



## Progress Reports 2021 Fiscal Fourth Quarter and Year End Results

January 18, 2022

*Q4 and FY21 Revenue and EPS Significantly Ahead of Guidance  
Integration of Kemp On Target as Acquisition Drives Projected Fiscal 2022 Revenue Growth*

BEDFORD, Mass., Jan. 18, 2022 (GLOBE NEWSWIRE) -- Progress (NASDAQ: PRGS), the leading provider of products to develop, deploy and manage high-impact applications, today announced financial results for its fiscal fourth quarter and fiscal year ended November 30, 2021.

### Fourth Quarter 2021 Highlights:

- Revenue of \$140.1 million increased 14% year-over-year on an actual currency basis and 15% year-over-year on a constant currency basis.
- Non-GAAP revenue of \$143.7 million increased 11% on both an actual currency basis and a constant currency basis.
- Annualized Recurring Revenue ("ARR") of \$486 million increased 12% year-over-year on a constant currency basis.
- Operating margin was 15% and Non-GAAP operating margin was 36%.
- Diluted earnings per share was \$0.33 compared to \$0.39 in the same quarter last year, a decrease of 15%.
- Non-GAAP diluted earnings per share was \$0.92 compared to \$0.91 in the same quarter last year, an increase of 1%.

"We're very pleased with our performance throughout 2021, and especially our Q4 results that significantly beat our guidance for revenue and earnings," said Yogesh Gupta, CEO at Progress. "We're also thrilled with the customer response and rapid integration pace of Kemp, whose acquisition we completed in November. As a leader in the Application Experience ("AX") space, Kemp fits our total growth strategy perfectly, and the acquisition will enable us to drive significant value to our shareholders while bringing a very talented team to Progress that will contribute to our future success."

### Additional financial highlights included<sup>(1)</sup>:

| (In thousands, except percentages and per share amounts)        | Three Months Ended |                   |          |                   |                   |           |
|-----------------------------------------------------------------|--------------------|-------------------|----------|-------------------|-------------------|-----------|
|                                                                 | GAAP               |                   |          | Non-GAAP          |                   |           |
|                                                                 | November 30, 2021  | November 30, 2020 | % Change | November 30, 2021 | November 30, 2020 | % Change  |
| Revenue                                                         | \$ 140,128         | \$ 122,385        | 14 %     | \$ 143,725        | \$ 129,063        | 11 %      |
| Income from operations                                          | \$ 20,358          | \$ 18,514         | 10 %     | \$ 51,627         | \$ 48,081         | 7 %       |
| Operating margin                                                | 15 %               | 15 %              | —        | 36 %              | 37 %              | (100) bps |
| Net income                                                      | \$ 14,926          | \$ 17,661         | (15) %   | \$ 41,292         | \$ 41,118         | —%        |
| Diluted earnings per share                                      | \$ 0.33            | \$ 0.39           | (15) %   | \$ 0.92           | \$ 0.91           | 1 %       |
| Cash from operations (GAAP) /Adjusted free cash flow (Non-GAAP) | \$ 43,928          | \$ 42,762         | 3 %      | \$ 42,447         | \$ 40,656         | 4 %       |

<sup>(1)</sup>See Legal Notice Regarding Non-GAAP Financial Information

### Other fiscal fourth quarter 2021 metrics and recent results included:

- Cash, cash equivalents and short-term investments were \$157.4 million at the end of the quarter.
- DSO was 60 days compared to 54 days in the fiscal fourth quarter of 2020 and 54 days in the fiscal third quarter of 2021.
- On January 10, 2022, our Board of Directors declared a quarterly dividend of \$0.175 per share of common stock that will be paid on March 15, 2022 to shareholders of record as of the close of business on March 1, 2022.
- On November 1, 2021, the company completed the acquisition of Kemp Technologies, Inc., a leader in the Application Experience space.

"Q4 results were outstanding across every metric and we're very pleased with such a strong close to our fiscal 2021," said Anthony Folger, CFO at Progress. "As we begin to realize synergies from the acquisition of Kemp, we are very well positioned to deliver strong financial results in 2022 and beyond. We exit 2021 having grown our ARR by 12%, while at the same time, achieving Non-GAAP operating margins of over 40% for the second year in a row."

