



PROS Holdings

Q1 2021

NYSE: PRO

PROS.

Disclaimer / Forward-Looking Statements

Included in this presentation are forward-looking statements including, but not limited to, those related to earnings, addressable market and other financial projections. These predictions, estimates, and other forward-looking statements involve known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied in this presentation. We refer you to the documents we file with the Securities and Exchange Commission, which identify and discuss important factors that could cause actual results to differ materially from those discussed in these forward-looking statements. All statements included in these materials are based upon information known as of the date hereof, and PROS Holdings assumes no obligation to update any such statements, except as required by law.

This presentation includes certain supplemental non-GAAP financial measures, that we believe are useful to investors as useful tools for assessing the comparability between periods as well as company by company. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, our financial information and results prepared in accordance with U.S. GAAP included in our periodic filings made with the SEC. Further information relevant to the interpretation of non-GAAP financial measures, and reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, may be found in the Appendix to this presentation.



We optimize **every** shopping and selling experience.





PROS Strategic Pillars



Accelerate **market penetration** & customer expansions with the PROS Platform



Leverage partnerships to expand our reach at scale



Drive an **incredible customer experience**, adoption & value



Lead **AI innovation** powering digital commerce



Business Overview

PROS at a Glance



\$247mm⁺

Total Revenue
TTM



\$30B⁺

Underpenetrated,
Addressable Market



85%

Recurring Revenue as a %
of Q1 Total Revenue



27%

of Total Revenue 2020
Invested into R&D²



\$21mm

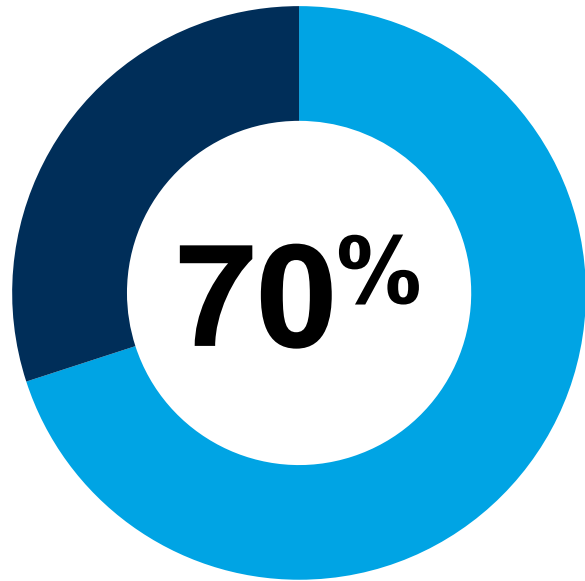
Free Cash Flow Improvement
Q1 Year-Over-Year¹



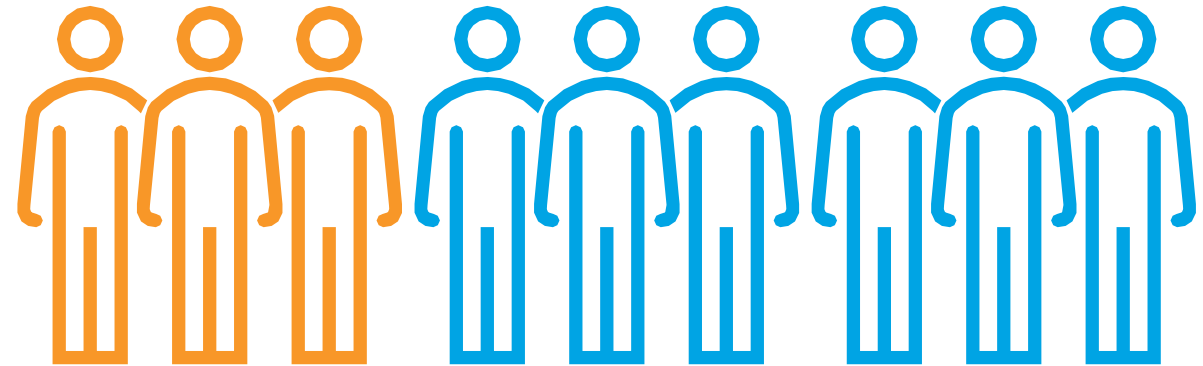
58

Countries with
Customers

Disruption Is Driving Opportunity for Digital Leaders



7 out of 10 B2B buyers are shifting their wallet share...



and **only 1 of 3** buyers feel their vendors were well prepared to support them virtually

June 2020 Survey of 210 B2B Purchasing Professionals conducted by Hanover Research, commissioned by PROS.

