



Progress Financial Results

Q1 2022 Supplemental Data

March 29, 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 May 31, 2022, and fiscal year ended November 30, 2022, which speak only as of March 29, 2022.

Finally, in 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 February 28, 2022 and is available in the Investor Relations section of our Web site.

Conference Call Details

What: Progress Q1 2022 Financial Results Conference Call

When: Tuesday, March 29, 2022

Time: 5:00 p.m. ET

Live Call: (800) 773-2954

(847) 413-3731

Conf ID: 50242106

Live / Recorded Webcast: <https://edge.media-server.com/mmc/p/38n7sbqv>

Please note: Webcast is listen-only.

Summary Highlights Q1 2022

Strong Financial Results, Good Start to FY22

- Broad top-line strength and momentum continued from FY21.
- Strong demand and solid execution, including disciplined expense management, drove results above high end of guidance range.
- ARR growth (up 12% on an as reported basis and 3.5% on a pro-forma basis, both in constant currency) and consistently strong net retention rates of >100% reflect continued strong performance across the board.
- Kemp integration proceeding at or ahead of plan...no major speedbumps or surprises.



Results Overview & Guidance

Updated Guidance#: FY22E and Q1'22E

Revenue: \$613M

EPS: \$4.05

FCF: \$188M

Operating margin: 39.5%

Q2E Revenue: \$146.5M

Q2E EPS: \$0.95

Guidance provided/updated March 29, 2022, non-GAAP; midpoint of guidance shown.

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

All results shown are for FQ1 '22, non-GAAP, as reported March 29, 2022

\$0.97

Q1'22 Earnings Per Share

\$147.5M

Revenue

12%

YoY Revenue Growth

\$479M

ARR

~80%

Recurring Revenue

\$44.7M

Free Cash Flow

40%

Operating Margins

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
- Maintain best in class operating margins