### Full Year Results

| Fiscal Year Ended |          |
|-------------------|----------|
| GAAP              | Non-GAAP |

| <i>(In thousands, except percentages and per share amounts)</i>  | <b>November 30,<br/>2021</b> | November 30,<br>2020 | % Change  | <b>November 30,<br/>2021</b> | November 30,<br>2020 | % Change |
|------------------------------------------------------------------|------------------------------|----------------------|-----------|------------------------------|----------------------|----------|
| Revenue                                                          | \$ 531,313                   | \$ 442,150           | 20 %      | \$ 557,304                   | \$ 456,212           | 22 %     |
| Income from operations                                           | \$ 116,102                   | \$ 107,728           | 8 %       | \$ 229,159                   | \$ 182,761           | 25 %     |
| Operating margin                                                 | 22 %                         | 24 %                 | (200) bps | 41 %                         | 40 %                 | 100 bps  |
| Net income                                                       | \$ 78,420                    | \$ 79,722            | (2) %     | \$ 172,886                   | \$ 140,082           | 23 %     |
| Diluted earnings per share                                       | \$ 1.76                      | \$ 1.76              | —%        | \$ 3.87                      | \$ 3.09              | 25 %     |
| Cash from operations (GAAP) / Adjusted free cash flow (Non-GAAP) | \$ 178,530                   | \$ 144,847           | 23 %      | \$ 179,395                   | \$ 142,453           | 26 %     |

## 2022 Business Outlook

Progress provides the following guidance for the fiscal year ending November 30, 2022 and the fiscal first quarter ending February 28, 2022, together with actual results for the same periods in the fiscal year ending November 30, 2021:

| <i>(In millions, except percentages and per share amounts)</i>      | FY 2022 Guidance |                     | FY 2021 Actual  |                     |
|---------------------------------------------------------------------|------------------|---------------------|-----------------|---------------------|
|                                                                     | FY 2022<br>GAAP  | FY 2022<br>Non-GAAP | FY 2021<br>GAAP | FY 2021<br>Non-GAAP |
| Revenue                                                             | \$597 - \$607    | \$605 - \$615       | \$ 531          | \$ 557              |
| Diluted earnings per share                                          | \$1.93 - \$2.03  | \$3.95 - \$4.05     | \$ 1.76         | \$ 3.87             |
| Operating margin                                                    | 21%              | 39%                 | 22%             | 41%                 |
| Cash from operations (GAAP) /<br>Adjusted free cash flow (Non-GAAP) | \$188 - \$193    | \$185 - \$190       | \$ 179          | \$ 179              |
| Effective tax rate                                                  | 20 - 21%         | 20 - 21%            | 18%             | 20%                 |

| <i>(In millions, except per share amounts)</i> | Q1 2022 Guidance |                     | Q1 2021 Actual  |                     |
|------------------------------------------------|------------------|---------------------|-----------------|---------------------|
|                                                | Q1 2022<br>GAAP  | Q1 2022<br>Non-GAAP | Q1 2021<br>GAAP | Q1 2021<br>Non-GAAP |
| Revenue                                        | \$136 - \$139    | \$139 - \$142       | \$ 121          | \$ 132              |
| Diluted earnings per share                     | \$0.32 - \$0.34  | \$0.83 - \$0.85     | \$ 0.42         | \$ 0.95             |

Based on current exchange rates, the expected negative currency translation impact on Progress' fiscal year 2022 business outlook compared to 2021 exchange rates is approximately \$7.5 million on GAAP and non-GAAP revenue, and approximately \$0.03 on GAAP and non-GAAP diluted earnings per share. The expected negative currency translation impact on Progress' fiscal Q1 2022 business outlook compared to 2021 exchange rates on GAAP and non-GAAP revenue is approximately \$2.5 million. The expected negative currency translation impact on GAAP and non-GAAP diluted earnings per share for fiscal Q1 2022 is approximately \$0.01. To the extent that there are changes in exchange rates versus the current environment, this may have an impact on Progress' business outlook.

## Conference Call

Progress will hold a conference call to review its financial results for the fiscal fourth quarter of 2021 at 5:00 p.m. ET on Tuesday, January 18, 2022. The call can be accessed on the investor relations section of the company's website, located at [www.progress.com](http://www.progress.com). Additionally, you can listen to the call by telephone by dialing 800-773-2954 or +1 847-413-3731, pass code 50242105. The conference call will include comments followed by questions and answers. An archived version of the conference call and supporting materials will be available on the Progress website within the investor relations section after the live conference call.

