

**PROS Holdings, Inc.**  
**Supplemental Information (unaudited)**

<b>Non-GAAP Revenue</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
Subscription	\$ 6,906	\$ 8,025	\$ 8,201	\$ 9,143	\$ 9,852	\$ 10,962	\$ 12,214	\$ 13,434	\$ 15,809
Maintenance and Support	15,752	17,078	16,662	16,775	17,666	17,462	18,076	17,132	17,124
<b>Recurring Revenue</b>	<b>\$ 22,658</b>	<b>\$ 25,103</b>	<b>\$ 24,863</b>	<b>\$ 25,918</b>	<b>\$ 27,518</b>	<b>\$ 28,424</b>	<b>\$ 30,290</b>	<b>\$ 30,566</b>	<b>\$ 32,933</b>
License	5,980	6,152	3,302	2,457	2,419	3,636	2,190	1,090	603
Services	13,096	11,458	9,763	8,663	8,447	7,866	7,649	8,750	8,401
<b>Total Revenue</b>	<b>\$ 41,734</b>	<b>\$ 42,713</b>	<b>\$ 37,928</b>	<b>\$ 37,038</b>	<b>\$ 38,384</b>	<b>\$ 39,926</b>	<b>\$ 40,129</b>	<b>\$ 40,406</b>	<b>\$ 41,937</b>
Recurring Revenue %	54%	59%	66%	70%	72%	71%	75%	76%	79%

<b>Non-GAAP Revenue by Geography</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
United States	\$ 16,797	\$ 14,393	\$ 14,476	\$ 13,706	\$ 13,436	\$ 15,156	\$ 15,830	\$ 15,199	\$ 15,829
Europe	11,860	14,042	10,830	11,238	10,379	12,208	11,406	11,076	12,574
Rest of World	13,077	14,278	12,622	12,094	14,569	12,562	12,893	14,131	13,534

<b>Financial and Operating Metrics</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
Non-GAAP Gross Margin	65%	66%	61%	60%	62%	63%	61%	63%	61%
Non-GAAP Recurring Revenue Gross Margin	76%	77%	75%	73%	72%	72%	72%	74%	71%
Adjusted EBITDA	\$ (4,999)	\$ (2,049)	\$ (10,125)	\$ (9,745)	\$ (6,928)	\$ (8,605)	\$ (10,045)	\$ (9,542)	\$ (9,212)

Cash & Short-Term Investments	\$ 157,445	\$ 164,270	\$ 153,651	\$ 145,105	\$ 146,160	\$ 134,035	\$ 117,868	\$ 203,969	\$ 157,359
Recurring Deferred Revenue	\$ 47,913	\$ 47,218	\$ 53,544	\$ 58,085	\$ 59,354	\$ 61,708	\$ 68,083	\$ 71,221	\$ 78,231
Total Deferred Revenue	\$ 67,048	\$ 65,329	\$ 73,376	\$ 79,050	\$ 77,214	\$ 79,738	\$ 84,868	\$ 84,863	\$ 91,764

Free Cash Flow	\$ 1,821	\$ 6,790	\$ (6,286)	\$ (8,497)	\$ 531	\$ (10,007)	\$ (13,249)	\$ (10,063)	\$ (9,842)
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Total Headcount (including contractors)	1,032	1,033	1,027	1,023	994	1,018	994	1,009	1,080
Quota-carrying Personnel	66	68	68	65	63	77	79	82	88

**PROS Holdings, Inc.**  
**Supplemental Information - Explanation of Non-GAAP Measures**

PROS has provided certain financial information that has not been prepared in accordance with GAAP. This information includes non-GAAP revenue, adjusted EBITDA and free cash flow. PROS uses these non-GAAP financial measures internally in analyzing its financial results and believes they are useful to investors, as a supplement to GAAP measures, in evaluating PROS' ongoing operational performance and cloud-first transition.

Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measure. A reconciliation of GAAP to the non-GAAP financial measures has been provided. PROS' use of non-GAAP financial measures may not be consistent with the presentations by similar companies in PROS' industry.