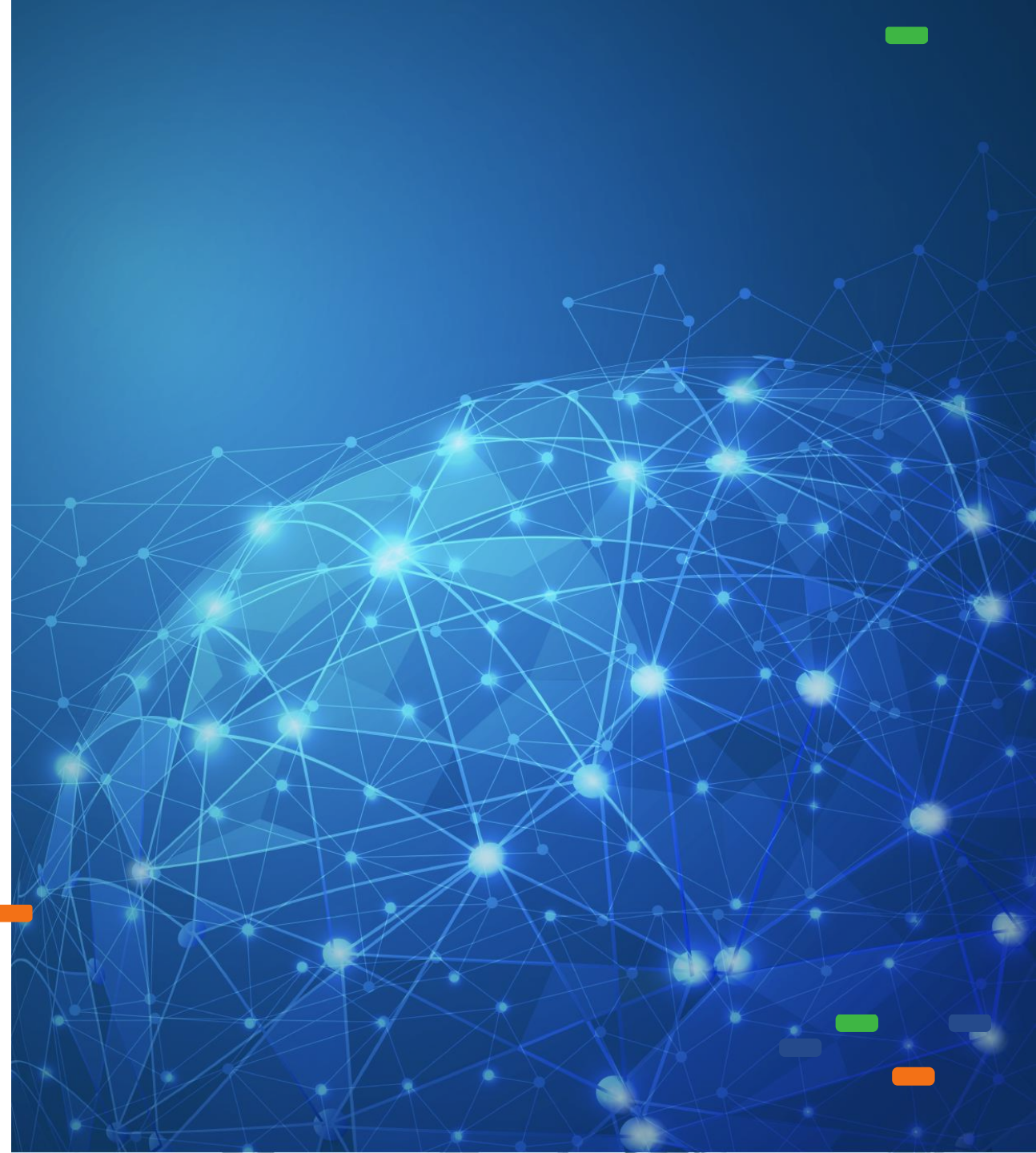
The Acceleration of B2B Digital Sales Channels

By 2025,

80%

of B2B sales interactions between suppliers and buyers will occur in **digital channels**

