

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2025
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.
Commission File Number: **0-19417**

PROGRESS SOFTWARE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

04-2746201

(I.R.S. Employer Identification No.)

15 Wayside Road, Suite 400, Burlington, Massachusetts

(Address of principal executive offices)

01803

(Zip code)

Registrant's telephone number, including area code: **(781) 280-4000**

Not applicable

(Former name or former address and formal fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	PRGS	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of June 26, 2025, there were 43,108,347 shares of the registrant's common stock, \$.01 par value per share, outstanding.

PROGRESS SOFTWARE CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MAY 31, 2025
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Condensed Consolidated Balance Sheets

(in thousands, except share data)

	May 31, 2025	November 30, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 102,006	\$ 118,077
Accounts receivable, net	140,122	163,575
Unbilled receivables, current portion	34,136	34,672
Other current assets	49,387	52,489
Total current assets	<u>325,651</u>	<u>368,813</u>
Unbilled receivables, non-current portion	29,890	28,893
Property and equipment, net	12,474	13,746
Intangible assets, net	650,557	723,571
Goodwill	1,293,830	1,292,177
Right-of-use lease assets	27,351	30,894
Deferred tax assets	62,048	56,179
Other assets	11,791	12,693
Total assets	<u>\$ 2,413,592</u>	<u>\$ 2,526,966</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,043	\$ 13,910
Deferred revenue, current portion, net	308,360	332,142
Convertible senior notes, current portion, net	358,051	—
Accrued compensation and related payroll taxes	41,727	64,672
Operating lease liabilities, current portion	8,250	9,202
Other accrued liabilities	24,840	35,219
Total current liabilities	<u>750,271</u>	<u>455,145</u>
Deferred revenue, non-current portion, net	80,219	72,270
Convertible senior notes, non-current portion, net	440,244	796,267
Long-term debt, net	660,000	730,000
Operating lease liabilities, non-current portion	22,548	26,259
Deferred tax liabilities	2,481	2,279
Other non-current liabilities	5,128	5,958
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; authorized, 10,000,000 shares; issued, none	—	—
Common stock, \$0.01 par value; authorized, 200,000,000 shares; issued and outstanding, 43,100,936 shares in 2025 and 43,360,695 shares in 2024	431	434
Additional paid-in capital	362,091	354,158
Retained earnings	123,254	120,405
Accumulated other comprehensive loss	(33,075)	(36,209)
Total stockholders' equity	<u>452,701</u>	<u>438,788</u>
Total liabilities and stockholders' equity	<u>\$ 2,413,592</u>	<u>\$ 2,526,966</u>

See notes to unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Operations

<i>(in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Revenue:				
Software licenses	\$ 50,795	\$ 53,979	\$ 109,240	\$ 118,079
Maintenance, SaaS, and professional services	186,560	121,098	366,130	241,683
Total revenue	237,355	175,077	475,370	359,762
Costs of revenue:				
Cost of software licenses	2,987	2,497	5,912	5,228
Cost of maintenance, SaaS, and professional services	33,764	22,176	66,648	44,395
Amortization of acquired intangibles	10,537	7,398	20,959	15,257
Total costs of revenue	47,288	32,071	93,519	64,880
Gross profit	190,067	143,006	381,851	294,882
Operating expenses:				
Sales and marketing	49,677	37,889	100,973	77,000
Product development	46,570	35,435	92,945	70,423
General and administrative	25,637	21,983	51,260	43,327
Amortization of acquired intangibles	26,063	16,316	51,871	33,705
Cyber vulnerability response expenses, net	730	3,036	1,467	4,023
Restructuring expenses	1,043	651	8,072	3,000
Acquisition-related expenses	1,731	548	4,221	1,250
Total operating expenses	151,451	115,858	310,809	232,728
Income from operations	38,616	27,148	71,042	62,154
Other (expense) income:				
Interest expense	(18,138)	(7,007)	(36,567)	(14,351)
Interest income and other, net	294	928	781	1,552
Foreign currency loss, net	(908)	(941)	(2,090)	(1,620)
Total other expense, net	(18,752)	(7,020)	(37,876)	(14,419)
Income before income taxes	19,864	20,128	33,166	47,735
Provision for income taxes	2,835	3,940	5,191	8,908
Net income	\$ 17,029	\$ 16,188	\$ 27,975	\$ 38,827
Earnings per share:				
Basic	\$ 0.40	\$ 0.37	\$ 0.65	\$ 0.89
Diluted	\$ 0.39	\$ 0.37	\$ 0.63	\$ 0.87
Weighted average shares outstanding:				
Basic	43,053	43,213	43,154	43,508
Diluted	44,156	43,964	44,522	44,395
Cash dividends declared per common share	\$ —	\$ 0.175	\$ —	\$ 0.350