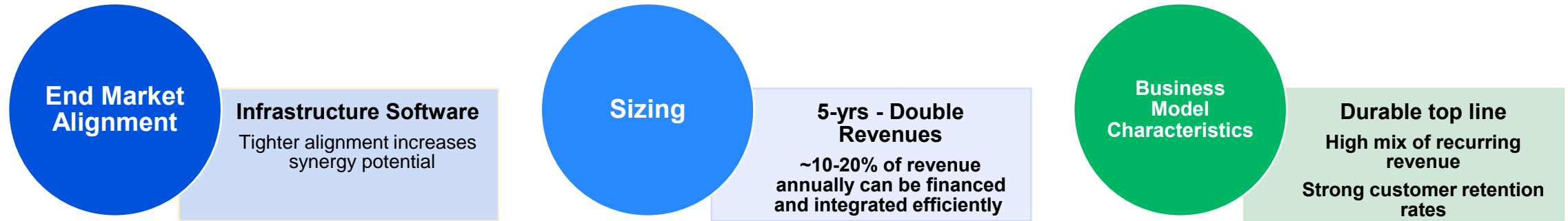
Disciplined
M&A
Strategy

Strengthen
Profitable
Core
Business

Continued
Focus on
Operational
Excellence

Pillars of our Total Growth Strategy

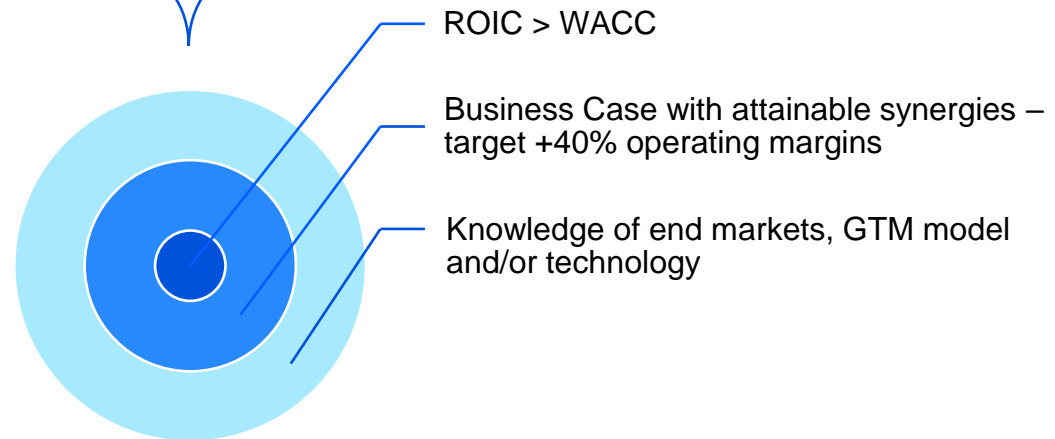
M&A Approach



Venture Backed, Founder Led and PE Sponsor-Owned Targets

Massive Market Opportunity

Experienced Corp Dev Team



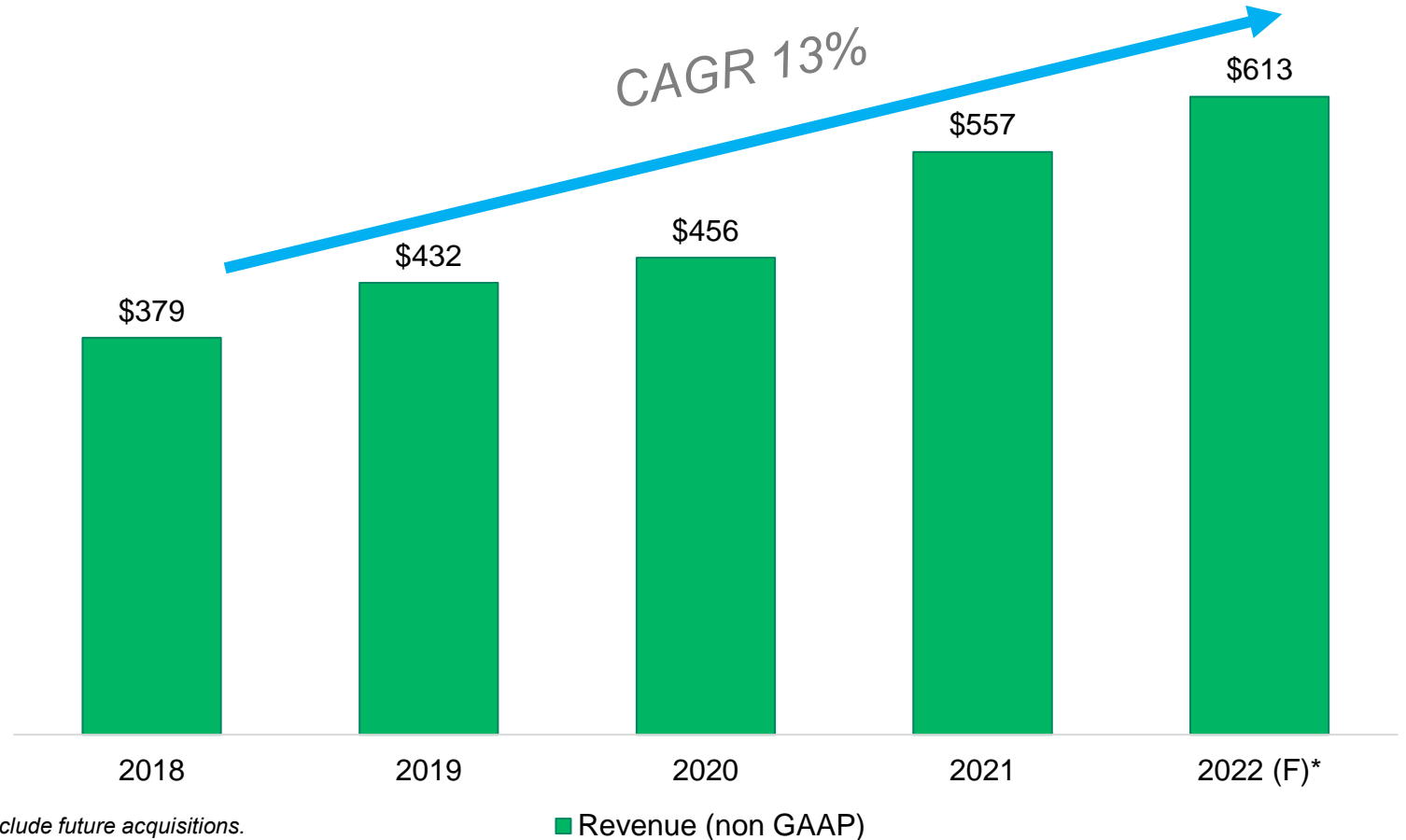
Summary Q1 2022 Financial Results

	Q1 2022 Results	Prior Q1 2022 Outlook (provided on January 18, 2022)
GAAP Revenue	<i>\$144.9M</i>	<i>\$136M - \$139M</i>
Non-GAAP Revenue	<i>\$147.5M</i>	<i>\$139M - \$142M</i>
GAAP earnings per share (Diluted)	<i>\$0.46</i>	<i>\$0.32 - \$0.34</i>
Non-GAAP earnings per share (Diluted)	<i>\$0.97</i>	<i>\$0.83 - \$0.85</i>
GAAP Operating Margin	<i>20%</i>	<i>Not guided</i>
Non-GAAP Operating Margin	<i>40%</i>	<i>Not guided</i>
Adjusted Free Cash Flow	<i>\$44.7 M</i>	<i>Not guided</i>

Driving Total Growth

FY'22* revenue growth of 10%

Revenue CAGR of 13%
2018 – 2022(F)*



Represents the mid-point of our updated FY'22 guidance range, does not include future acquisitions.

Annualized Recurring Revenue Trend ("pro-forma")