Source: The Future of Sales in 2025: A Gartner Trend Insight Report

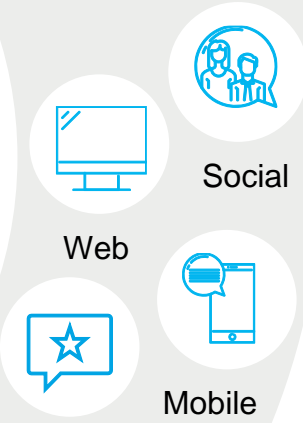




PROS AI Solutions
Power Companies to
Compete and Win
in Today's Digital Economy

Buyer

DIGITAL CHANNELS



TRADITIONAL CHANNELS



CRM



eCommerce



ERP



Cross-sell

Merchandising

Configuration Products & Offers

Quoting & Shopping Cart

Price Optimization

Dynamic Pricing

Demand Forecasting

Price Management

Supply Optimization

Opportunity Identification



PROS Provides Intelligence to Commerce



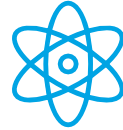
Powerful, Flexible & Self-Learning AI Capabilities



Automotive & Industrial



B2B Services



Chemicals & Energy



Food & Consumables



Healthcare



Technology



Travel

Without manual intervention

Understands a user's context

Personalizes and adapts

Predicts, prescribes and automates

Learns from data and actions

Improves continuously

Leveraging AI Technology



All the information available



Computational power of the cloud



Machine learning and other algorithms

PROS Powers Commerce in the Digital Economy



There are **small cost investment**, **large impact**, like Salesforce, PROS as a pricing tool, Tableau as an analytical tool.

Lance Fritz
Union Pacific
Chief Executive Officer
Q2 2020 Earnings Call



With PROS, dealers can order directly from an electronic catalog to configure and place orders, ensuring a **real-time sales experience** and complete order accuracy.

Randy Carey,
Manitou Group
Vice President, Digital Transformation



In the emerging digital selling landscape, customers are looking for **frictionless buying experiences**, with immediate responses about pricing and delivery. PROS has proved to be an **excellent partner**, committed to our success.

Jean-Phillippe Bitouzet,
Saint Gobain
Supply Chain & Business Model Director

We Power Commerce for Leading Enterprises Across Industries

Automotive & Industrial

SIEMENS



ANIXER



Airgas®



Novelis

B2B Services

AVIS®



cargolux



Office DEPOT
OfficeMax®

Chubb

SAVVAS
LEARNING COMPANY

Chemicals & Energy

BASF
The Chemical Company



CHS



Perstorp



Food & Consumables



Cargill



LAND O' LAKES, INC.

Ingredion

Lamb Weston
SEEING POSSIBILITIES IN POTATOES

Healthcare

BAUSCH + LOMB

COMPASSHEALTH



DIRECT
SUPPLY

Spire Healthcare

HOLOGIC®
The Science of Sure

Technology

Adobe

Hewlett Packard
Enterprise

Lenovo

HITACHI
Inspire the Next



Avalara



Travel

Lufthansa

ANA

الإتقاد
ETIHAD
AIRWAYS

Southwest

Azul

QANTAS

BRITISH AIRWAYS

PROS TAM is Massive, Global and Growing

\$30B+

**Underpenetrated,
Addressable Market⁽¹⁾**

\$9B Strategic Industries
and Geographies

+

\$21B Emerging Industries
and Geographies

\$2.4B Automotive & Industrial

\$1.0B B2B Services

\$1.6B Food & Consumables

\$800mm Technology

\$1.3B Healthcare

\$700mm Chemicals & Energy

\$1.2B Travel

Note: (1) TAM represents our estimated global total revenue and market opportunity but does not represent the actual market opportunity that we may target or ultimately service or otherwise derive revenue from. Our estimate of TAM may be revised in the future depending on a variety of factors, including competitive dynamics, our sales efforts, customer needs, industry shifts and other economic factors.

