Progress

Progress Financial Results

Q2 FY22 Supplemental Data

June 28, 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 August 31, 2022, and fiscal year ended November 30, 2022, which speak only as of June 28, 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 May 31, 2022 and is available in the Investor Relations section of our Web site.

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Conference Call Details

What:	**Progress Q2 2022 Financial Results Conference Call**
When:	**Tuesday, June 28, 2022**
Time:	**5:00 p.m. ET**
Live Call:	**866-374-5140** **404-400-0571** **Conf ID: 18683835#**
Live / Recorded Webcast:	https://edge.media-server.com/mmc/p/ko3zzo69

Please note: Webcast is listen-only.

Summary Highlights Q2 FY22

Strong Revenue & EPS, ARR up 3.5%, NDRR +100%, Kemp Integration on Course, Strong Balance Sheet

- Continued execution with reliable and predictable revenues, earnings, and cash flow.
- ARR increased to $486M – up 12.5% year-over-year and 3.5% pro-forma, both on a constant currency basis.
- Net retention rates of >100% reflect ongoing customer reliance on Progress products.
- Balance sheet improved on $68M in adjusted FCF (up 23% yoy), finishing Q2 with $226M cash & equivalents, DSO at 39 days.
- Kemp integration continues on plan.

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Updated Guidance#

--- FY22E ---

Revenue:	$613M
EPS :	$4.08
Adjusted FCF:	$188M
Operating margin:	39.5%
Effective Tax Rate:	20.5%

--- Q3 FY22E ---

Q3E Revenue:	$149M
Q3E EPS:	$0.97

Guidance provided/updated June 28, 2022, non-GAAP; midpoint of guidance shown.

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Results Overview

All results shown are for Q2 FY22, non-GAAP, as reported June 28, 2022

$1.04
Q2 FY22 Earnings Per Share

$150.9M
Revenue

17%*
YoY Revenue Growth

$486M
ARR

~80%
Recurring Revenue

$68.0M
Adjusted FCF

41%
Operating Margin

*Revenues grew 19% in constant currency

Annualized Recurring Revenue Trend ("pro-forma")