## Legal Notice Regarding Non-GAAP Financial Information

Progress provides non-GAAP financial information as additional information for investors. These non-GAAP measures are not in accordance with, or an alternative to, generally accepted accounting principles in the United States ("GAAP"). Progress believes that the non-GAAP results described in this release are useful for an understanding of its ongoing operations and provide additional detail and an alternative method of assessing its operating results. A reconciliation of non-GAAP adjustments to the company's GAAP financial results is included in the tables below and is available on the Progress website at [www.progress.com](http://www.progress.com) within the investor relations section. Additional information regarding the company's non-GAAP financial information is contained in the company's Current Report on Form 8-K furnished to the Securities and Exchange Commission in connection with this press release, which is also available on the Progress website within the investor relations section.

## Note Regarding Forward-Looking Statements

This press release 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 press release include, but are not limited to, statements regarding Progress' business outlook and financial guidance. 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:

(1) 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. (2) 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. (3) 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. (4) 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. (5) We depend upon our extensive partner channel and we may not be successful in retaining or expanding our relationships with channel partners. (6) 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. (7) 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. (8) 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. (9) Delay or failure to realize the expected synergies and benefits of the Kemp acquisition could negatively impact our future results of operations and financial condition; and (10) 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 Progress' business, please refer to Progress' filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended November 30, 2020 and its Quarterly Reports on Form 10-Q for the fiscal quarters ended February 28, 2021, May 31, 2021 and August 31, 2021. Progress undertakes no obligation to update any forward-looking statements, which speak only as of the date of this press release.

## About Progress

[Progress](#) (NASDAQ: PRGS) provides the best products to develop, deploy and manage high-impact applications. Our comprehensive product stack is designed to make technology teams more productive and we have a deep commitment to the developer community, both open source and commercial alike. With Progress, organizations can accelerate the creation and delivery of strategic business applications, automate the process by which apps are configured, deployed and scaled, and make critical data and content more accessible and secure—leading to competitive differentiation and business success. Over 1,700 independent software vendors, 100,000 enterprise customers, and three million developers rely on Progress to power their applications. Learn about Progress at [www.progress.com](http://www.progress.com) or +1-800-477-6473.

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## Investor Contact:

Michael Micciche  
Progress  
+1-781-850-8450  
[Investor-Relations@progress.com](mailto:Investor-Relations@progress.com)

## Press Contact:

Erica McShane  
Progress  
+1 781-280-4000  
[pr@progress.com](mailto:pr@progress.com)

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

|                                              | Three Months Ended   |                      |          | Fiscal Year Ended    |                      |          |
|----------------------------------------------|----------------------|----------------------|----------|----------------------|----------------------|----------|
|                                              | November 30,<br>2021 | November 30,<br>2020 | % Change | November 30,<br>2021 | November 30,<br>2020 | % Change |
| <i>(In thousands, except per share data)</i> |                      |                      |          |                      |                      |          |
| Revenue:                                     |                      |                      |          |                      |                      |          |
| Software licenses                            | \$ 41,236            | \$ 37,443            | 10 %     | \$ 156,590           | \$ 115,249           | 36 %     |
| Maintenance and services                     | 98,892               | 84,942               | 16 %     | 374,723              | 326,901              | 15 %     |
| Total revenue                                | 140,128              | 122,385              | 14 %     | 531,313              | 442,150              | 20 %     |
| Costs of revenue:                            |                      |                      |          |                      |                      |          |
| Cost of software licenses                    | 1,508                | 1,171                | 29 %     | 5,271                | 4,473                | 18 %     |
| Cost of maintenance and services             | 15,355               | 14,137               | 9 %      | 58,242               | 49,744               | 17 %     |
| Amortization of acquired intangibles         | 4,217                | 2,923                | 44 %     | 14,936               | 7,897                | 89 %     |
| Total costs of revenue                       | 21,080               | 18,231               | 16 %     | 78,449               | 62,114               | 26 %     |
| Gross profit                                 | 119,048              | 104,154              | 14 %     | 452,864              | 380,036              | 19 %     |
| Operating expenses:                          |                      |                      |          |                      |                      |          |
| Sales and marketing                          | 37,422               | 32,013               | 17 %     | 125,890              | 100,113              | 26 %     |
| Product development                          | 26,759               | 24,482               | 9 %      | 103,338              | 88,599               | 17 %     |