See notes to unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Comprehensive Income

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Net income	\$ 17,029	\$ 16,188	\$ 27,975	\$ 38,827
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	4,546	105	3,134	(1,441)
Unrealized loss on hedging activity, net of tax benefit of \$142 and \$360 for the three and six months ended May 31, 2024, respectively	—	(445)	—	(1,135)
Total other comprehensive income (loss), net of tax	4,546	(340)	3,134	(2,576)
Comprehensive income	\$ 21,575	\$ 15,848	\$ 31,109	\$ 36,251

See notes to unaudited condensed consolidated financial statements.

Condensed Consolidated Statements of Stockholders' Equity

	Six Months Ended May 31, 2025					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares	Amount				
<i>(in thousands)</i>						
Balance, December 1, 2024	43,361	\$ 434	\$ 354,158	\$ 120,405	\$ (36,209)	\$ 438,788
Issuance of stock under employee stock purchase plan	176	1	7,402	—	—	7,403
Exercise of stock options	155	2	4,250	—	—	4,252
Vesting of restricted stock units	477	5	(5)	—	—	—
Withholding tax payments related to net issuance of RSUs	(178)	(2)	(10,099)	—	—	(10,101)
Stock-based compensation	—	—	31,424	—	—	31,424
Treasury stock repurchases and retirements, including excise tax	(890)	(9)	(25,039)	(25,126)	—	(50,174)
Net income	—	—	—	27,975	—	27,975
Other comprehensive income	—	—	—	—	3,134	3,134
Balance, May 31, 2025	43,101	\$ 431	\$ 362,091	\$ 123,254	\$ (33,075)	\$ 452,701

	Three Months Ended May 31, 2025					
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares	Amount				
<i>(in thousands)</i>						
Balance, March 1, 2025	43,022	\$ 430	\$ 353,039	\$ 115,999	\$ (37,621)	\$ 431,847
Issuance of stock under employee stock purchase plan	119	1	5,206	—	—	5,207
Exercise of stock options	118	2	2,780	—	—	2,782
Vesting of restricted stock units	290	3	(3)	—	—	—
Withholding tax payments related to net issuance of RSUs	(97)	(1)	(5,459)	—	—	(5,460)
Stock-based compensation	—	—	16,741	—	—	16,741
Treasury stock repurchases and retirements, including excise tax	(351)	(4)	(10,213)	(9,774)	—	(19,991)
Net income	—	—	—	17,029	—	17,029
Other comprehensive income	—	—	—	—	4,546	4,546
Balance, May 31, 2025	43,101	\$ 431	\$ 362,091	\$ 123,254	\$ (33,075)	\$ 452,701

Six Months Ended May 31, 2024

<i>(in thousands)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares	Amount				
Balance, December 1, 2023	43,796	\$ 438	\$ 370,579	\$ 120,858	\$ (32,160)	\$ 459,715
Issuance of stock under employee stock purchase plan	182	2	6,918	—	—	6,920
Exercise of stock options	134	1	5,545	—	—	5,546
Vesting of restricted stock units	498	5	(5)	—	—	—
Withholding tax payments related to net issuance of RSUs	(192)	(1)	(10,591)	—	—	(10,592)
Stock-based compensation	—	—	24,453	—	—	24,453
Purchase of capped calls, net of tax	—	—	(32,080)	—	—	(32,080)
Dividends declared	—	—	—	(16,097)	—	(16,097)
Treasury stock repurchases and retirements	(1,355)	(14)	(34,437)	(37,998)	—	(72,449)
Net income	—	—	—	38,827	—	38,827
Other comprehensive loss	—	—	—	—	(2,576)	(2,576)
Balance, May 31, 2024	43,063	\$ 431	\$ 330,382	\$ 105,590	\$ (34,736)	\$ 401,667