Kemp ARR ~\$40M

ARR growth = 3.5% year-over-year

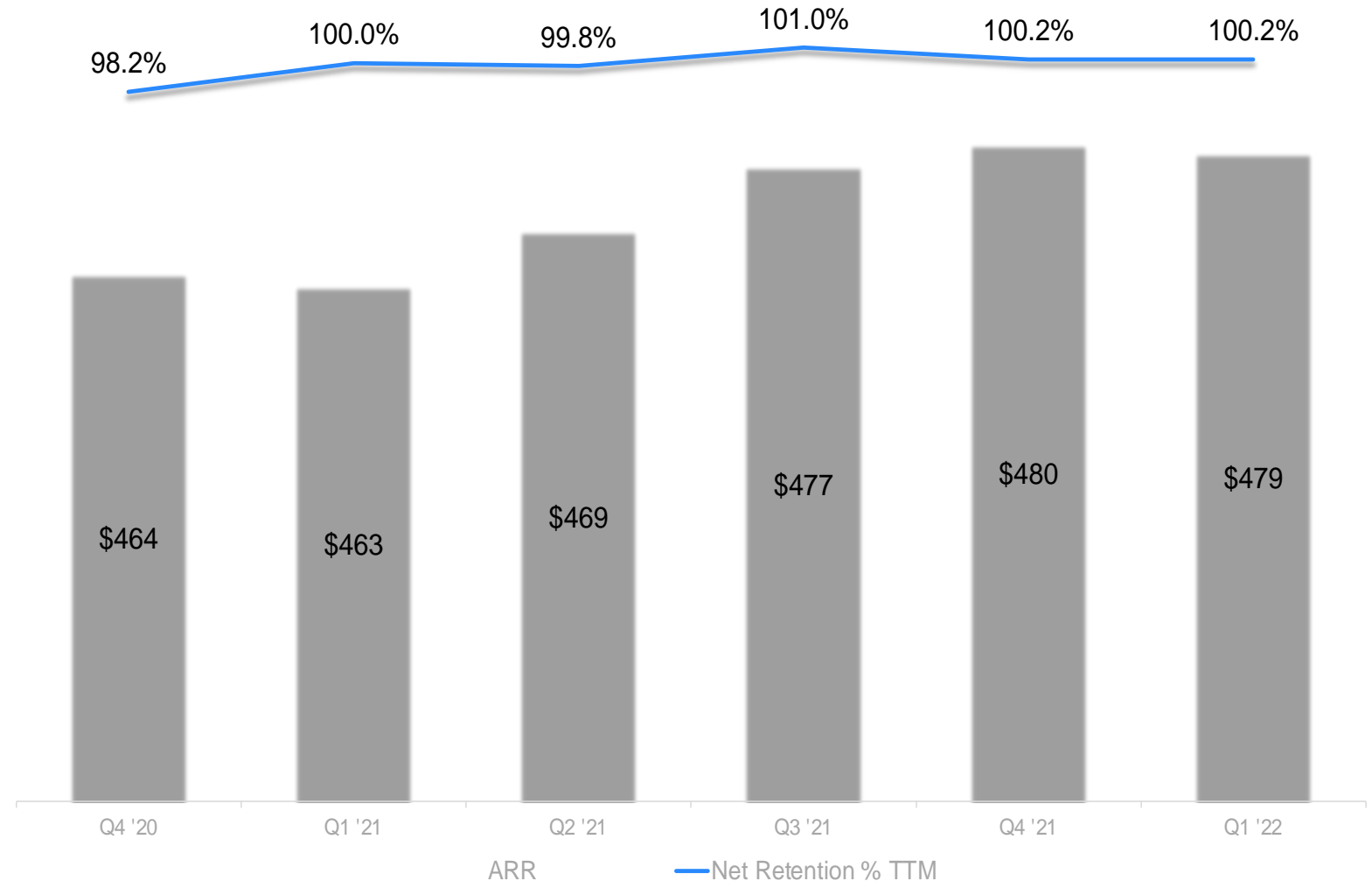
+

Net Retention Rate between 98%-101%

=

Predictable and durable top line performance

All periods reported in constant currency, using current year budgeted exchange rates



Annualized Recurring Revenue (amounts reported in constant currency)

"As Reported"