|                                      |           |           |        |           |           |       |
|--------------------------------------|-----------|-----------|--------|-----------|-----------|-------|
| General and administrative           | 18,793    | 15,302    | 23 %   | 65,128    | 54,004    | 21 %  |
| Amortization of acquired intangibles | 9,160     | 7,565     | 21 %   | 31,996    | 20,049    | 60 %  |
| Restructuring expenses               | 5,175     | 4,080     | 27 %   | 6,308     | 5,906     | 7 %   |
| Acquisition-related expenses         | 1,381     | 2,198     | (37)%  | 4,102     | 3,637     | 13 %  |
| Total operating expenses             | 98,690    | 85,640    | 15 %   | 336,762   | 272,308   | 24 %  |
| Income from operations               | 20,358    | 18,514    | 10 %   | 116,102   | 107,728   | 8 %   |
| Other expense, net                   | (6,159)   | (1,887)   | (226)% | (20,568)  | (11,093)  | (85)% |
| Income before income taxes           | 14,199    | 16,627    | (15)%  | 95,534    | 96,635    | (1)%  |
| (Benefit) provision for income taxes | (727)     | (1,034)   | (30)%  | 17,114    | 16,913    | 1 %   |
| Net income                           | \$ 14,926 | \$ 17,661 | (15)%  | \$ 78,420 | \$ 79,722 | (2)%  |

Earnings per share:

|         |         |         |       |         |         |     |
|---------|---------|---------|-------|---------|---------|-----|
| Basic   | \$ 0.34 | \$ 0.39 | (13)% | \$ 1.79 | \$ 1.78 | 1 % |
| Diluted | \$ 0.33 | \$ 0.39 | (15)% | \$ 1.76 | \$ 1.76 | —%  |

Weighted average shares outstanding:

|         |        |        |      |        |        |      |
|---------|--------|--------|------|--------|--------|------|
| Basic   | 43,974 | 44,723 | (2)% | 43,916 | 44,886 | (2)% |
| Diluted | 44,853 | 45,140 | (1)% | 44,620 | 45,321 | (2)% |

|                                          |          |          |    |          |          |     |
|------------------------------------------|----------|----------|----|----------|----------|-----|
| Cash dividends declared per common share | \$ 0.175 | \$ 0.175 | —% | \$ 0.700 | \$ 0.670 | 4 % |
|------------------------------------------|----------|----------|----|----------|----------|-----|

Stock-based compensation is included in the condensed consolidated statements of operations, as follows:

|                            |          |          |       |           |           |      |
|----------------------------|----------|----------|-------|-----------|-----------|------|
| Cost of revenue            | \$ 327   | \$ 357   | (8) % | \$ 1,561  | \$ 1,336  | 17 % |
| Sales and marketing        | 1,376    | 1,267    | 9 %   | 6,055     | 4,462     | 36 % |
| Product development        | 1,925    | 1,768    | 9 %   | 8,104     | 7,286     | 11 % |
| General and administrative | 4,111    | 2,731    | 51 %  | 14,004    | 10,398    | 35 % |
| Total                      | \$ 7,739 | \$ 6,123 | 26 %  | \$ 29,724 | \$ 23,482 | 27 % |

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands)

|                                                    | November 30, 2021 | November 30, 2020 |
|----------------------------------------------------|-------------------|-------------------|
| <b>Assets</b>                                      |                   |                   |
| Current assets:                                    |                   |                   |
| Cash, cash equivalents and short-term investments  | \$ 157,373        | \$ 105,995        |
| Accounts receivable, net                           | 99,815            | 84,040            |
| Unbilled receivables and contract assets           | 25,816            | 24,917            |
| Other current assets                               | 39,549            | 23,983            |
| Assets held for sale                               | 15,255            | —                 |
| Total current assets                               | 337,808           | 238,935           |
| Property and equipment, net                        | 14,345            | 29,817            |
| Goodwill and intangible assets, net                | 958,337           | 704,473           |
| Right-of-use lease assets                          | 25,253            | 30,635            |
| Long-term unbilled receivables and contract assets | 17,464            | 17,133            |
| Other assets                                       | 10,330            | 20,789            |
| Total assets                                       | \$ 1,363,537      | \$ 1,041,782      |
| <b>Liabilities and shareholders' equity</b>        |                   |                   |
| Current liabilities:                               |                   |                   |
| Accounts payable and other current liabilities     | \$ 84,215         | \$ 70,899         |
| Current portion of long-term debt, net             | 25,767            | 18,242            |
| Short-term operating lease liabilities             | 7,926             | 7,015             |
| Short-term deferred revenue                        | 205,021           | 166,387           |
| Total current liabilities                          | 322,929           | 262,543           |
| Long-term debt, net                                | 239,992           | 364,260           |
| Long-term operating lease liabilities              | 23,130            | 26,966            |
| Long-term deferred revenue                         | 47,359            | 26,908            |
| Convertible senior notes, net                      | 294,535           | —                 |
| Other long-term liabilities                        | 23,103            | 15,092            |