Three Months Ended May 31, 2024

<i>(in thousands)</i>	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Number of Shares	Amount				
Balance, March 1, 2024	43,689	\$ 437	\$ 372,273	\$ 123,429	\$ (34,396)	\$ 461,743
Issuance of stock under employee stock purchase plan	116	1	4,388	—	—	4,389
Exercise of stock options	54	—	2,296	—	—	2,296
Vesting of restricted stock units	254	3	(3)	—	—	—
Withholding tax payments related to net issuance of RSUs	(89)	—	(4,702)	—	—	(4,702)
Stock-based compensation	—	—	11,989	—	—	11,989
Purchase of capped calls, net of tax	—	—	(32,080)	—	—	(32,080)
Dividends declared	—	—	—	(7,867)	—	(7,867)
Treasury stock repurchases and retirements	(961)	(10)	(23,779)	(26,160)	—	(49,949)
Net income	—	—	—	16,188	—	16,188
Other comprehensive loss	—	—	—	—	(340)	(340)
Balance, May 31, 2024	43,063	\$ 431	\$ 330,382	\$ 105,590	\$ (34,736)	\$ 401,667

Condensed Consolidated Statements of Cash Flows

<i>(in thousands)</i>	Six Months Ended	
	May 31, 2025	May 31, 2024
Cash flows from operating activities:		
Net income	\$ 27,975	\$ 38,827
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	3,217	3,171
Amortization of acquired intangibles and other	73,532	50,367
Amortization of debt discount and issuance costs	2,028	1,535
Stock-based compensation	31,424	24,453
Non-cash lease expense	5,878	6,532
Deferred income taxes	(6,131)	(6,404)
Credit losses and other sales allowances	1,991	387
Changes in operating assets and liabilities:		
Accounts receivable	23,635	34,171
Other assets	3,656	10,421
Accounts payable and accrued liabilities	(38,869)	(21,484)
Lease liabilities	(6,988)	(5,734)
Income taxes payable	(1,020)	(389)
Deferred revenue, net	(21,385)	(1,668)
Net cash flows from operating activities	98,943	134,185
Net cash flows used in investing activities:		
Purchases of property and equipment	(1,785)	(1,264)
Payments for acquisitions	(1,195)	—
Net cash flows used in investing activities	(2,980)	(1,264)
Net cash flows used in financing activities:		
Proceeds from equity plans	12,760	12,896
Payments for taxes related to net share settlements of equity awards	(10,101)	(10,592)
Repurchases of common stock, including excise tax	(50,108)	(72,449)
Proceeds from issuance of senior convertible notes, net of issuance costs of \$11,200	—	438,750
Purchase of capped calls	—	(42,210)
Dividend equivalent and dividend payments to stockholders	(654)	(16,122)
Repayment of revolving line of credit	(70,000)	(110,000)
Principal payment on term loan	—	(261,250)
Payment of credit facility debt issuance costs	—	(6,821)
Net cash flows used in financing activities	(118,103)	(67,798)
Effect of exchange rate changes on cash and cash equivalents	6,069	(1,661)
Net (decrease) increase in cash and cash equivalents	(16,071)	63,462
Cash and cash equivalents, beginning of period	118,077	126,958
Cash and cash equivalents, end of period	\$ 102,006	\$ 190,420

Condensed Consolidated Statements of Cash Flows, continued

<i>(in thousands)</i>	Six Months Ended	
	May 31, 2025	May 31, 2024
Supplemental disclosure:		
Cash paid for income taxes, net of refunds of \$1,101 in 2025 and \$1,028 in 2024	\$ 6,740	\$ 6,346
Cash paid for interest	\$ 33,387	\$ 7,961
Non-cash investing and financing activities:		
Total fair value of restricted stock awards, restricted stock units and deferred stock units on date vested	\$ 30,075	\$ 28,987
Dividends declared and unpaid	\$ —	\$ 8,351

See notes to unaudited condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

Note 1: Basis of Presentation

Company Overview - Progress Software Corporation ("Progress," the "Company," "we," "us," or "our") provides software products that enable our customers to develop, deploy and manage responsible AI-powered applications and digital experiences.