Kemp ARR ~$40M

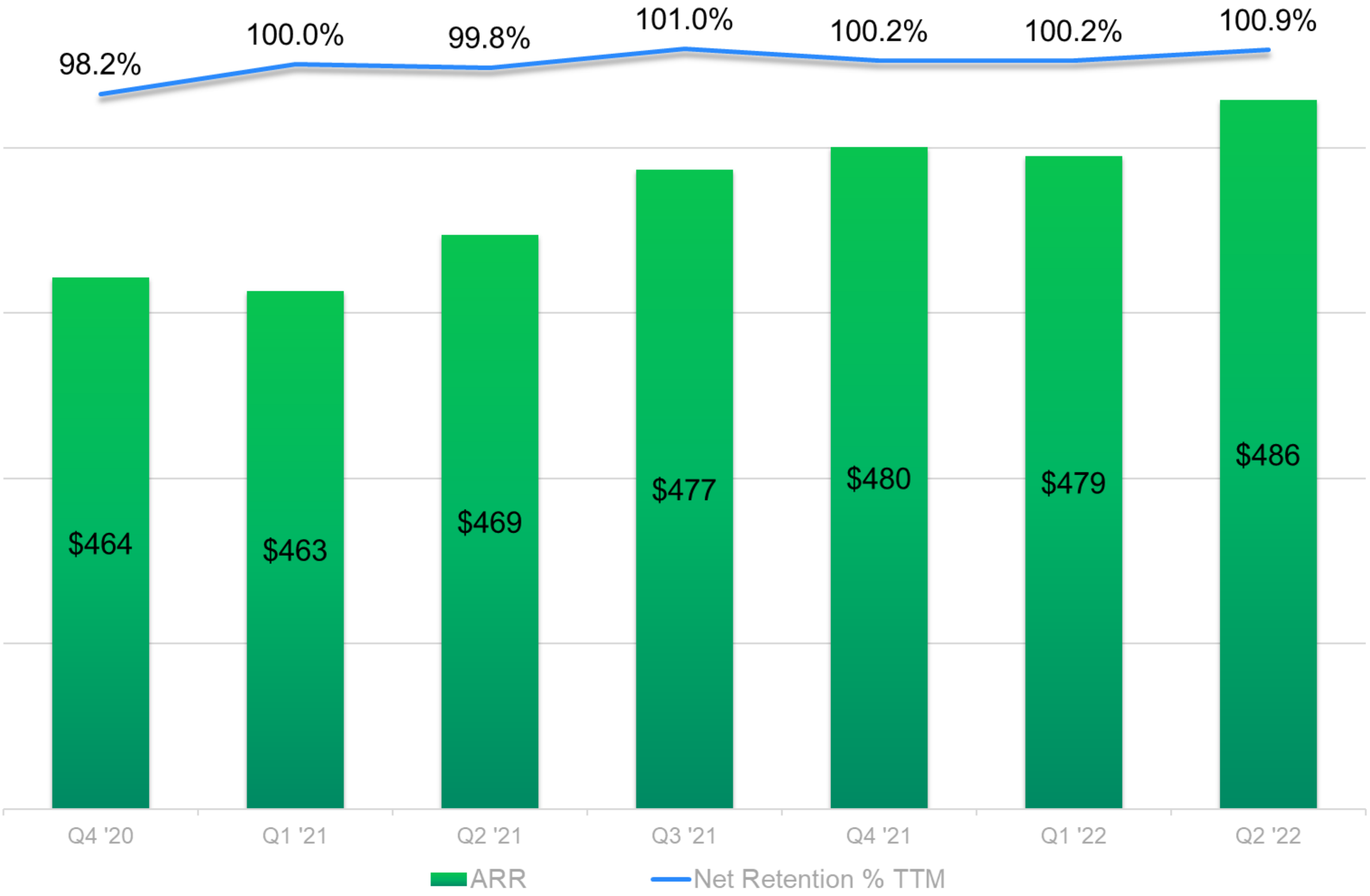
ARR growth = 3.5% year-over-year

+

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 = 12.5% year-over-year

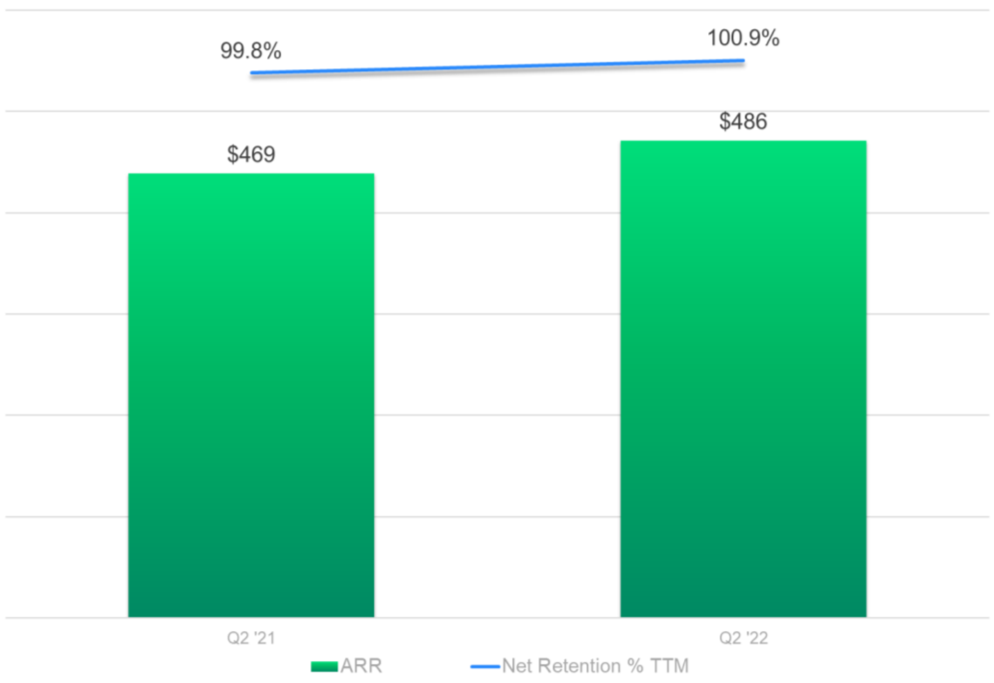
Net Retention Rate has ranged between 100%-102%

"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.