## Shareholders' equity:

|                                             |              |              |
|---------------------------------------------|--------------|--------------|
| Common stock and additional paid-in capital | 354,676      | 306,244      |
| Retained earnings                           | 57,813       | 39,769       |
| Total shareholders' equity                  | 412,489      | 346,013      |
| Total liabilities and shareholders' equity  | \$ 1,363,537 | \$ 1,041,782 |

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

|                                                                        | Three Months Ended   |                      | Fiscal Year Ended    |                      |
|------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| (In thousands)                                                         | November 30,<br>2021 | November 30,<br>2020 | November 30,<br>2021 | November 30,<br>2020 |
| Cash flows from operating activities:                                  |                      |                      |                      |                      |
| Net income                                                             | \$ 14,926            | \$ 17,661            | \$ 78,420            | \$ 79,722            |
| Depreciation and amortization                                          | 18,105               | 12,044               | 61,179               | 34,765               |
| Stock-based compensation                                               | 7,739                | 6,123                | 29,724               | 23,482               |
| Other non-cash adjustments                                             | 5,631                | (2,024)              | 9,763                | 6,287                |
| Changes in operating assets and liabilities                            | (2,473)              | 8,958                | (556)                | 591                  |
| Net cash flows from operating activities                               | 43,928               | 42,762               | 178,530              | 144,847              |
| Capital expenditures                                                   | (1,913)              | (3,098)              | (4,654)              | (6,517)              |
| Issuances of common stock, net of repurchases                          | 5,786                | (37,927)             | (19,967)             | (48,901)             |
| Dividend payments to shareholders                                      | (8,189)              | (7,542)              | (31,561)             | (29,900)             |
| Payments for acquisitions, net of cash acquired                        | (253,961)            | (213,057)            | (253,961)            | (213,057)            |
| Proceeds from the issuance of debt, net of payment of issuance costs   | —                    | 98,500               | —                    | 98,500               |
| Payments of principal on long-term debt                                | (5,644)              | (3,763)              | (117,313)            | (11,288)             |
| Proceeds from issuance of Notes, net of issuance costs                 | —                    | —                    | 349,196              | —                    |
| Purchase of capped calls                                               | —                    | —                    | (43,056)             | —                    |
| Proceeds from sale of long-lived assets, net                           | —                    | 889                  | —                    | 889                  |
| Other                                                                  | (6,311)              | (888)                | (5,836)              | (2,263)              |
| Net change in cash, cash equivalents and short-term investments        | (226,304)            | (124,124)            | 51,378               | (67,690)             |
| Cash, cash equivalents and short-term investments, beginning of period | 383,677              | 230,119              | 105,995              | 173,685              |
| Cash, cash equivalents and short-term investments, end of period       | \$ 157,373           | \$ 105,995           | \$ 157,373           | \$ 105,995           |

**RECONCILIATIONS OF GAAP TO NON-GAAP SELECTED FINANCIAL MEASURES - FOURTH QUARTER**

(Unaudited)

|                                                         | Three Months Ended |                   |       |       | % Change |
|---------------------------------------------------------|--------------------|-------------------|-------|-------|----------|
| (In thousands, except per share data)                   | November 30, 2021  | November 30, 2020 |       |       | Non-GAAP |
| <b>Adjusted revenue:</b>                                |                    |                   |       |       |          |
| GAAP revenue                                            | \$ 140,128         | \$ 122,385        |       |       |          |
| Acquisition-related revenue <sup>(1)</sup>              | 3,597              | 6,678             |       |       |          |
| Non-GAAP revenue                                        | \$ 143,725         | \$ 129,063        | 100 % | 100 % | 11 %     |
| <b>Adjusted income from operations:</b>                 |                    |                   |       |       |          |
| GAAP income from operations                             | \$ 20,358          | \$ 18,514         | 15 %  | 15 %  |          |
| Amortization of acquired intangibles                    | 13,377             | 10,488            | 9 %   | 8 %   |          |
| Stock-based compensation                                | 7,739              | 6,123             | 5 %   | 4 %   |          |
| Restructuring expenses and other                        | 5,175              | 4,080             | 4 %   | 3 %   |          |
| Acquisition-related revenue <sup>(1)</sup> and expenses | 4,978              | 8,876             | 3 %   | 7 %   |          |
| Non-GAAP income from operations                         | \$ 51,627          | \$ 48,081         | 36 %  | 37 %  | 7 %      |
| <b>Adjusted net income:</b>                             |                    |                   |       |       |          |
| GAAP net income                                         | \$ 14,926          | \$ 17,661         | 11 %  | 14 %  |          |
| Amortization of acquired intangibles                    | 13,377             | 10,488            | 9 %   | 8 %   |          |
| Stock-based compensation                                | 7,739              | 6,123             | 5 %   | 5 %   |          |
| Restructuring expenses and other                        | 5,175              | 4,080             | 4 %   | 3 %   |          |
| Acquisition-related revenue <sup>(1)</sup> and expenses | 4,978              | 8,876             | 3 %   | 7 %   |          |
| Amortization of discount on Notes                       | 2,861              | —                 | 2 %   | —%    |          |
| Provision for income taxes                              | (7,764)            | (6,110)           | (5)%  | (5)%  |          |