Many of our products are sold as perpetual licenses, but certain products use term licensing models and our cloud-based offerings are marketed as software-as-a-service ("SaaS") offerings. More than half of our worldwide license revenue is realized through relationships with indirect channel partners, principally independent software vendors ("ISVs"), original equipment manufacturers ("OEMs"), distributors and value-added resellers. ISVs develop and market applications using our technology and resell our products in conjunction with sales of their own products that incorporate our technology. OEMs are companies that embed our products into their own software products or devices. Value-added resellers are companies that add features or services to our product, then resell it as an integrated product or complete "turn-key" solution. In October 2024, we acquired ShareFile, a SaaS offering.

We operate in North America, Latin America, Europe, the Middle East and Africa ("EMEA"), and Asia and Australia ("Asia Pacific"), through local subsidiaries as well as independent distributors.

Basis of Presentation and Significant Accounting Policies - We prepared the accompanying unaudited condensed consolidated financial statements pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") regarding interim financial reporting. Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("GAAP") for complete financial statements and these unaudited financial statements should be read in conjunction with the audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended November 30, 2024, as filed with the SEC on January 21, 2025 (our "2024 Annual Report").

We made no material changes in the application of our significant accounting policies that were disclosed in our 2024 Annual Report. We have prepared the accompanying unaudited condensed consolidated financial statements on the same basis as the audited financial statements included in our 2024 Annual Report, and these financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of the interim periods presented. The operating results for the interim periods presented are not necessarily indicative of the results expected for the full fiscal year.

Use of Estimates

The preparation of condensed consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. On an on-going basis, management evaluates its estimates and records changes in estimates in the period in which they become known. These estimates are based on historical data and experience, as well as various other assumptions that management believes to be reasonable under the circumstances. The most significant estimates relate to revenue recognition, loss contingencies and the MOVEit Vulnerability (as defined herein), and business combinations. Actual results could differ from those estimates.

Recent Accounting Pronouncements

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). ASU 2023-07 updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This update is effective beginning with the Company's 2025 fiscal year annual reporting period. The Company is currently evaluating the impact that the adoption of this standard and will include the additional disclosures in the financial statements for the fiscal year ending November 30, 2025.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 is intended to improve the transparency and decision usefulness of income tax disclosures, primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for the Company beginning with the annual period ending November 30, 2026, allowing for adoption on a prospective basis or

a retrospective option. Early adoption is permitted. The adoption of this standard only impacts disclosures and is not expected to have a material impact on the Company's consolidated financial statements.

In November 2024, the FASB issued Accounting Standards Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"), and in January 2025, the FASB issued Accounting Standards Update No. 2025-01, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"). ASU 2024-03 requires additional disclosure of the nature of expenses included in the income statement as well as disclosures about specific types of expenses included in the expense captions presented in the income statement. ASU 2024-03, as clarified by ASU 2025-01, is effective for us for our annual reporting for fiscal 2028 and for interim period reporting beginning in fiscal 2029 on a prospective basis. Both early adoption and retrospective application are permitted. The Company is currently evaluating the impact that the adoption of these standards will have on its consolidated financial statements and disclosures.