Numerous Vectors for Growth

Continued Product Innovation

Cross/Up-Sell Existing Customers

Land New Logos

Migrate Legacy Customers to Cloud

Strategic M&A



Financial Overview

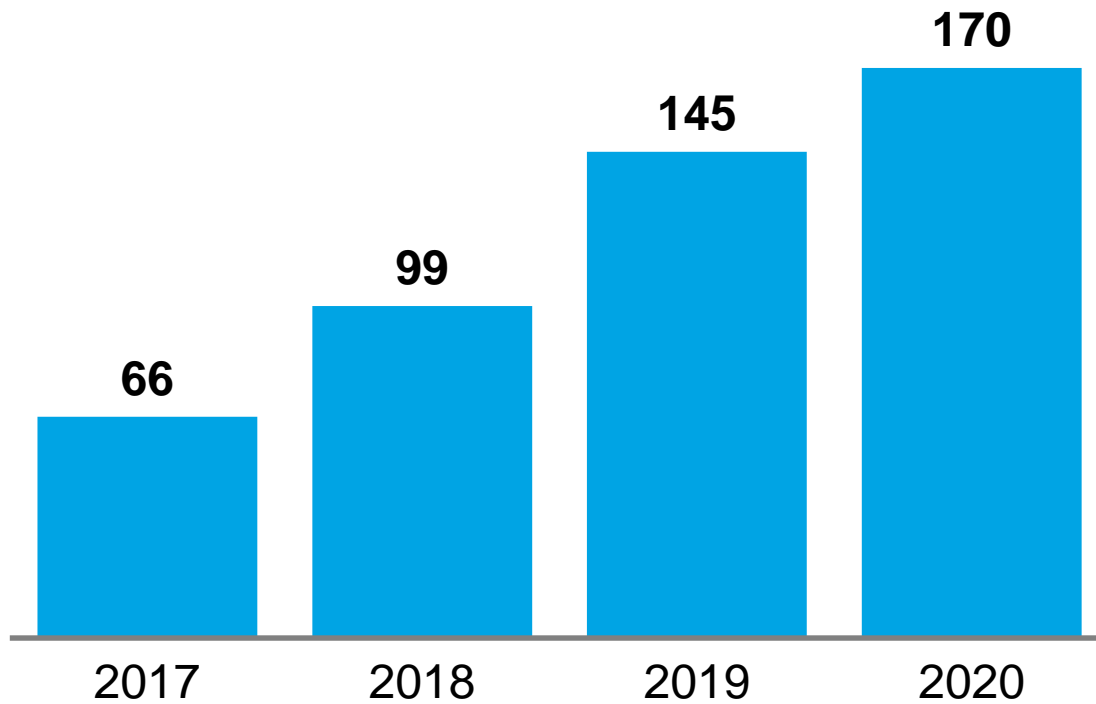
First Quarter 2021 Earnings Recap

\$mm (Except Per Share)	Q1 2021	Q1 2020	Delta	TTM 3/31/21	TTM 3/31/20	Delta
Total Revenue	\$61.4	\$66.3	(7%)	\$247.5	\$260.5	(5%)
Subscription Revenue	\$42.6	\$43.2	(1%)	\$170.0	\$157.6	8%
Adjusted EBITDA	(\$9.4)	(\$11.4)	\$2.1	(\$25.5)	(\$20.1)	(\$5.4)
Free Cash Flow	(\$4.6)	(\$25.5)	\$20.9	(\$32.4)	(\$16.8)	(\$15.6)
Non-GAAP Net Loss Per Share	(\$0.22)	(\$0.23)	\$0.01	(\$0.65)	(\$0.47)	(\$0.18)

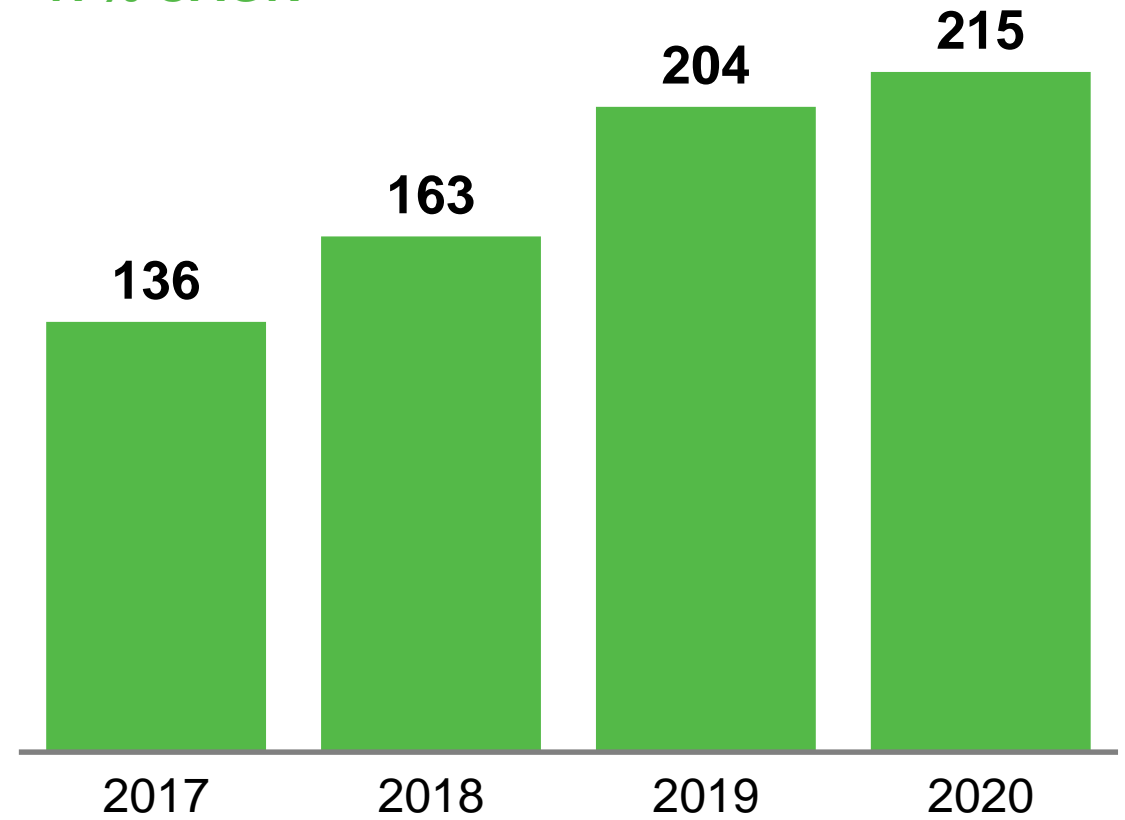
For a reconciliation of GAAP to Non-GAAP metrics refer to the appendix.