|                                                           |           |      |           |      |      |
|-----------------------------------------------------------|-----------|------|-----------|------|------|
| Non-GAAP net income                                       | \$ 41,292 | 29 % | \$ 41,118 | 32 % | —%   |
| <b>Adjusted diluted earnings per share:</b>               |           |      |           |      |      |
| GAAP diluted earnings per share                           | \$ 0.33   |      | \$ 0.39   |      |      |
| Amortization of acquired intangibles                      | 0.30      |      | 0.23      |      |      |
| Stock-based compensation                                  | 0.17      |      | 0.14      |      |      |
| Restructuring expenses and other                          | 0.12      |      | 0.09      |      |      |
| Acquisition-related revenue <sup>(1)</sup> and expenses   | 0.11      |      | 0.20      |      |      |
| Amortization for discount on Notes                        | 0.06      |      | —         |      |      |
| Provision for income taxes                                | (0.17)    |      | (0.14)    |      |      |
| Non-GAAP diluted earnings per share                       | \$ 0.92   |      | \$ 0.91   |      | 1 %  |
| <b>Non-GAAP weighted avg shares outstanding - diluted</b> |           |      |           |      |      |
|                                                           | 44,853    |      | 45,140    |      | (1)% |

<sup>(1)</sup>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.

**RECONCILIATIONS OF GAAP TO NON-GAAP SELECTED FINANCIAL MEASURES - FISCAL YEAR**  
(Unaudited)

|                                                           | Fiscal Year Ended |              |                   |              | % Change |
|-----------------------------------------------------------|-------------------|--------------|-------------------|--------------|----------|
| (In thousands, except per share data)                     | November 30, 2021 |              | November 30, 2020 |              | Non-GAAP |
| <b>Adjusted revenue:</b>                                  |                   |              |                   |              |          |
| GAAP revenue                                              | \$ 531,313        |              | \$ 442,150        |              |          |
| Acquisition-related revenue <sup>(1)</sup>                | 25,991            |              | 14,062            |              |          |
| Non-GAAP revenue                                          | <u>\$ 557,304</u> | <u>100 %</u> | <u>\$ 456,212</u> | <u>100 %</u> | 22 %     |
| <b>Adjusted income from operations:</b>                   |                   |              |                   |              |          |
| GAAP income from operations                               | \$ 116,102        | 22 %         | \$ 107,728        | 24 %         |          |
| Amortization of acquired intangibles                      | 46,932            | 8 %          | 27,946            | 6 %          |          |
| Stock-based compensation                                  | 29,724            | 5 %          | 23,482            | 5 %          |          |
| Restructuring expenses and other                          | 6,308             | 1 %          | 5,906             | 1 %          |          |
| Acquisition-related revenue <sup>(1)</sup> and expenses   | 30,093            | 5 %          | 17,699            | 4 %          |          |
| Non-GAAP income from operations                           | <u>\$ 229,159</u> | <u>41 %</u>  | <u>\$ 182,761</u> | <u>40 %</u>  | 25 %     |
| <b>Adjusted net income:</b>                               |                   |              |                   |              |          |
| GAAP net income                                           | \$ 78,420         | 15 %         | \$ 79,722         | 18 %         |          |
| Amortization of acquired intangibles                      | 46,932            | 8 %          | 27,946            | 6 %          |          |
| Stock-based compensation                                  | 29,724            | 6 %          | 23,482            | 5 %          |          |
| Restructuring expenses and other                          | 6,308             | 1 %          | 5,906             | 1 %          |          |
| Acquisition-related revenue <sup>(1)</sup> and expenses   | 30,093            | 5 %          | 17,699            | 4 %          |          |
| Amortization of discount on Notes                         | 7,209             | 1 %          | —                 | —%           |          |
| Provision for income taxes                                | (25,800)          | (5)%         | (14,673)          | (3)%         |          |
| Non-GAAP net income                                       | <u>\$ 172,886</u> | <u>31 %</u>  | <u>\$ 140,082</u> | <u>31 %</u>  | 23 %     |
| <b>Adjusted diluted earnings per share:</b>               |                   |              |                   |              |          |
| GAAP diluted earnings per share                           | \$ 1.76           |              | \$ 1.76           |              |          |
| Amortization of acquired intangibles                      | 1.05              |              | 0.62              |              |          |
| Stock-based compensation                                  | 0.67              |              | 0.51              |              |          |
| Restructuring expenses and other                          | 0.14              |              | 0.13              |              |          |
| Acquisition-related revenue <sup>(1)</sup> and expenses   | 0.67              |              | 0.39              |              |          |
| Amortization of discount on Notes                         | 0.16              |              | —                 |              |          |
| Provision for income taxes                                | (0.58)            |              | (0.32)            |              |          |
| Non-GAAP diluted earnings per share                       | <u>\$ 3.87</u>    |              | <u>\$ 3.09</u>    |              | 25 %     |
| <b>Non-GAAP weighted avg shares outstanding - diluted</b> | 44,620            |              | 45,321            |              | (2)%     |