Note 2: Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table details the fair value measurements within the fair value hierarchy of our financial assets and liabilities at May 31, 2025:

<i>(in thousands)</i>	Total Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<i>Assets</i>				
Money market funds	\$ 1,170	\$ 1,170	\$ —	\$ —
Foreign exchange derivatives	\$ 239	\$ —	\$ 239	\$ —

The following table details the fair value measurements within the fair value hierarchy of our financial assets and liabilities at November 30, 2024:

<i>(in thousands)</i>	Total Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<i>Assets</i>				
Money market funds	\$ 1,823	\$ 1,823	\$ —	\$ —
<i>Liabilities</i>				
Foreign exchange derivatives	\$ (624)	\$ —	\$ (624)	\$ —

When developing fair value estimates, we maximize the use of observable inputs and minimize the use of unobservable inputs. When available, we use quoted market prices to measure fair value. The valuation technique used to measure fair value for our Level 1 and Level 2 assets is a market approach, using prices and other relevant information generated by market transactions involving identical or comparable assets. If market prices are not available, the fair value measurement is based on models that use primarily market-based parameters including yield curves, volatilities, credit ratings and currency rates.

Assets and Liabilities Not Carried at Fair Value

Fair Value of the Convertible Senior Notes

The following table details the fair value and carrying value of our Convertible Senior Notes due 2026 and 2030 (together referred to as "the Notes"):

(in thousands)	May 31, 2025		November 30, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Convertible senior notes due 2026 ⁽¹⁾	\$ 358,051	\$ 416,531	\$ 356,946	\$ 449,094
Convertible senior notes due 2030 ⁽²⁾	440,244	511,875	439,321	550,827
Total	\$ 798,295	\$ 928,406	\$ 796,267	\$ 999,921

(1) The carrying value of the convertible senior notes due 2026 (the "2026 Notes"), is reflected net of \$1.9 million and \$3.1 million of unamortized debt issuance costs as of May 31, 2025 and November 30, 2024, respectively.

(2) The carrying value of the convertible senior notes due 2030 (the "2030 Notes"), is reflected net of \$9.8 million and \$10.7 million of unamortized debt issuance costs as of May 31, 2025 and November 30, 2024, respectively.

The fair value of the Notes is based on quoted prices in an over-the-counter market on the last trading day of the reporting period and classified within Level 2 in the fair value hierarchy.

Fair Value of Other Financial Assets and Liabilities

The carrying amounts of other financial assets and liabilities including cash and cash equivalents, accounts receivable, unbilled accounts receivable, accounts payable, and accrued liabilities approximate their respective fair values due to their immediate or short-term maturities.

Borrowings under our revolving credit facility are recorded at carrying value, which approximates fair value due to the frequent nature of such borrowings and repayments. The Company considers this as a Level 2 input.

Note 3: Intangible Assets and Goodwill

Intangible Assets

Intangible assets are comprised of the following significant classes:

(in thousands)	May 31, 2025			November 30, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Purchased technology	\$ 399,000	\$ (231,224)	\$ 167,776	\$ 399,000	\$ (210,264)	\$ 188,736
Customer-related	776,608	(329,348)	447,260	777,608	(282,384)	495,224
Trademarks and trade names	77,111	(41,590)	35,521	77,111	(37,500)	39,611
Total	\$ 1,252,719	\$ (602,162)	\$ 650,557	\$ 1,253,719	\$ (530,148)	\$ 723,571

In the three and six months ended May 31, 2025, amortization expense related to intangible assets was \$36.6 million and \$72.8 million, respectively. In the three and six months ended May 31, 2024, amortization expense related to intangible assets was \$23.7 million and \$49.0 million, respectively.

Future amortization expense for intangible assets as of May 31, 2025, is as follows:

(in thousands)

Remainder of 2025	\$	71,805
2026		136,070
2027		111,026
2028		99,443
2029		99,443
Thereafter		132,770
Total	\$	650,557

Goodwill

Changes in the carrying amount of goodwill in the six months ended May 31, 2025 are as follows:

(in thousands)

Balance, December 1, 2024	\$	1,292,177
Additions ⁽¹⁾		1,632
Translation adjustments		21
Balance, May 31, 2025	\$	1,293,830

(1) The additions to goodwill during fiscal year 2025 represent measurement period adjustments related to the acquisition of ShareFile in October 2024. See Note 4: Business Combinations for additional information.

Note 4: Business Combinations

ShareFile Acquisition

On October 31, 2024, we completed the acquisition of ShareFile from Cloud Software Group, Inc. and its subsidiaries for an aggregate purchase price of \$875.0 million in cash, subject to a \$25.0 million working capital credit and certain customary adjustments. We funded the acquisition through \$730.0 million in borrowings under our existing \$900.0 million revolving credit facility and cash on hand. Refer to Note 5: Debt for further information.