Kemp adds ~\$40M of ARR

ARR growth = 12.4% year-over-year

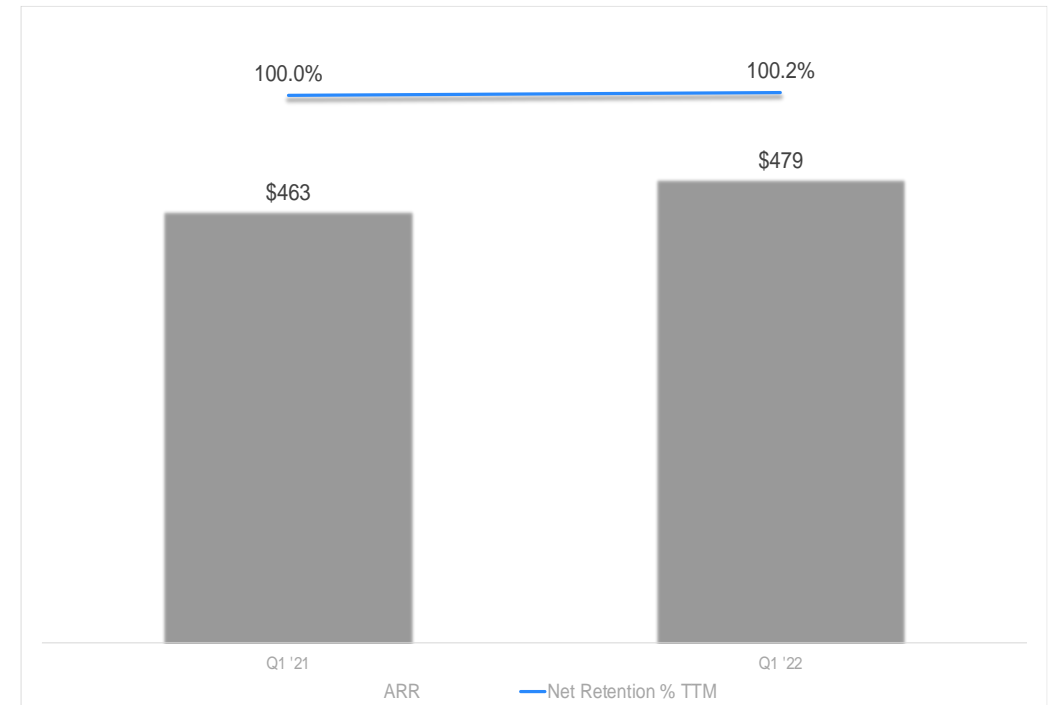
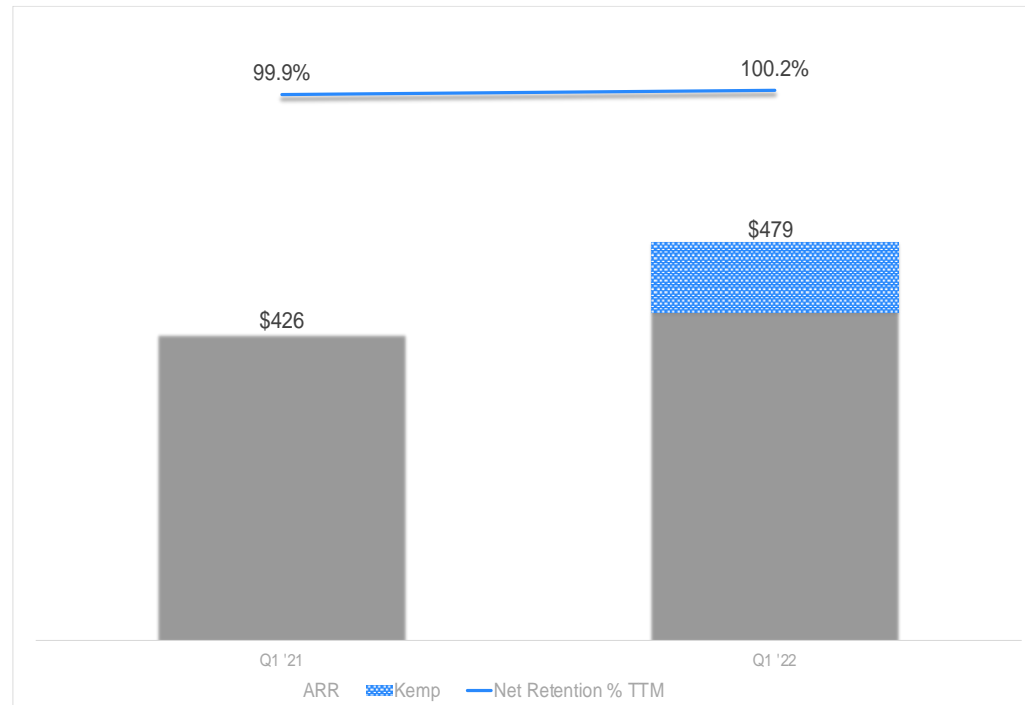
Net Retention Rate has ranged between 100%-102%

"Pro Forma"