Strong and Consistent Cloud Growth Trajectory (\$mm)

Subscription Revenue
37% CAGR



Recurring Revenue
17% CAGR



Globally Diversified Business

United States



32%

of 2020 Total Revenue

Europe



30%

of 2020 Total Revenue

Other Regions



38%

of 2020 Total Revenue

Investment Highlights

- **Leading end-to-end, AI platform** powering digital commerce
- We believe the **massive market opportunity** is at an inflection point
- Real-time, mission critical solutions **delivering powerful customer ROI**
- **Loyal customer base** consisting of leading blue-chip companies
- Deep competitive moat built through **35 years of AI leadership**
- **Rapidly growing**, highly visible subscription revenue
- Strong **culture of innovation** and execution



Our Values



Helping People and Companies Outperform



We are OWNERS

Looking for every opportunity to **create a better PROS and a better experience for our customers**, and we hold ourselves accountable

We are INNOVATORS

Thinking creatively to find **new paths to success** for our people, our customers, and our business

We CARE

Putting **people first** - our customers, employees, partners, and community - it's how our company was started, and how we'll always run it

Strong and Experienced Leadership Team



Andres Reiner
President & CEO
25+ years in enterprise technology including 20 years at PROS



Stefan Schulz
Chief Financial Officer
25+ years in enterprise technology including PROS, BMC, Lawson, & Digital River



Les Rechan
Chief Operating Officer
30+ years in enterprise technology including PROS, Solace, Halogen Software & IBM



Martin Simoncic
Chief Customer Officer
15+ years in customer success, delivery and enterprise technology including PROS & Vertafore



Nikki Brewer
Chief People Officer
15+ years in HR & Total Rewards including 3 years at PROS



Katrina Klier
Chief Marketing Officer
25+ years in high-tech experience including Accenture and Microsoft



Rob Reiner
Chief Technology Officer
20+ years in enterprise technology including PROS, BMC & NetIQ



Scott Cook
Chief Accounting Officer
20+ years in accounting and finance at PROS



Damian Olthoff
General Counsel & Secretary
20+ years in corporate law including 8 years at PROS

Employee Resource Groups: The Heart of Our Culture

Our Employee Resource Groups (ERGs) are formed and led by employees, with company support, and any interested employee may join any group. Organized around common life experiences and backgrounds, they serve to champion our diversity initiatives and facilitate a [workplace culture of equity and inclusion](#).



Dedicated to the professional development of women at PROS and in the surrounding tech community.



Created to attract, develop and retain Black talent at PROS.



Represents the interests of the PROS and local Hispanic community while also celebrating the culture and values.