**Non-GAAP revenue:** Business combination accounting principles under GAAP require us to recognize the fair value of software subscription, maintenance and professional services contracts assumed in our acquisitions of SignalDemand, Inc. and Cameleon Software SA. A portion of these software subscription and professional services are deferred and typically recognized over the term of the software subscription contract, so our GAAP revenues during the term of the contract after the acquisition do not reflect the full amount of revenues that would have been reported if the acquired deferred software subscription and professional services revenues were not written down to fair value. The revenue for maintenance is deferred and typically recognized over a one-year period, so our GAAP revenues for the one-year period after the acquisition do not reflect the full amount of revenues that would have been reported if the acquired deferred maintenance revenue was not written down to fair value. The non-GAAP revenue adjustments eliminate the effect of the deferred revenue write-down and include the costs associated with the revenue adjustment. We believe these adjustments to the revenue from these contracts and to the associated costs are useful to investors as an additional means to reflect revenue trends of our business.

**Adjusted EBITDA:** Adjusted EBITDA is defined as GAAP net income (loss) before interest expense, provision for income taxes, depreciation and amortization, as adjusted to eliminate the effect of stock-based compensation cost, amortization of acquisition-related intangibles, depreciation and amortization, integration costs and other one-time direct costs associated with our acquisitions, and capitalized internal-use software development costs. Adjusted EBITDA should not be considered as an alternative to net income (loss) as an indicator of our operating performance.

**Free Cash Flow:** Free cash flow is a non-GAAP financial measure which is defined as net cash provided by (used in) operating activities, less additions to property, plant and equipment, purchases of other (non-acquisition-related) intangible assets and capitalized internal-use software development costs.

**PROS Holdings, Inc.**  
**Supplemental Information - GAAP to Non-GAAP Reconciliations (unaudited)**

Revenue	Q3 '15	Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Q1 '17	Q2 '17	Q3 '17
<b>GAAP Subscription</b>	\$ 6,886	\$ 8,023	\$ 8,201	\$ 9,143	\$ 9,852	\$ 10,962	\$ 12,214	\$ 13,434	\$ 15,809
Acquisition-related deferred revenue write-down	20	2	-	-	-	-	-	-	-
<b>Non-GAAP Subscription</b>	\$ 6,906	\$ 8,025	\$ 8,201	\$ 9,143	\$ 9,852	\$ 10,962	\$ 12,214	\$ 13,434	\$ 15,809
<b>GAAP Maintenance and Support</b>	\$ 15,727	\$ 17,062	\$ 16,662	\$ 16,775	\$ 17,666	\$ 17,462	\$ 18,076	\$ 17,132	\$ 17,124
Acquisition-related deferred revenue write-down	25	16	-	-	-	-	-	-	-
<b>Non-GAAP Maintenance and Support</b>	\$ 15,752	\$ 17,078	\$ 16,662	\$ 16,775	\$ 17,666	\$ 17,462	\$ 18,076	\$ 17,132	\$ 17,124
<b>GAAP License</b>	\$ 5,980	\$ 6,152	\$ 3,302	\$ 2,457	\$ 2,419	\$ 3,636	\$ 2,190	\$ 1,090	\$ 603
Acquisition-related deferred revenue write-down	-	-	-	-	-	-	-	-	-
<b>Non-GAAP License</b>	\$ 5,980	\$ 6,152	\$ 3,302	\$ 2,457	\$ 2,419	\$ 3,636	\$ 2,190	\$ 1,090	\$ 603
<b>GAAP Services</b>	\$ 12,273	\$ 10,775	\$ 9,763	\$ 8,663	\$ 8,447	\$ 7,866	\$ 7,649	\$ 8,750	\$ 8,401
Acquisition-related deferred revenue write-down	823	683	-	-	-	-	-	-	-
<b>Non-GAAP Services</b>	\$ 13,096	\$ 11,458	\$ 9,763	\$ 8,663	\$ 8,447	\$ 7,866	\$ 7,649	\$ 8,750	\$ 8,401
<b>Revenue by Geography</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
<b>GAAP United States</b>	\$ 16,277	\$ 14,003	\$ 14,476	\$ 13,706	\$ 13,436	\$ 15,156	\$ 15,830	\$ 15,199	\$ 15,829
Acquisition-related deferred revenue write-down	520	390	-	-	-	-	-	-	-
<b>Non-GAAP United States</b>	\$ 16,797	\$ 14,393	\$ 14,476	\$ 13,706	\$ 13,436	\$ 15,156	\$ 15,830	\$ 15,199	\$ 15,829
<b>GAAP Europe</b>	\$ 11,709	\$ 13,916	\$ 10,830	\$ 11,238	\$ 10,379	\$ 12,208	\$ 11,406	\$ 11,076	\$ 12,574
Acquisition-related deferred revenue write-down	151	126	-	-	-	-	-	-	-
<b>Non-GAAP Europe</b>	\$ 11,860	\$ 14,042	\$ 10,830	\$ 11,238	\$ 10,379	\$ 12,208	\$ 11,406	\$ 11,076	\$ 12,574
<b>GAAP Rest of World</b>	\$ 12,880	\$ 14,093	\$ 12,622	\$ 12,094	\$ 14,569	\$ 12,562	\$ 12,893	\$ 14,131	\$ 13,534
Acquisition-related deferred revenue write-down	197	185	-	-	-	-	-	-	-
<b>Non-GAAP Rest of World</b>	\$ 13,077	\$ 14,278	\$ 12,622	\$ 12,094	\$ 14,569	\$ 12,562	\$ 12,893	\$ 14,131	\$ 13,534
<b>Gross Profit</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
<b>GAAP Gross Profit</b>	\$ 25,600	\$ 26,599	\$ 22,217	\$ 20,990	\$ 22,742	\$ 23,974	\$ 23,520	\$ 24,320	\$ 24,213
Acquisition-related deferred revenue write-down	328	206	-	-	-	-	-	-	-
Amortization of intangible assets	553	542	491	495	490	481	477	485	1,055
Share-based compensation	852	823	599	577	544	547	575	515	479
<b>Non-GAAP Gross Profit</b>	\$ 27,333	\$ 28,170	\$ 23,307	\$ 22,062	\$ 23,776	\$ 25,002	\$ 24,572	\$ 25,320	\$ 25,747
<b>Non-GAAP Gross Margin</b>	65%	66%	61%	60%	62%	63%	61%	63%	61%