Kemp ARR included in both periods presented

ARR growth = 3.5% year-over-year

Net Retention Rate has ranged between 100%-101%



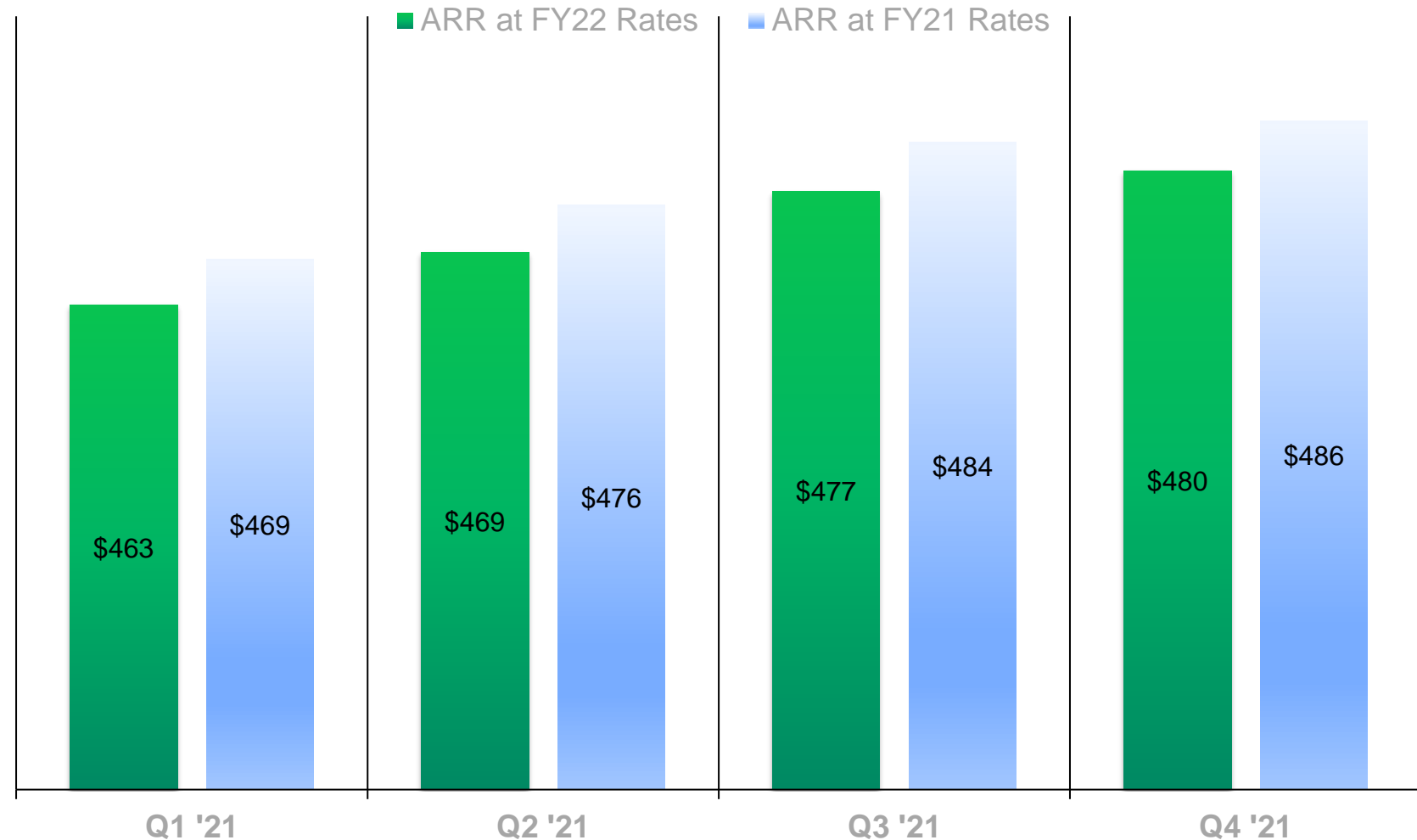
Note: ARR is a Non-GAAP operating metric and does not have a standardized definition. It is therefore unlikely to be comparable to similarly titled measures presented by other companies. ARR should be viewed independently of revenue and deferred revenue and is not intended to be combined with or to replace 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.