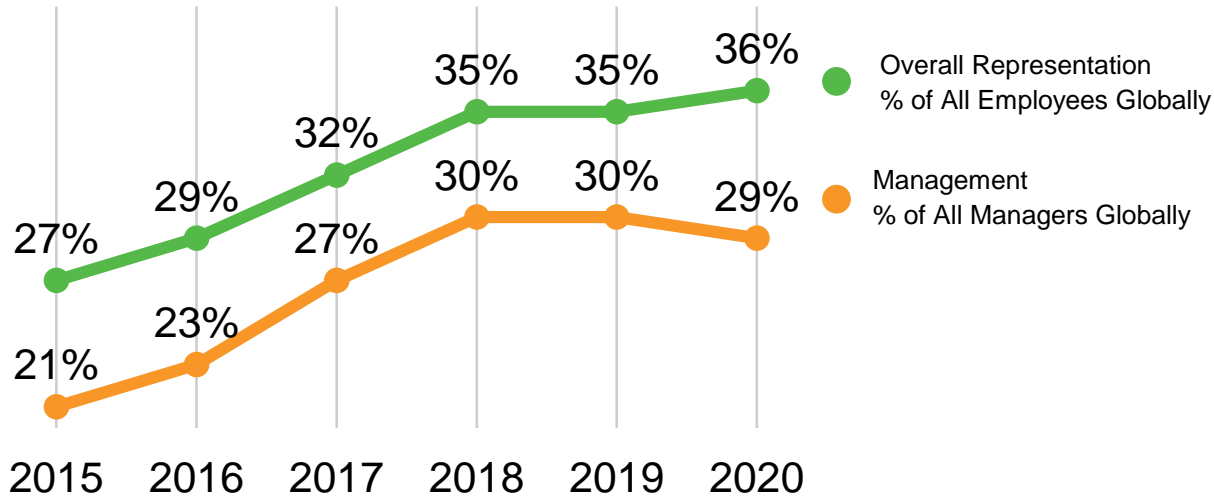
Serves as a resource that positively influences and ensures the development of its LGBTQIA+ members.



Connects the community of young professionals across PROS to foster growth and development of leadership skills.

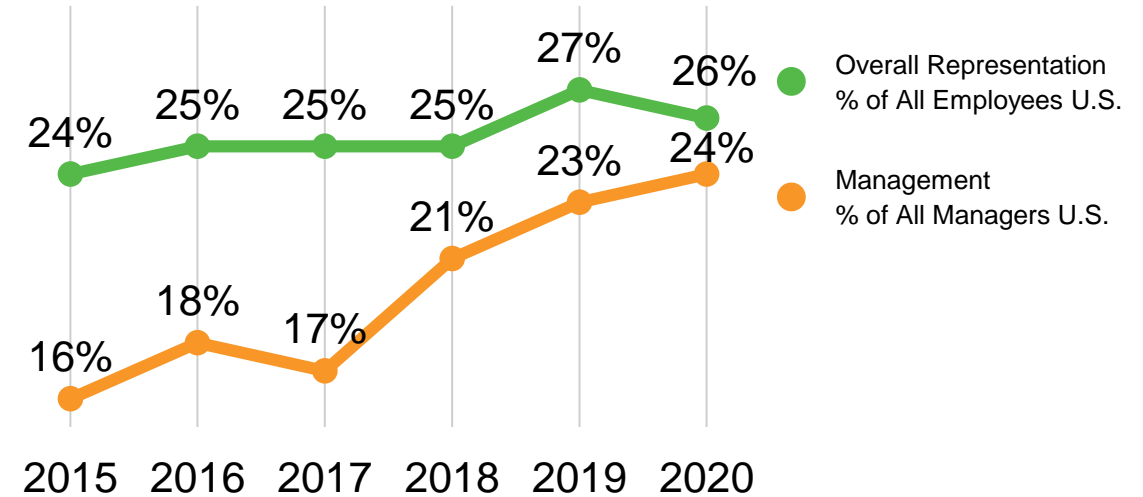
Committed to a Diverse & Inclusive Environment

Women at PROS



2020 figures based on 1,235 global employees as of 12/31/20

Underrepresented Minorities in the U.S.



2020 figures based on 830 employees in the U.S. as of 12/31/20

Note: Underrepresented Minorities include AA, Hispanic and Multicultural

Our employees mirror the rich cultural, ethnic and gender diversity of our global customers, and we want those who enter into a business relationship with PROS to see themselves in us.

Committed to a Sustainable Business



Our [Corporate Social Responsibility Report](#) outlines our vision and strategy for creating a sustainable business that prioritizes our responsibilities to the world in which we live.

Green Office Spaces

Our new global headquarters is LEED Silver certified and designed to minimize carbon emissions, conserve energy and water resources, as well as maximize natural light dispersion.

Sustainable Data Centers Worldwide

By partnering with Microsoft, we deliver our innovative solutions via data centers that operate using at least 50% green energy sources and are 100% carbon neutral.

