies that are consistent with our overall margins
  - ROIC above our weighted average cost of capital
Ingredients to Address a Massive M&A Opportunity

<table>
<thead>
<tr>
<th>Year</th>
<th>Company Count</th>
<th>Deal Count</th>
<th>Capital Invested (USD in mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2,805</td>
<td>3,199</td>
<td>$34,121</td>
</tr>
<tr>
<td>2019</td>
<td>3,462</td>
<td>4,067</td>
<td>31,465</td>
</tr>
<tr>
<td>2018</td>
<td>3,537</td>
<td>4,179</td>
<td>28,522</td>
</tr>
<tr>
<td>2017</td>
<td>3,484</td>
<td>4,076</td>
<td>21,942</td>
</tr>
<tr>
<td>2016</td>
<td>3,181</td>
<td>3,657</td>
<td>17,637</td>
</tr>
<tr>
<td>2015</td>
<td>2,995</td>
<td>3,482</td>
<td>16,137</td>
</tr>
<tr>
<td>2014</td>
<td>2,717</td>
<td>3,106</td>
<td>16,215</td>
</tr>
<tr>
<td>2013</td>
<td>2,258</td>
<td>2,579</td>
<td>9,418</td>
</tr>
<tr>
<td>2012</td>
<td>1,672</td>
<td>1,850</td>
<td>7,352</td>
</tr>
<tr>
<td>2011</td>
<td>1,226</td>
<td>1,341</td>
<td>5,900</td>
</tr>
<tr>
<td>2010</td>
<td>960</td>
<td>1,026</td>
<td>4,408</td>
</tr>
<tr>
<td>2009</td>
<td>803</td>
<td>870</td>
<td>3,478</td>
</tr>
<tr>
<td>2008</td>
<td>774</td>
<td>835</td>
<td>4,542</td>
</tr>
</tbody>
</table>

Source: Pitchbook

Best-in-Class M&A Team
Well Capitalized
Strong Cash Flow

Target Opportunities
Venture Capital
Founder Led Companies
Private Equity
Large Technology Carveouts

Over 5 years, VCs invested over $100B in over 15,000 companies in our infrastructure software space
M&A Proof Points

Ipswitch
May 2019 Close
- Leading producer of award-winning and easy-to-use secure FTP and network management
- ~24,000 active customers in 170 countries
- Global presence: US, Europe, Asia & CALA

October 2020 Close
- DevOps and DevSecOps pioneer
- Industry-leading compliance and application automation for multi-cloud, hybrid and on-prem infrastructure.
- More than 700 active marquee customers, & growing

M&A Framework Highlights

- Software that solves mission-critical business challenges
- 75% recurring revenue
- $15M annualized cost synergies in first 12 months
- Immediately accretive non-GAAP EPS and cashflow

Now delivering low single digit growth and an operating margin of ~50%

- Automation platform for IT operators & security teams to build, deploy and manage any application securely
- >90% recurring revenue
- Net retention rates greater than 95%
- Accretive to non-GAAP EPS and cashflow by following quarter

In first full quarter of ownership, Chef continued to deliver growth and an operating margin >35%
Strong Revenue Growth at Scale

- 2021(F)* revenue growth of 15%
- Revenue CAGR of 11.3%
  2018 – 2021(F)*

* Represents our 2021 guidance or the mid-point of our 2021 guidance range
Increasing Mix of Recurring Revenue

- High percentage of recurring revenue: ARR $432M (+80%), with NDRR 97-100%
- Subscription-based revenue models associated with on-prem and SaaS offerings
- Recurring revenue CAGR of 15.7% 2018 – 2021(F)*
- Recurring revenue mix expected to move higher

* Represents our 2021 guidance or the mid-point of our 2021 guidance range
Growing Profitability

- Consistent growth in operating income, with a CAGR of 14.5% 2018 – 2021(F)*
- Best-in-class operating margins consistently above 35%

* Represents our 2021 guidance or the mid-point of our 2021 guidance range
Corporate Social Responsibility (CSR) Program

Giving back to the communities we serve.

We strive to conduct business in ways that will have a positive impact on our employees, customers, partners, stockholders and the communities we serve.

As an organization, we believe it is our duty to consider the social and environmental impact of everything we do today and how it could affect the future.

Our Corporate Social Responsibility (CSR) program consists of three primary areas of focus:

- Our People
- Our Communities
- Our World
Investment Summary

R&D Investment

**Partnership**
- R&D spend drives continued customer value in support of their critical applications and systems

Financials

**Strength/Growth**
- 1Q21 Revenue, EPS, and Free Cash Flow all above high end of guidance range; increased FY21 guidance

Stability

**ARR + Margins**
- +80% ARR with 97-100% NDRR
- Top-line strength + integration execution fueled Q1 operating margin >40%

Integration

**Execution**
- Chef exceeding expectations on top and bottom line as integration proceeds ahead of plan
- Ipswitch complete

M&A

**Opportunity**
- Growing pipeline and enhanced capabilities aimed at large and growing DevOps market
Appendix
Definitions

(1) Refers to the last twelve months ended February 28, 2021.