ARR Exchange Rate Comparison ("pro-forma")

ARR is presented in constant currency, using our current year budgeted exchange rates

"ARR at FY21 Rates" represents results reported translated using our FY21 budgeted exchange rates

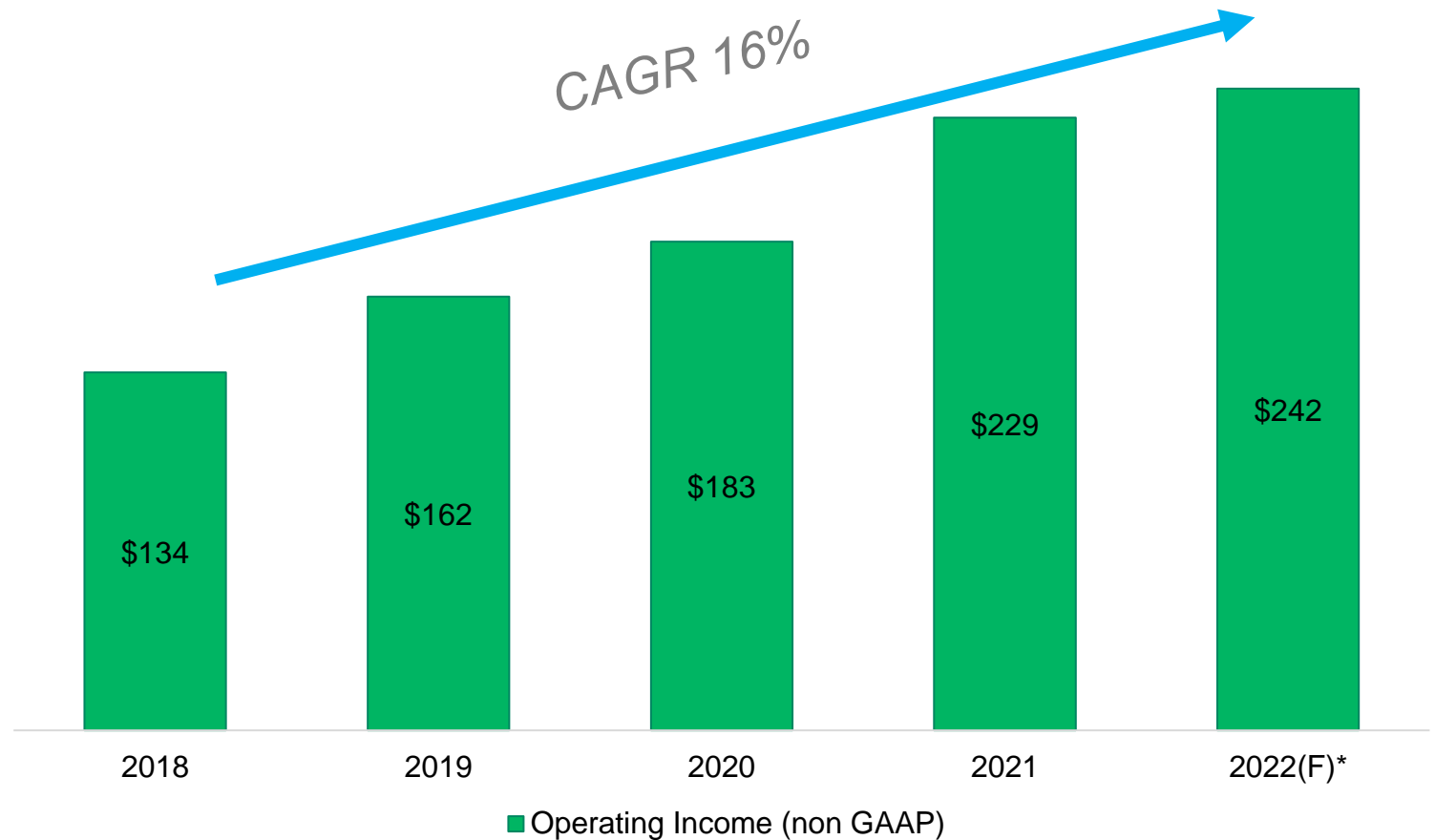
"ARR at FY22 Rates" represents those same results translated using our FY22 budgeted exchange rates