The acquisition consideration for ShareFile has been preliminarily allocated to ShareFile's assets and assumed liabilities based on estimated fair values. The preliminary fair value estimates of the net assets acquired are based upon preliminary calculations and valuations, and those estimates and assumptions are subject to change as we obtain additional information for those estimates during the measurement period, which is up to one year from the acquisition date. During the first quarter of fiscal year 2025, the Company identified measurement period adjustments that resulted in increases in goodwill totaling \$1.6 million. There were no measurement period adjustments identified in the second quarter of fiscal year 2025.

The preliminary allocation of the purchase price, including the measurement period adjustments, is as follows:

(in thousands)	Initial Purchase Price Allocation	Measurement Period Adjustments	Adjusted Purchase Price Allocation	Life
Net working capital	\$ 892	\$ 940	\$ 1,832	
Property, plant and equipment	54	—	54	
Purchased technology	119,000	—	119,000	7 years
Trade name	27,000	—	27,000	7 years
Customer relationships	319,000	(1,000)	318,000	7 years
Deferred taxes	23,456	(377)	23,079	
Deferred revenue	(96,159)	—	(96,159)	
Goodwill	459,459	1,632	461,091	
Net assets acquired	\$ 852,702	\$ 1,195	\$ 853,897	

The fair value of the intangible assets was estimated using the income approach in which the after-tax cash flows are discounted to present value. The cash flows are based on estimates used to value the acquisition, and the discount rates applied were benchmarked with reference to the implied rate of return from the transaction model as well as the weighted average cost of capital. The valuation assumptions take into consideration our estimates of customer attrition, technology obsolescence, and revenue growth projections.

We recorded the excess of the purchase price over the identified tangible and intangible assets as goodwill. We believe that the investment value of the future enhancement of our product and solution offerings created as a result of this acquisition has principally contributed to a purchase price that resulted in the recognition of \$461.1 million of goodwill, of which a portion is deductible for tax purposes.

Acquisition-related transaction costs (e.g., legal, due diligence, valuation, and other professional fees) and certain acquisition restructuring and related charges are not included as a component of consideration transferred but are required to be expensed as incurred. During the three and six months ended May 31, 2025, we incurred approximately \$1.4 million and \$3.7 million, respectively, of acquisition-related costs, which are included in acquisition-related expenses on our condensed consolidated statement of operations.

The amount of revenue of ShareFile included in our condensed consolidated statement of operations during the three and six months ended May 31, 2025, was \$65.9 million and \$129.6 million, respectively. We determined that disclosing the amount of ShareFile related earnings included in the condensed consolidated statement of operations is impracticable, as certain operations of ShareFile were integrated into the operations of the Company from the date of acquisition.

In connection with and concurrent with the ShareFile acquisition, we entered into a Transition Services Agreement ("TSA") with Cloud Software Group, Inc. for a period of six months from the date of acquisition, with the option to extend the TSA beyond this period for certain services. The TSA was terminated during the second quarter of fiscal year 2025 and expenses related to the TSA were not significant during the three and six months ended May 31, 2025.

Pro Forma Information

The following pro forma financial information presents the combined results of operations of Progress and ShareFile as if the acquisition had occurred on December 1, 2022, after giving effect to certain pro forma adjustments. The pro forma adjustments reflected herein include only those adjustments that are directly attributable to the ShareFile acquisition and factually supportable. These pro forma adjustments include: (i) a net increase in amortization expense to record amortization expense relating to the \$464.0 million of acquired identifiable intangible assets, (ii) an increase in interest expense to record interest for the periods presented as a result of drawing down our revolving line of credit in connection with the acquisition, (iii) an increase in acquisition-related expenses in connection with the acquisition that were not included in the purchase price, (iv) additional expense related to the TSA entered into between Progress and Cloud Software Group, Inc., and (v) the income tax effect of the adjustments made at the statutory tax rate of the U.S. (approximately 24.0%).