(2) Represents results for the three months ended February 28, 2021.

(3) As of Q1’21. ARR represents the annualized value of all recurring revenue related contracts in place at the end of the period. It does not have a standardized definition and 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 is not necessarily indicative of revenue for the period or any future period 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.

(4) Refers to percentage of revenue from recurring sources such as maintenance revenue, revenue derived from hosted / SaaS solutions, and subscription revenue derived from subscription or term license arrangements. FY’20 metric. Progress Fiscal Year Ending November 30th.

(5) Adjusted Free Cash Flow (non-GAAP) defined as: (Cash Flow From Operations (GAAP) – Purchases of property and equipment + Restructuring Payments) / Non-GAAP Revenue.

* See the appendix for a reconciliation to the most directly comparable GAAP measure.
Reconciliation of GAAP to Non-GAAP Figures
(Unaudited)

($ in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Q1 2020</th>
<th>Q1 2021</th>
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<tbody>
<tr>
<td><strong>Adjusted revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>GAAP revenue</td>
<td>$378,981</td>
<td>$413,298</td>
<td>$442,150</td>
<td>$109,683</td>
<td>$121,280</td>
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<tr>
<td>Acquisition-related revenue (1)</td>
<td>466</td>
<td>18,663</td>
<td>14,062</td>
<td>4,079</td>
<td>10,504</td>
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<tr>
<td><strong>Non-GAAP revenue</strong></td>
<td>$379,447</td>
<td>$431,961</td>
<td>$456,212</td>
<td>$113,762</td>
<td>$131,784</td>
</tr>
<tr>
<td><strong>Adjusted income from operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GAAP income from operations</td>
<td>$67,814</td>
<td>$40,084</td>
<td>$107,728</td>
<td>$30,712</td>
<td>$27,416</td>
</tr>
<tr>
<td>Amortization of acquired intangibles</td>
<td>35,975</td>
<td>48,139</td>
<td>23,482</td>
<td>6,051</td>
<td>6,784</td>
</tr>
<tr>
<td>Stock-based compensation</td>
<td>20,569</td>
<td>23,311</td>
<td>23,311</td>
<td>6,051</td>
<td>6,784</td>
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<tr>
<td>Impairment of intangible and long-lived assets (2)</td>
<td>-</td>
<td>24,096</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restructuring expenses and other</td>
<td>2,251</td>
<td>6,307</td>
<td>5,906</td>
<td>1,040</td>
<td>1,157</td>
</tr>
<tr>
<td>Acquisition-related revenue (1) and expenses</td>
<td>724</td>
<td>20,321</td>
<td>17,699</td>
<td>4,393</td>
<td>10,900</td>
</tr>
<tr>
<td>Loss on assets held for sale</td>
<td>5,147</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fees related to shareholder activist</td>
<td>1,472</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td>$133,952</td>
<td>$162,258</td>
<td>$182,761</td>
<td>$47,973</td>
<td>$56,657</td>
</tr>
<tr>
<td><strong>Adjusted Free Cash Flow</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>$121,352</td>
<td>$128,484</td>
<td>$144,847</td>
<td>$33,016</td>
<td>$44,688</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(7,250)</td>
<td>(3,998)</td>
<td>(6,517)</td>
<td>(1,148)</td>
<td>(1,166)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>114,102</td>
<td>124,486</td>
<td>138,330</td>
<td>31,868</td>
<td>43,522</td>
</tr>
<tr>
<td>Add back: restructuring payments</td>
<td>6,111</td>
<td>4,407</td>
<td>4,123</td>
<td>1,429</td>
<td>2,993</td>
</tr>
<tr>
<td><strong>Adjusted Free Cash Flow</strong></td>
<td>$120,213</td>
<td>$128,893</td>
<td>$142,453</td>
<td>$33,297</td>
<td>$46,515</td>
</tr>
</tbody>
</table>

Note: The Company adopted ASC 606 effective December 1, 2018, using the full retrospective method. Prior period results have been adjusted to reflect the adoption of this standard.

(1) Acquisition-related revenue constitutes revenue reflected as pre-acquisition deferred revenue that would otherwise have been recognized but for the purchase accounting treatment of acquisitions. Since GAAP accounting requires the elimination of this revenue, GAAP results alone do not fully capture all of our economic activities. Acquisition-related revenue adjustments relate to Progress’ OpenEdge business segment for Ipswitch in FY 2019 and to Progress’ OpenEdge business segment for Kinvey and Application Development and Deployment business segment for Telerik in FY 2018.

(2) Primarily represents a reduction in the carrying values of the intangible assets associated with Kinvey and DataRPM.