Growing Profitability

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

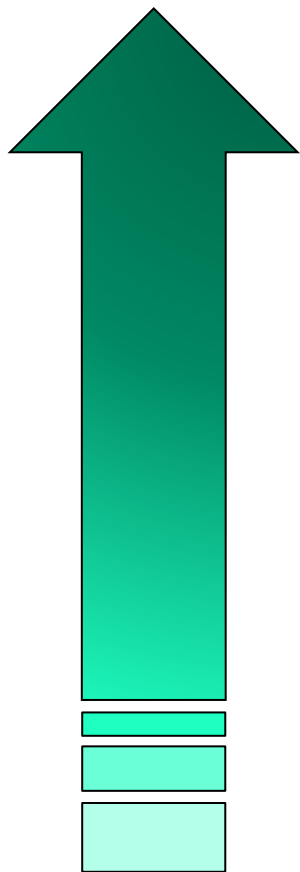
Best-in-class operating margins consistently above 35%



* Represents the mid-point of our FY'22 guidance range updated March 29, 2022

Capital Allocation Strategy

Primary focus



Continue to prioritize **accretive M&A** opportunities that meet our disciplined criteria



Repurchase shares to offset dilution from our equity programs only to the extent that doing so does not constrain our M&A capabilities

- Existing authorization \$250M; \$130M remaining
- Flexibility to increase, reduce or suspend repurchases, depending on market conditions and size and timing of M&A



Continue **returning capital to shareholders** in the form of dividends only to the extent that doing so does not constrain our M&A capabilities

Business Outlook (as of March 29, 2022)

	Q2 2022 Current Outlook	FY 2022 Prior Outlook <small>(Provided on January 18, 2022)</small>	FY 2022 Current Outlook
Non-GAAP Revenue	\$145M – \$148M	\$605 – \$615M	\$609M – \$617M
Non-GAAP EPS	\$0.94 – \$0.96	\$3.95 - \$4.05	\$4.01 – \$4.09
Non-GAAP Operating Margin	<i>Not guided</i>	39%	39% - 40%
Non-GAAP Adjusted Free Cash Flow	<i>Not guided</i>	\$185M - \$190M	\$185M – \$190M
Non-GAAP Effective Tax Rate	<i>Not guided</i>	20%- 21%	20% - 21%



Supplemental Financial Information *

* The following supplemental financial information is presented on a GAAP basis. 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 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Revenue by Type					
License	33,317	30,107	51,930	41,236	42,750
Maintenance	76,977	80,069	82,875	85,942	89,963
Services	10,986	12,312	12,612	12,950	12,209
Total Revenue	<u>\$ 121,280</u>	<u>\$ 122,488</u>	<u>\$ 147,417</u>	<u>\$ 140,128</u>	<u>\$ 144,922</u>
Revenue by Region					
North America	71,505	71,094	93,880	81,335	78,093
EMEA	40,240	41,321	40,999	46,775	53,702
Latin America	3,493	3,753	5,298	4,492	3,883
Asia Pacific	6,042	6,320	7,240	7,526	9,244
Total Revenue	<u>\$ 121,280</u>	<u>\$ 122,488</u>	<u>\$ 147,417</u>	<u>\$ 140,128</u>	<u>\$ 144,922</u>

Other NON-GAAP Financial Measures

(Unaudited)

(in thousands)	YTD GAAP Q1 2022	YTD Non-GAAP Adjustment	YTD Non-GAAP Q1 2022
Revenue by Type			
License	42,750	132	42,882
Maintenance	89,963	2,433	92,396
Services	12,209	18	12,227
Total Revenue	<u>\$ 144,922</u>	<u>\$ 2,583</u>	<u>\$ 147,505</u>
Revenue by Region			
North America	78,093	1,769	79,862
EMEA	53,702	602	54,304
Latin America	3,883	7	3,890
Asia Pacific	9,244	205	9,449
Total Revenue	<u>\$ 144,922</u>	<u>\$ 2,583</u>	<u>\$ 147,505</u>