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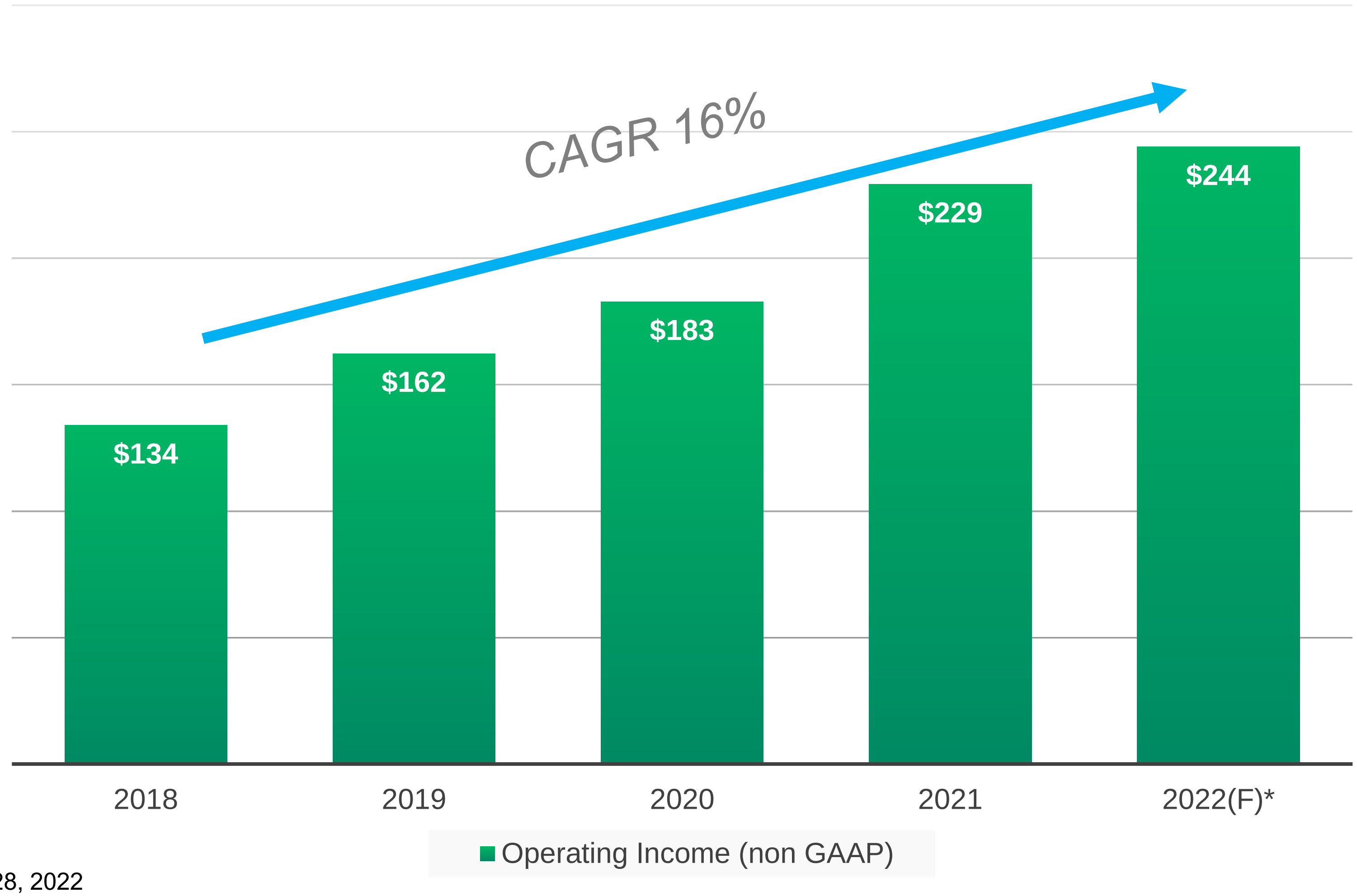
All periods reported in constant currency, using current year budgeted exchange rates

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 June 28, 2022

Total Growth Strategy Continues to Produce Results

Deploy Capital To Produce Highest Shareholder Return

- Disciplined, accretive acquisitions
- Opportunistic share repurchases
- Ample financing at favorable rates

