Progress Financial Results

Q3 2021 Supplemental Data
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 Kemp 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, except for statements relating to Progress' projected results for the quarter ended August 31, 2021 and fiscal year ended November 30, 2021, which speak only as of September 23, 2021.

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 August 31, 2021 and is available in the Investor Relations section of our Web site.
Conference Call Details

What: Progress Q3 2021 Financial Results Conference Call

When: Thursday, September 23rd, 2021

Time: 5:00 p.m. ET

Live Call: (800) 773-2954
(847) 413-3731
Conf ID: 50220857

Live / Recorded Webcast: http://investors.progress.com
Summary Highlights

Strong Financial Results

➢ Three consecutive quarters of strong performance provide confidence to increase our full year FY21 guidance for the third time this year, driven by top-line strength across all products.
  – Stable, durable top line reflected in ARR growth (up 25% on an as reported basis and 4% on a pro-forma basis, both in constant currency) and improvement in net retention rate to above 100%.

➢ Chef contributing on the top and bottom line with OpenEdge, DataDirect, DevTools, and Ipswitch also showing notable strength.

➢ Continued strong demand across product lines and markets (vs 2020) as customers and partners fund new projects or expand existing deployments, coupled with outstanding execution.

Kemp Acquisition

➢ Aligns well with our Total Growth Strategy; creates shareholder value while adding scale.

➢ Meets Our Disciplined Acquisition Criteria; purchased at a reasonable multiple in a hyper-competitive M&A environment.

➢ Adds leading Application Experience (AX) technologies to our DevOps, Application Development, Data Connectivity and DX offerings.
Kemp – Company Overview

Kemp is the leader in Application Experience (“AX”) technologies. Its Loadmaster and Flowmon products ensure high performance and always-on availability by monitoring performance and balancing traffic and workloads across servers. Kemp’s technologies help customers optimize, analyze and secure their applications across private and multi-cloud environments.

- **~1,100** Active Customers
- **100,000** Deployments
- **138** Countries
- **~90** Distributors
- **~2,000** VARs and SIs

**Company Highlights**
- $70M (2022E)
- 1,100 active customers, including global brands: Amazon, Disney, NFL, Walmart, Apple, Dell, Raytheon, NASA, USAF, Audi, Hyundai, Ford, Harvard University, UPS, Merck, Rite Aid, Pemex, Nestle…
- Founded 2000
- Headquartered in Melville, NY
- ~300 employees

**Product Break-out**

**LOADMASTER ADC**
- Hardware LoadMaster Load Balancer
- Cloud-native LoadMaster Load Balancer
- Virtual LoadMaster Load Balancer
- ECS Connection Manager
- Multi-tenant Load Balancer

**FLOWMON NPMD & NDR**
- Flowmon Collector
- Flowmon Probe
## Kemp’s AX Technologies

<table>
<thead>
<tr>
<th>Application Delivery Control</th>
<th>Network Performance Monitoring</th>
<th>Network Detection &amp; Response</th>
<th>Application Performance Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>“ADC” provides simplified deployments, flexible licensing, and unmatched value for load balancing apps across cloud and on-prem environments.</td>
<td>“NPMD” provides intelligent network traffic capture, comprehensive network performance monitoring, and automated root-cause analysis.</td>
<td>“NDR” employs AI-driven behavior analysis and anomaly detection to preemptively mitigate the most subtle exploits before they have negative impact.</td>
<td>“APM” Provides insights on app and database performance combined with workflow automation for addressing sub-optimal AX.</td>
</tr>
</tbody>
</table>

Kemp’s AX products add scale to our existing strengths in DevOps, Application Development, Data Connectivity and DX and the ability to provide Agile Infrastructure (Cloud Platforms and Chef), and complement WhatsUp Gold, our market-leading easy-to-use network management product acquired with Ipswitch.
# Kemp - Transaction Overview

## Timing
- Definitive agreement signed September 23, 2021
- Expected close in Q4 2021 subject to customary closing conditions and regulatory review

## Purchase Price
- $258 million, all-cash transaction
  - $384 million of existing cash
  - Approximately $100 million revolving credit facility

## Financial Overview
- Approximately $70 million in revenue – no expectation of revenue synergies
- Operating margins over 40% after cost synergies
- Accretive to both non-GAAP EPS and cash flow beginning in Q4 2021

## FY21 Financial Impact
- Based on expected closing date, Kemp will be part of Progress for 1 month in FY’21
  - $4M - $5M non-GAAP revenue contribution
  - $0.01 non-GAAP net income per share