The pro forma financial information does not reflect any adjustments for anticipated expense savings resulting from the acquisition and is not necessarily indicative of the operating results that would have actually occurred had the transaction been consummated on December 1, 2022.

<i>(in thousands, except per share data)</i>	Pro Forma Three Months Ended May 31, 2024
Revenue	\$ 236,565
Net income	\$ 7,276
Net income per basic share	\$ 0.17
Net income per diluted share	\$ 0.17

<i>(in thousands, except per share data)</i>	Pro Forma Six Months Ended May 31, 2024
Revenue	\$ 481,160
Net income	\$ 19,804
Net income per basic share	\$ 0.46
Net income per diluted share	\$ 0.45

Note 5: Debt

As of May 31, 2025, we had the following debt obligations:

<i>(in thousands)</i>	Outstanding Principal	Unamortized Discount and Issuance Costs for the Notes	Net Carrying Amount
Long-term debt:			
3.5% convertible senior notes due 2030	\$ 450,000	\$ (9,756)	\$ 440,244
Revolving credit facility	660,000	—	660,000
Total long-term debt	<u>1,110,000</u>	<u>(9,756)</u>	<u>1,100,244</u>
Current portion of long-term debt:			
1.0% convertible senior notes due 2026	360,000	(1,949)	358,051
Total debt	<u>\$ 1,470,000</u>	<u>\$ (11,705)</u>	<u>\$ 1,458,295</u>

As of November 30, 2024, we had the following debt obligations:

<i>(in thousands)</i>	Outstanding Principal	Unamortized Discount and Issuance Costs for the Notes	Net Carrying Amount
Long-term debt:			
1.0% convertible senior notes due 2026	\$ 360,000	\$ (3,053)	\$ 356,947
3.5% convertible senior notes due 2030	450,000	(10,680)	439,320
Revolving credit facility	730,000	—	730,000
Total debt	<u>\$ 1,540,000</u>	<u>\$ (13,733)</u>	<u>\$ 1,526,267</u>

During the six months ended May 31, 2025, we repaid \$70.0 million on the revolving credit facility and reclassified the 1.0% convertible senior notes due April 15, 2026 from long-term debt to current liabilities. The average interest rate of the revolving credit facility during the three and six months ended May 31, 2025 was 6.67% and 6.64%, respectively, and the interest rate as of May 31, 2025 was 6.67%.

Note 6: Common Stock Repurchases

In January 2023, our Board of Directors increased the share repurchase authorization by \$150.0 million to an aggregate authorization of \$228.0 million. In the three months ended May 31, 2025 and May 31, 2024, we repurchased and retired 0.4 million shares for \$20.0 million and 1.0 million shares for \$49.9 million, respectively. In the six months ended May 31, 2025 and May 31, 2024, we repurchased and retired 0.9 million shares for \$50.0 million and 1.4 million shares for \$72.4 million, respectively. As of May 31, 2025, there was \$57.2 million remaining under the current authorization.

Note 7: Stock-Based Compensation

Stock-based compensation expense reflects the fair value of stock-based awards measured at the grant date and recognized over the relevant service period. We estimate the fair value of each stock-based award on the measurement date using either the current market price of the stock, the Black-Scholes option valuation model, or the Monte Carlo Simulation valuation model. The Black-Scholes and Monte Carlo Simulation valuation models incorporate assumptions as to stock price volatility, the expected life of options or awards, a risk-free interest rate, and dividend yield. We recognize stock-based compensation expense related to options and restricted stock units on a straight-line basis over the service period of the award, which is generally four or five years for options and three or four years for restricted stock units, and adjust the expense each period for actual forfeitures. We recognize stock-based compensation expense related to performance stock units and our employee stock purchase plan using an accelerated attribution.

In 2025, 2024, and 2023, we granted performance-based restricted stock units that include two performance metrics under our Long-Term Incentive Plan ("LTIP") where the performance measurement period is three years. For the 2025, 2024, and 2023 plans, the vesting terms were based on the following: (i) 75% is based on achievement of a three-year cumulative operating income, and (ii) 25% is based on our level of attainment of specified TSR targets relative to the percentage appreciation of a specified index of companies for the respective three-year periods. The vesting of LTIP awards is also subject to continued employment of the grantees through the performance period, except in the event of a qualifying termination. In order to estimate the fair value of such awards, we use a Monte Carlo Simulation valuation model for the market condition portion of the award, and used the closing price of our common stock on the date of grant, less the present value of expected dividends when applicable, for the portion related to the performance condition.