Strengthen Profitable Core Business

- Invest in products to improve retention
- Optimize integrations to existing infrastructure
- Maximize cash flows

Operational Excellence and Execution

- Rapid Integration
- Best in class Op Margins
- Strong balance sheet

Pillars of our Total Growth Strategy

M&A Approach

End Market Alignment

Infrastructure Software

Tighter alignment increases synergy potential

Sizing

Acquire 10-20% of our revenue

Can be financed and integrated efficiently

Business Model

Durable Top Line

High mix of recurring revenue

Strong customer retention rates

Venture Backed, Founder Led and PE Sponsor-Owned Targets
Large Market Opportunity
Experienced Corporate Development Team

ROIC > WACC

Business Case with attainable synergies – target +40% operating margins

Knowledge of end markets, GTM model and/or technology

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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; \$104M remaining
- In 2Q FY22, we repurchased 567,193 shares, or \$26.5M.
- 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

Summary Q2 2022 Financial Results

	Q2 2022 Results	Prior Q2 2022 Outlook (provided on March 29, 2022)
GAAP Revenue	*$148.7M*	$143M - $146M
Non-GAAP Revenue	*$150.9M*	$145M - $148M
GAAP earnings per share (Diluted)	*$0.66*	$0.62 - $0.64
Non-GAAP earnings per share (Diluted)	*$1.04*	$0.94 - $0.96
GAAP Operating Margin	*27%*	*Not guided*
Non-GAAP Operating Margin	*41%*	*Not guided*
Adjusted Free Cash Flow	*$68.0 M*	*Not guided*

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Business Outlook (as of June 28, 2022)

	Q3 2022 Current Outlook (As of June 28, 2022)	**FY 2022 Prior Outlook** (Provided on March 29, 2022)	**FY 2022 Current Outlook** (As of June 28, 2022)
Non-GAAP Revenue	$147M - 150M	$609M - $617M	$609M - $617M
Non-GAAP EPS	$0.96 - $0.98	$4.01 - $4.09	$4.05 - $4.11
Non-GAAP Operating Margin	*Not guided*	39% - 40%	**39% - 40%**
Non-GAAP Adjusted Free Cash Flow	*Not guided*	$185M - $190M	$185M - $190M
Non-GAAP Effective Tax Rate	*Not guided*	20% - 21%	20% - 21%

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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)

	QTD GAAP Basis					
(in thousands)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
Revenue by Type						
License	33,317	30,107	51,930	41,236	42,750	44,814
Maintenance	76,977	80,069	82,875	85,942	89,963	91,331
Services	10,986	12,312	12,612	12,950	12,209	12,602
Total Revenue	$ 121,280	$ 122,488	$ 147,417	$ 140,128	$ 144,922	$ 148,747
Revenue by Region						
North America	71,505	71,094	93,880	81,335	78,093	85,394
EMEA	40,240	41,321	40,999	46,775	53,702	49,634
Latin America	3,493	3,753	5,298	4,492	3,883	4,678
Asia Pacific	6,042	6,320	7,240	7,526	9,244	9,041
Total Revenue	$ 121,280	$ 122,488	$ 147,417	$ 140,128	$ 144,922	$ 148,747

Supplemental Revenue Information
(Unaudited)

(in thousands)	QTD GAAP Basis Q2 2022	QTD Non-GAAP Adjustment	QTD Non-GAAP Q2 2022	YTD GAAP Basis Q2 2022	YTD Non-GAAP Adjustment	YTD Non-GAAP Q2 2022
Revenue by Type						
License	44,814	59	44,873	87,564	191	87,755
Maintenance	91,331	2,067	93,398	181,294	4,500	185,794
Services	12,602	6	12,608	24,811	24	24,835
Total Revenue	$ 148,747	$ 2,132	$ 150,879	$ 293,669	$ 4,715	$ 298,384
Revenue by Region						
North America	85,394	1,374	86,768	163,487	3,143	166,630
EMEA	49,634	563	50,197	103,336	1,165	104,501
Latin America	4,678	2	4,680	8,561	9	8,570
Asia Pacific	9,041	193	9,234	18,285	398	18,683
Total Revenue	$ 148,747	$ 2,132	$ 150,879	$ 293,669	$ 4,715	$ 298,384

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