Recycling Efforts

All PROS offices have a robust recycling program. Office-wide recycling efforts vary by location, but include such items as paper, plastic, glass, and aluminum, as well as common office consumables.



| Contact Us

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Appendix

GAAP to Non-GAAP Reconciliation

(Unaudited)

	Three Months Ended March 31,		Year over Year % change
	2021	2020	
GAAP gross profit	\$ 34,886	\$ 37,584	(7)%
Non-GAAP adjustments:			
New headquarters noncash rent expense	—	162	
Amortization of acquisition-related intangibles	421	842	
Share-based compensation	826	524	
Non-GAAP gross profit	\$ 36,133	\$ 39,112	(8)%
Non-GAAP gross margin	58.9 %	59.0 %	
GAAP loss from operations	\$ (20,590)	\$ (21,352)	(4)%
Non-GAAP adjustments:			
New headquarters noncash rent expense	—	555	
Amortization of acquisition-related intangibles	867	1,383	
Share-based compensation	8,170	6,347	
Total Non-GAAP adjustments	9,037	8,285	
Non-GAAP loss from operations	\$ (11,553)	\$ (13,067)	(12)%
Non-GAAP loss from operations % of total revenue	(18.8)%	(19.7)%	
GAAP net loss	\$ (22,029)	\$ (22,735)	(3)%
Non-GAAP adjustments:			
Total Non-GAAP adjustments affecting loss from operations	9,037	8,285	
Amortization of debt discount and issuance costs	373	1,702	
Tax impact related to non-GAAP adjustments	2,895	2,923	
Non-GAAP net loss	\$ (9,724)	\$ (9,825)	(1)%
Non-GAAP diluted loss per share	\$ (0.22)	\$ (0.23)	
Shares used in computing non-GAAP loss per share	44,245	43,102	

GAAP to Non-GAAP Reconciliation (Unaudited)

	Three Months Ended December 31,		Quarter over Quarter % change	Year Ended December 31,		Year over Year % change
	2020	2019		2020	2019	
GAAP gross profit	\$ 35,539	\$ 37,814	(6) %	\$ 147,791	\$ 151,217	(2)%
Non-GAAP adjustments:						
New headquarters noncash rent expense	—	167		417	646	
Amortization of acquisition-related intangibles	886	907		3,586	3,895	
Share-based compensation	587	490		2,132	2,025	
Non-GAAP gross profit	<u>\$ 37,012</u>	<u>\$ 39,378</u>	(6) %	<u>\$ 153,926</u>	<u>\$ 157,783</u>	(2)%
Non-GAAP gross margin	60.8 %	59.5 %		61.0 %	63.0 %	
GAAP loss from operations	\$ (13,426)	\$ (15,071)	(11) %	\$ (66,080)	\$ (53,338)	24%
Non-GAAP adjustments:						
Acquisition-related expenses	—	254		—	502	
Debt extinguishment fees	—	—		—	319	
New headquarters noncash rent expense	—	555		1,479	2,218	
Amortization of acquisition-related intangibles	1,363	1,398		5,507	5,831	
Share-based compensation	5,922	6,446		24,399	24,680	
Total Non-GAAP adjustments	<u>7,285</u>	<u>8,653</u>		<u>31,385</u>	<u>33,550</u>	
Non-GAAP loss from operations	<u>\$ (6,141)</u>	<u>\$ (6,418)</u>	(4) %	<u>\$ (34,695)</u>	<u>\$ (19,788)</u>	75%
Non-GAAP loss from operations % of total revenue	(10.1) %	(9.7) %		(13.7) %	(7.9) %	
GAAP net loss	\$ (18,184)	\$ (17,300)	5 %	\$ (76,984)	\$ (69,081)	11%
Non-GAAP adjustments:						
Total Non-GAAP adjustments affecting loss from operations	7,285	8,653		31,385	33,550	
Amortization of debt discount and issuance costs	3,277	1,945		8,703	11,074	
Loss on debt extinguishment	—	660		—	5,660	
Tax impact related to non-GAAP adjustments	1,736	1,375		8,645	4,623	
Non-GAAP net loss	<u>\$ (5,886)</u>	<u>\$ (4,667)</u>	26 %	<u>\$ (28,251)</u>	<u>\$ (14,174)</u>	99%
Non-GAAP diluted loss per share	\$ (0.14)	\$ (0.11)		\$ (0.65)	\$ (0.35)	
Shares used in computing non-GAAP loss per share	43,452	42,615		43,301	40,232	