## Integration
- Cost synergies fully realized within 12 months
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
Progress Investment Highlights

- Durable, predictable financial model
- High-quality revenue base, high and increasing mix of recurring revenue
- Accretive M&A and operational efficiencies driving margin improvement
- Track record of successful acquisition integration and synergy achievement
- Delivering meaningful earnings per share and free cash flow growth
- Disciplined and shareholder-friendly capital allocation strategy
## Summary Q3 2021 Financial Results

<table>
<thead>
<tr>
<th></th>
<th>Q3 2021 Results</th>
<th>Q3 2021 Outlook (6/24/2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Revenue</td>
<td>$147 M</td>
<td>$124 M - $127 M</td>
</tr>
<tr>
<td>Non-GAAP Revenue</td>
<td>$153 M</td>
<td>$129 M - $132 M</td>
</tr>
<tr>
<td>GAAP earnings per share (Diluted)</td>
<td>$0.70</td>
<td>$0.34 - $0.36</td>
</tr>
<tr>
<td>Non-GAAP earnings per share (Diluted)</td>
<td>$1.18</td>
<td>$0.81 - $0.83</td>
</tr>
<tr>
<td>GAAP Operating Margin</td>
<td>31%</td>
<td>Not guided</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin</td>
<td>47%</td>
<td>Not guided</td>
</tr>
<tr>
<td>Adjusted Free Cash Flow</td>
<td>$35 M</td>
<td>Not guided</td>
</tr>
</tbody>
</table>
Driving Total Growth

➢ FY’21(F)* revenue growth of 21%

➢ Revenue CAGR of 13%
  2018 – 2021(F)*

* Represents the mid-point of our FY’21 guidance range
Quarterly Revenue Performance and Timing *

- Meaningful over-performance in Q3 in addition to deal timing benefit
- Q3 revenue timing pulls from Q4 into Q3 but doesn’t detract from the full year

* The "outlook" in the above charts represent the mid-point of our guidance range.
Full Year Revenue Outlook*

- The increase in FY’21 outlook is driven by
  - Over-performance and
  - One month of Kemp

- Full year FY’21 outlook
  - Initial $517
  - Q1 $523
  - Q2 $532
  - Q3 $550

* Outlook represent the mid-point of our guidance range
Growth in Annualized Recurring Revenue
(amounts reported in constant currency)

“As Reported”
Chef adds less than $80M of ARR
ARR growth = 25% year-over-year
Net Retention Rate has ranged between 98%-101%

“Pro Forma”
Chef ARR included in both periods presented
ARR growth = 4% year-over-year
Net Retention Rate has ranged between 99%-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.
Growing Profitability

- Consistent growth in operating income
  CAGR 18% FY’18 – FY’21(F)*
- Best-in-class operating margins consistently above 35%

* Represents the mid-point of our FY’21 guidance range
## Business Outlook (as of September 23, 2021)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2021 Current Outlook</th>
<th>FY 2021 Current Outlook</th>
<th>FY 2021 Prior Outlook (As of 6/24/2021)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-GAAP Revenue</td>
<td>$134 M – $138 M</td>
<td>$548 M – $552 M</td>
<td>$529 M – $535 M</td>
</tr>
<tr>
<td>Non-GAAP EPS</td>
<td>$0.73 – $0.75</td>
<td>$3.68 – $3.70</td>
<td>$3.46 – $3.50</td>
</tr>
<tr>
<td>Non-GAAP Operating Margin</td>
<td>Not guided</td>
<td>40%</td>
<td>39%</td>
</tr>
<tr>
<td>Non-GAAP Adjusted Free Cash Flow</td>
<td>Not guided</td>
<td>$168 M – $172 M</td>
<td>$158 M – $162 M</td>
</tr>
<tr>
<td>Non-GAAP Effective Tax Rate</td>
<td>Not guided</td>
<td>20 - 21%</td>
<td>20 - 21%</td>
</tr>
</tbody>
</table>
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)