<sup>(1)</sup>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.

## OTHER NON-GAAP FINANCIAL MEASURES

(Unaudited)

### Quarter to Date Adjusted Free Cash Flow

(In thousands)

|                                     | Q4 2021   | Q4 2020   | % Change |
|-------------------------------------|-----------|-----------|----------|
| Cash flows from operations          | \$ 43,928 | \$ 42,762 | 3 %      |
| Purchases of property and equipment | (1,913)   | (3,098)   | (38)%    |
| Free cash flow                      | 42,015    | 39,664    | 6 %      |
| Add back: restructuring payments    | 432       | 992       | (56)%    |
| Adjusted free cash flow             | \$ 42,447 | \$ 40,656 | 4 %      |

### Year to Date Adjusted Free Cash Flow

(In thousands)

|                                     | FY 2021    | FY 2020    | % Change |
|-------------------------------------|------------|------------|----------|
| Cash flows from operations          | \$ 178,530 | \$ 144,847 | 23 %     |
| Purchases of property and equipment | (4,654)    | (6,517)    | (29)%    |
| Free cash flow                      | 173,876    | 138,330    | 26 %     |
| Add back: restructuring payments    | 5,519      | 4,123      | 34 %     |
| Adjusted free cash flow             | \$ 179,395 | \$ 142,453 | 26 %     |

## RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR FISCAL YEAR 2022 GUIDANCE

(Unaudited)

### Fiscal Year 2022 Revenue Guidance

|                                                          | Fiscal Year Ended<br>November 30,<br>2021 | Fiscal Year Ending<br>November 30, 2022 |          |          |          |
|----------------------------------------------------------|-------------------------------------------|-----------------------------------------|----------|----------|----------|
|                                                          |                                           | Low                                     | % Change | High     | % Change |
| (In millions)                                            |                                           |                                         |          |          |          |
| GAAP revenue                                             | \$ 531.3                                  | \$ 596.5                                | 12 %     | \$ 606.5 | 14 %     |
| Acquisition-related adjustments - revenue <sup>(1)</sup> | 26.0                                      | 8.5                                     | (67)%    | 8.5      | (67)%    |
| Non-GAAP revenue                                         | \$ 557.3                                  | \$ 605.0                                | 9 %      | \$ 615.0 | 10 %     |

<sup>(1)</sup>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 Ipswitch and Chef.

### Fiscal Year 2022 Non-GAAP Operating Margin Guidance

|                                 | Fiscal Year Ending November 30, 2022 |          |
|---------------------------------|--------------------------------------|----------|
|                                 | Low                                  | High     |
| (In millions)                   |                                      |          |
| GAAP income from operations     | \$ 125.0                             | \$ 130.0 |
| GAAP operating margin           | 21 %                                 | 21 %     |
| Acquisition-related revenue     | 8.5                                  | 8.5      |
| Restructuring expense           | 1.2                                  | 1.2      |
| Stock-based compensation        | 33.0                                 | 33.0     |
| Acquisition-related expenses    | 0.8                                  | 0.8      |
| Amortization of intangibles     | 69.3                                 | 69.3     |
| Total adjustments               | 112.8                                | 112.8    |
| Non-GAAP income from operations | \$ 237.8                             | \$ 242.8 |
| Non-GAAP operating margin       | 39 %                                 | 39 %     |