GAAP to Non-GAAP Reconciliation

(Unaudited)

	Three Months Ended March 31,		Year over Year
	2020	2019	% change
GAAP gross profit	\$ 37,584	\$ 35,341	6%
Non-GAAP adjustments:			
New headquarters noncash rent expense	162	153	
Amortization of acquisition-related intangibles	842	1,034	
Share-based compensation	524	538	
Non-GAAP gross profit	\$ 39,112	\$ 37,066	6%
Non-GAAP gross margin	59.0 %	66.0 %	
GAAP loss from operations	\$ (21,352)	\$ (13,610)	57%
Non-GAAP adjustments:			
New headquarters noncash rent expense	555	554	
Amortization of acquisition-related intangibles	1,383	1,583	
Share-based compensation	6,347	6,046	
Total Non-GAAP adjustments	8,285	8,183	
Non-GAAP loss from operations	\$ (13,067)	\$ (5,427)	141%
Non-GAAP loss from operations % of total revenue	(19.7)%	(9.7)%	
GAAP net loss	\$ (22,735)	\$ (16,917)	34%
Non-GAAP adjustments:			
Total Non-GAAP adjustments affecting loss from operations	8,285	8,183	
Amortization of debt discount and issuance costs	1,702	3,106	
Tax impact related to non-GAAP adjustments	2,923	1,411	
Non-GAAP net loss	\$ (9,825)	\$ (4,217)	133%
Non-GAAP diluted loss per share	\$ (0.23)	\$ (0.11)	
Shares used in computing non-GAAP loss per share	43,102	37,623	

GAAP to Non-GAAP Reconciliation

(Unaudited)

	Three Months Ended March 31,	
	2021	2020
Adjusted EBITDA		
GAAP Loss from Operations	\$ (20,590)	\$ (21,352)
Amortization of acquisition-related intangibles	867	1,383
New headquarters noncash rent expense	—	555
Share-based compensation	8,170	6,347
Depreciation and other amortization	2,201	2,037
Capitalized internal-use software development costs	—	(412)
Adjusted EBITDA	\$ (9,352)	\$ (11,442)
Net cash used in operating activities	\$ (4,429)	\$ (24,173)
Purchase of property and equipment (excluding new headquarters)	(203)	(957)
Capitalized internal-use software development costs	—	(412)
Free Cash Flow	\$ (4,632)	\$ (25,542)

GAAP to Non-GAAP Reconciliation

(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Adjusted EBITDA				
GAAP Loss from Operations	\$ (13,426)	\$ (15,071)	\$ (66,080)	\$ (53,338)
Acquisition-related expenses	—	254	—	502
Amortization of acquisition-related intangibles	1,363	1,398	5,507	5,831
New headquarters noncash rent expense	—	555	1,479	2,218
Debt extinguishment fees	—	—	—	319
Share-based compensation	5,922	6,446	24,399	24,680
Depreciation and other amortization	2,387	2,208	8,827	8,039
Capitalized internal-use software development costs	(421)	(415)	(1,686)	(1,436)
Adjusted EBITDA	\$ (4,175)	\$ (4,625)	\$ (27,554)	\$ (13,185)
Net cash provided by (used in) operating activities	\$ 12,452	\$ 12,852	\$ (49,389)	\$ 5,245
Purchase of property and equipment (excluding new headquarters)	(601)	(1,481)	(2,248)	(4,626)
Purchase of intangible asset	—	—	—	(50)
Capitalized internal-use software development costs	(421)	(415)	(1,686)	(1,436)
Free Cash Flow	\$ 11,430	\$ 10,956	\$ (53,323)	\$ (867)

GAAP to Non-GAAP Reconciliation

(Unaudited)

GAAP Loss from Operations

Amortization of acquisition-related intangibles

New headquarters noncash rent expense

Share-based compensation

Depreciation and other amortization

Capitalized internal-use software development costs

Adjusted EBITDA

Net cash used in operating activities

Purchase of property and equipment (excluding new headquarters)

Purchase of intangible asset

Capitalized internal-use software development costs

Free Cash Flow

		Three Months Ended March 31,	
		2020	2019
\$		(21,352)	\$ (13,610)
		1,383	1,583
		555	554
		6,347	6,046
		2,037	1,742
		(412)	(868)
\$		<u>(11,442)</u>	<u>\$ (4,553)</u>
\$		(24,173)	\$ (8,095)
		(957)	(611)
		—	(50)
		(412)	(868)
\$		<u>(25,542)</u>	<u>\$ (9,624)</u>