**PROS Holdings, Inc.**  
**Supplemental Information - GAAP to Non-GAAP Reconciliations (unaudited)**

<b>Adjusted EBITDA</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
<b>GAAP Loss From Operations</b>	<b>\$ (15,866)</b>	<b>\$ (15,040)</b>	<b>\$ (17,974)</b>	<b>\$ (18,050)</b>	<b>\$ (13,116)</b>	<b>\$ (16,258)</b>	<b>\$ (17,668)</b>	<b>\$ (16,710)</b>	<b>\$ (17,750)</b>
Acquisition-related deferred revenue write-down	328	206	-	-	-	-	-	-	-
Acquisition-related expenses	-	-	-	-	-	-	-	-	613
Amortization of intangible assets	1,703	974	785	766	737	683	669	680	1,713
Impairment of internal use software	-	2,890	-	-	-	-	-	-	-
Severance	756	940	-	-	1,070	-	-	-	-
Share-based compensation	6,631	6,483	5,384	5,869	3,192	6,021	6,162	5,932	5,571
Depreciation	1,449	1,498	1,680	1,742	1,686	1,428	1,364	1,292	1,329
Capitalized internal-use software development costs	-	-	-	(72)	(497)	(479)	(572)	(736)	(688)
<b>Adjusted EBITDA</b>	<b>\$ (4,999)</b>	<b>\$ (2,049)</b>	<b>\$ (10,125)</b>	<b>\$ (9,745)</b>	<b>\$ (6,928)</b>	<b>\$ (8,605)</b>	<b>\$ (10,045)</b>	<b>\$ (9,542)</b>	<b>\$ (9,212)</b>

<b>Free Cash Flow</b>	<b>Q3 '15</b>	<b>Q4 '15</b>	<b>Q1 '16</b>	<b>Q2 '16</b>	<b>Q3 '16</b>	<b>Q4 '16</b>	<b>Q1 '17</b>	<b>Q2 '17</b>	<b>Q3 '17</b>
<b>Cash Flow From Operations</b>	<b>\$ 4,827</b>	<b>\$ 8,728</b>	<b>\$ (2,764)</b>	<b>\$ (6,608)</b>	<b>\$ 2,213</b>	<b>\$ (7,186)</b>	<b>\$ (12,193)</b>	<b>\$ (9,116)</b>	<b>\$ (8,539)</b>
Purchase of property and equipment	(3,006)	(1,938)	(3,522)	(1,817)	(1,185)	(717)	(484)	(211)	(540)
Purchase of intangible asset	-	-	-	-	-	(1,625)	-	-	(75)
Capitalized internal-use software development costs	-	-	-	(72)	(497)	(479)	(572)	(736)	(688)
<b>Free Cash Flow</b>	<b>\$ 1,821</b>	<b>\$ 6,790</b>	<b>\$ (6,286)</b>	<b>\$ (8,497)</b>	<b>\$ 531</b>	<b>\$ (10,007)</b>	<b>\$ (13,249)</b>	<b>\$ (10,063)</b>	<b>\$ (9,842)</b>