## Fiscal Year 2022 Non-GAAP Earnings per Share and Effective Tax Rate Guidance

(In millions, except per share data)

|                                             | Fiscal Year Ending November 30, 2022 |          |
|---------------------------------------------|--------------------------------------|----------|
|                                             | Low                                  | High     |
| GAAP net income                             | \$ 86.1                              | \$ 90.6  |
| Adjustments (from previous table)           | 112.8                                | 112.8    |
| Income tax adjustment <sup>(2)</sup>        | (22.5)                               | (22.5)   |
| Non-GAAP net income                         | \$ 176.4                             | \$ 180.9 |
| GAAP diluted earnings per share             | \$ 1.93                              | \$ 2.03  |
| Non-GAAP diluted earnings per share         | \$ 3.95                              | \$ 4.05  |
| Diluted weighted average shares outstanding | 44.7                                 | 44.7     |

<sup>(2)</sup>Tax adjustment is based on a non-GAAP effective tax rate of approximately 21% for Low and 20% for High, calculated as follows:

|                                                                |          |          |
|----------------------------------------------------------------|----------|----------|
| Non-GAAP income from operations                                | \$ 237.8 | \$ 242.8 |
| Other (expense) income                                         | (15.7)   | (15.7)   |
| Non-GAAP income from continuing operations before income taxes | 222.1    | 227.1    |
| Non-GAAP net income                                            | 176.4    | 180.9    |
| Tax provision                                                  | \$ 45.7  | \$ 46.2  |
| Non-GAAP tax rate                                              | 21 %     | 20 %     |

## RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR FISCAL YEAR 2022 GUIDANCE

(Unaudited)

### Fiscal Year 2022 Adjusted Free Cash Flow Guidance

(In millions)

|                                     | Fiscal Year Ending November 30, 2022 |        |
|-------------------------------------|--------------------------------------|--------|
|                                     | Low                                  | High   |
| Cash flows from operations (GAAP)   | \$ 188                               | \$ 193 |
| Purchases of property and equipment | (6)                                  | (6)    |
| Add back: restructuring payments    | 3                                    | 3      |
| Adjusted free cash flow (non-GAAP)  | \$ 185                               | \$ 190 |

## RECONCILIATIONS OF GAAP TO NON-GAAP FINANCIAL MEASURES FOR Q1 2022 GUIDANCE

(Unaudited)

### Q1 2022 Revenue Guidance

|                                                          | Three Months Ending                        |                   |          |          |          |
|----------------------------------------------------------|--------------------------------------------|-------------------|----------|----------|----------|
|                                                          | Three Months Ended<br>February 28,<br>2021 | February 28, 2022 |          |          |          |
|                                                          |                                            | Low               | % Change | High     | % Change |
| (In millions)                                            |                                            |                   |          |          |          |
| GAAP revenue                                             | \$ 121.3                                   | \$ 136.4          | 12 %     | \$ 139.4 | 15 %     |
| Acquisition-related adjustments - revenue <sup>(1)</sup> | 10.5                                       | 2.6               | (75)%    | 2.6      | (75)%    |
| Non-GAAP revenue                                         | \$ 131.8                                   | \$ 139.0          | 5 %      | \$ 142.0 | 8 %      |

<sup>(1)</sup>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 Ipswitch and Chef.

### Q1 2022 Non-GAAP Earnings per Share Guidance

|                                 | Three Months Ending February 28, 2022 |         |
|---------------------------------|---------------------------------------|---------|
|                                 | Low                                   | High    |
| GAAP diluted earnings per share | \$ 0.32                               | \$ 0.34 |
| Acquisition-related revenue     | 0.06                                  | 0.06    |
| Acquisition-related expense     | 0.01                                  | 0.01    |
| Stock-based compensation        | 0.17                                  | 0.17    |



|                                     |         |         |
|-------------------------------------|---------|---------|
| Amortization of intangibles         | 0.38    | 0.38    |
| Restructuring expense               | 0.02    | 0.02    |
| Total adjustments                   | 0.64    | 0.64    |
| Income tax adjustment               | (0.13)  | (0.13)  |
| Non-GAAP diluted earnings per share | \$ 0.83 | \$ 0.85 |



Source: Progress Software Corporation