

PROS Holdings, Inc. (NYSE: PRO) provides **AI solutions that power commerce in the digital economy**. PROS solutions bring intelligence to commerce by providing companies with predictive and prescriptive guidance that enables them to dynamically price, configure and sell their products and services across all channels with speed, precision and consistency. Our customers, who are leaders in their markets, benefit from **decades of data science expertise** infused into our industry solutions.

To learn more, visit [www.pros.com](http://www.pros.com)

## Market Opportunity

With the rise of **digital commerce**, consumers have been trained to expect a more **dynamic buying experience** - they want to buy what they want, when they want, and they want to be able to move seamlessly across channels.

The need for PROS AI solutions is more acute than ever as companies grapple with how to meet the real-time needs of today's consumer. Our **algorithmic approach** to generating personalized, dynamic offers, prices and experiences that buyers can access across our customers' direct sales, online, mobile and partner channels, is **helping companies across industries rethink how they sell in the digital economy**.

This market environment creates the backdrop for the **\$30 billion TAM** that we see in front of us. We focus our go-to-market efforts on a subset of strategic industries and geographies in which we have a proven track record of success, which narrows our target market to \$9 billion. These strategic industries are automotive and industrial; B2B services; cargo, freight and logistics; chemicals; food and consumables; healthcare; technology and travel. We believe that our market is highly underpenetrated and that we are well positioned to capture it.

## Third Quarter Earnings Recap

(Refer to Appendix for GAAP to Non-GAAP reconciliation)

\$mm	Q3 2018	Q3 2017	YoY Change	LTM 9/30/18	LTM 9/30/17	YoY Change
Total Revenue	49.1	41.9	+17%	190.8	162.4	+17%
Subscription Revenue	23.9	15.8	+51%	86.0	52.4	+64%
Adjusted EBITDA	(4.9)	(9.2)	+46%	(22.0)	(37.4)	+41%
Free Cash Flow	(2.6)	(9.8)	+74%	(10.9)	(43.2)	+75%

## Efficient Expansion

### Top Line Velocity



### Compounded by Margin Improvement

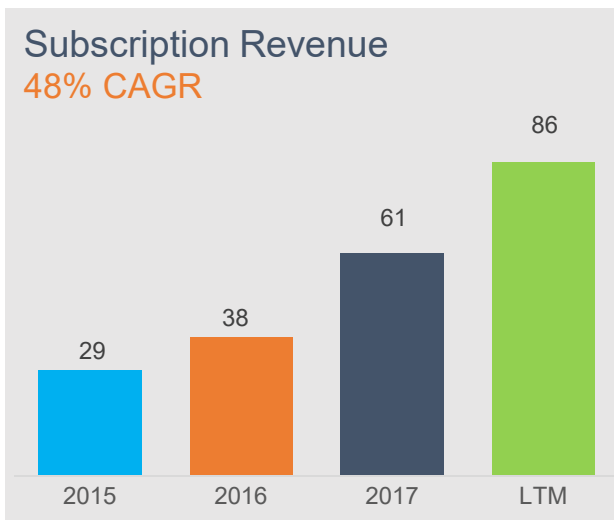
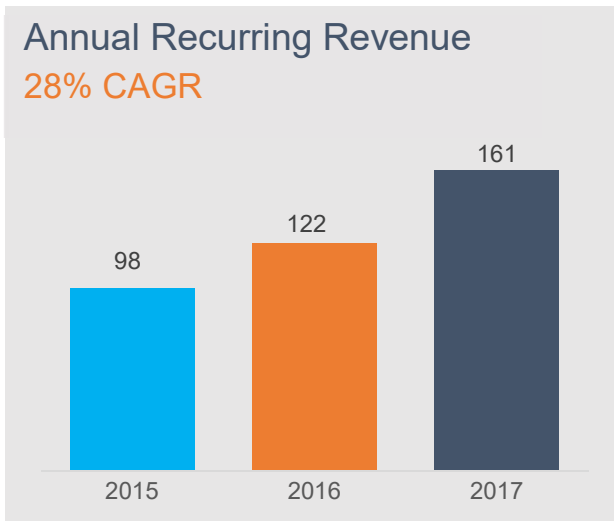


Note: GAAP to Non-GAAP reconciliation is available in the 10.25.18 earnings release filing

**Our vision is to be the leading AI platform powering commerce in the digital economy across all the industries that we serve**

## Transition to the Cloud

We embarked upon a “cloud first” strategy in May 2015 and rapidly transformed how we create, sell and deliver our AI solutions. Today, **we are a SaaS business**. In recent quarters, 95%+ of our total bookings were cloud, which has led us to increase our recurring revenue as a percent of total revenue from 54% in 2015 to 82% in Q3 2018.



<p><b>51%</b> Subscription Revenue Growth Q3 18</p>	<p><b>95%+</b> Customer Gross Revenue Retention Rate</p>
<p><b>1Tn+</b> Transactions processed annually</p>	<p><b>\$30B+</b> Total Addressable Market</p>
<p><b>82%</b> Q3 Recurring Revenue as a % of Total Revenue</p>	<p><b>\$191mm</b> LTM 9/30/18 Total Revenue</p>

## PROS AI Solutions

Our AI solutions make it possible for companies to **provide fast, frictionless and personalized buying experiences** for their customers. The data science and AI embedded in our solutions provide our customers with predictive and prescriptive guidance on key business decisions that drive improved growth and profitability, including offer optimization, product mix optimization, demand forecasting, price optimization, product configuration recommendations, cross-sell and upsell recommendations, attrition detection, and willingness to pay.

Our software operates in large and complex information technology environments. **Our high-performance software architecture supports real-time, high-volume transaction processing** and handles requirements of global enterprise customers who may need sub-second response times. We provide standardized configurations of our software based on the industries we serve and offer professional services to configure these solutions to meet the specific needs of each customer.

Included in this Fact Sheet 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 Fact Sheet. 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 Fact Sheet 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.

APPENDIX

PROS Holdings, Inc.  
**Supplemental Reconciliation of GAAP to Non-GAAP Financial Measures**  
(In thousands)  
(Unaudited)

	Three Months Ended September 30,		Last Twelve Months Ended September 30,	
	2018	2017	2018	2017
<b>Adjusted EBITDA</b>				
<b>GAAP Loss from Operations</b>	(11,866)	(17,750)	(52,421)	(68,386)
Acquisition-related expenses	-	613	202	613
Amortization of acquisition-related intangibles	1,790	1,713	7,814	3,745
Share-based compensation	4,957	5,571	21,486	23,686
Depreciation	1,375	1,329	5,455	5,413
Capitalized internal-use software development costs	(1,202)	(688)	(4,487)	(2,475)
<b>Adjusted EBITDA</b>	<b>(4,946)</b>	<b>(9,212)</b>	<b>(21,951)</b>	<b>(37,404)</b>
<b>Free Cash Flow</b>				
<b>Net cash used in operating activities</b>	(1,175)	(8,539)	(4,950)	(37,034)
Purchase of property and equipment	(219)	(540)	(1,457)	(1,952)
Purchase of intangible asset	-	(75)	(50)	(1,700)
Capitalized internal-use software development costs	(1,202)	(688)	(4,487)	(2,475)
<b>Free Cash Flow</b>	<b>(2,596)</b>	<b>(9,842)</b>	<b>(10,944)</b>	<b>(43,161)</b>