### Revenue by Type

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>License</td>
<td>30,629</td>
<td>19,663</td>
<td>27,514</td>
<td>37,443</td>
<td>33,317</td>
<td>30,107</td>
<td>51,930</td>
</tr>
<tr>
<td>Maintenance</td>
<td>70,056</td>
<td>71,686</td>
<td>72,764</td>
<td>74,381</td>
<td>76,977</td>
<td>80,069</td>
<td>82,875</td>
</tr>
<tr>
<td>Services</td>
<td>8,998</td>
<td>9,034</td>
<td>9,421</td>
<td>10,561</td>
<td>10,986</td>
<td>12,312</td>
<td>12,612</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$ 109,683</strong></td>
<td><strong>$ 100,383</strong></td>
<td><strong>$ 109,699</strong></td>
<td><strong>$ 122,385</strong></td>
<td><strong>$ 121,280</strong></td>
<td><strong>$ 122,488</strong></td>
<td><strong>$ 147,417</strong></td>
</tr>
</tbody>
</table>

### Revenue by Region

<table>
<thead>
<tr>
<th></th>
<th>Q1 2020</th>
<th>Q2 2020</th>
<th>Q3 2020</th>
<th>Q4 2020</th>
<th>Q1 2021</th>
<th>Q2 2021</th>
<th>Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>65,413</td>
<td>56,564</td>
<td>62,927</td>
<td>76,094</td>
<td>71,505</td>
<td>71,094</td>
<td>93,880</td>
</tr>
<tr>
<td>EMEA</td>
<td>34,988</td>
<td>34,157</td>
<td>37,447</td>
<td>37,162</td>
<td>40,240</td>
<td>41,321</td>
<td>40,999</td>
</tr>
<tr>
<td>Latin America</td>
<td>4,000</td>
<td>3,346</td>
<td>3,547</td>
<td>3,681</td>
<td>3,493</td>
<td>3,753</td>
<td>5,298</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>5,282</td>
<td>6,316</td>
<td>5,778</td>
<td>5,448</td>
<td>6,042</td>
<td>6,320</td>
<td>7,240</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$ 109,683</strong></td>
<td><strong>$ 100,383</strong></td>
<td><strong>$ 109,699</strong></td>
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<td><strong>$ 121,280</strong></td>
<td><strong>$ 122,488</strong></td>
<td><strong>$ 147,417</strong></td>
</tr>
</tbody>
</table>
### Other NON-GAAP Financial Measures

(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>QTD GAAP</th>
<th>QTD Non-GAAP</th>
<th>QTD Non-GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in thousands)</strong></td>
<td>Q3 2021</td>
<td>Adjustment</td>
<td>Revenue</td>
</tr>
<tr>
<td><strong>Revenue by Type</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License</td>
<td>51,930</td>
<td>226</td>
<td>52,156</td>
</tr>
<tr>
<td>Maintenance</td>
<td>82,875</td>
<td>4,925</td>
<td>87,800</td>
</tr>
<tr>
<td>Services</td>
<td>12,612</td>
<td>29</td>
<td>12,641</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 147,417</td>
<td>$ 5,180</td>
<td>$ 152,597</td>
</tr>
<tr>
<td><strong>Revenue by Region</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>93,880</td>
<td>3,744</td>
<td>97,624</td>
</tr>
<tr>
<td>EMEA</td>
<td>40,999</td>
<td>1,155</td>
<td>42,154</td>
</tr>
<tr>
<td>Latin America</td>
<td>5,298</td>
<td>21</td>
<td>5,319</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>7,240</td>
<td>260</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 147,417</td>
<td>$ 5,180</td>
<td>$ 152,597</td>
</tr>
</tbody>
</table>
Other NON-GAAP Financial Measures
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>YTD GAAP Q3 2021</th>
<th>YTD Non-GAAP Adjustment</th>
<th>YTD Non-GAAP Q3 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue by Type</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>License</td>
<td>115,354</td>
<td>2,984</td>
<td>118,338</td>
</tr>
<tr>
<td>Maintenance</td>
<td>239,921</td>
<td>19,243</td>
<td>259,164</td>
</tr>
<tr>
<td>Services</td>
<td>35,910</td>
<td>167</td>
<td>36,077</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$391,185</td>
<td>$22,394</td>
<td>$413,579</td>
</tr>
<tr>
<td><strong>Revenue by Region</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>236,479</td>
<td>15,186</td>
<td>251,665</td>
</tr>
<tr>
<td>EMEA</td>
<td>122,560</td>
<td>6,027</td>
<td>128,587</td>
</tr>
<tr>
<td>Latin America</td>
<td>12,544</td>
<td>103</td>
<td>12,647</td>
</tr>
<tr>
<td>Asia Pacific</td>
<td>19,602</td>
<td>1,078</td>
<td>20,680</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$391,185</td>
<td>$22,394</td>
<td>$413,579</td>
</tr>
</tbody>
</table>