The following table provides the classification of stock-based compensation as reflected on our condensed consolidated statements of operations:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Cost of maintenance, SaaS, and professional services	\$ 1,560	\$ 912	\$ 2,755	\$ 1,898
Sales and marketing	3,663	2,458	6,695	4,770
Product development	4,984	3,391	9,394	7,056
General and administrative	6,534	5,228	12,580	10,729
Total stock-based compensation	\$ 16,741	\$ 11,989	\$ 31,424	\$ 24,453

Note 8: Revenue Recognition

Timing of Revenue Recognition

Our revenues are derived from licensing our products and from related services, which consist of maintenance, SaaS, and professional services. Information relating to revenue from external customers by revenue type is as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Performance obligations transferred at a point in time:				
Software licenses	\$ 50,795	\$ 53,979	\$ 109,240	\$ 118,079
Performance obligations transferred over time:				
Maintenance	103,491	102,503	203,026	204,528
SaaS	72,105	5,988	141,515	11,559
Professional services	10,964	12,607	21,589	25,596
Total revenue	\$ 237,355	\$ 175,077	\$ 475,370	\$ 359,762

Geographic Revenue

In the following table, revenue attributed to North America includes sales to customers in the U.S. and Canada and sales to certain multinational organizations. Revenue from EMEA, Latin America and the Asia Pacific region includes sales to customers in each region plus sales from the U.S. to distributors in these regions. Information relating to revenue from external customers from different geographical areas is as follows:

<i>(in thousands)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
North America	\$ 147,326	\$ 102,902	\$ 301,972	\$ 210,184
EMEA	73,039	57,538	139,982	120,625
Latin America	4,853	4,599	9,905	9,267
Asia Pacific	12,137	10,038	23,511	19,686
Total revenue	\$ 237,355	\$ 175,077	\$ 475,370	\$ 359,762

No single customer, partner, or country outside the U.S. accounted for more than 10% of our total revenue for the three and six months ended May 31, 2025 or May 31, 2024.

Contract Balances

Unbilled Receivables and Contract Assets

As of May 31, 2025, billing of our non-current unbilled receivables is expected to occur as follows:

(in thousands)

2026	\$	19,667
2027		10,223
Total	\$	<u>29,890</u>

Contract assets arise when revenue is recognized in excess of billings and the right to the amount due from customers is conditioned on something other than the passage of time, such as the completion of a related performance obligation. We did not have any net contract assets as of May 31, 2025 or November 30, 2024.

Deferred Revenue

Deferred revenue is recorded when revenue is recognized subsequent to customer invoicing. Deferred revenue expected to be recognized as revenue more than one year subsequent to the balance sheet date is included in long-term liabilities on the condensed consolidated balance sheets. Our net deferred revenue balance is primarily made up of deferred maintenance and deferred revenue related to our SaaS offerings.

As of May 31, 2025, the changes in net deferred revenue were as follows:

(in thousands)

Balance, December 1, 2024	\$	404,412
Billings and other		459,537
Revenue recognized that was deferred in prior periods		(252,819)
Revenue recognized from current period arrangements		(222,551)
Balance, May 31, 2025	\$	<u>388,579</u>

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods. As of May 31, 2025, transaction price allocated to remaining performance obligations was \$497.5 million. We expect to recognize approximately 76% of the revenue within the next year and the remainder thereafter.

Deferred Contract Costs

Certain of our sales incentive programs meet the requirements to be capitalized. Depending upon the sales incentive program and the related revenue arrangement, such capitalized costs are amortized over the longer of (i) the product life, which is generally three to five years; or (ii) the term of the related revenue contract. We determined that a three to five year product life represents the period of benefit that we receive from these incremental costs based on both qualitative and quantitative factors, which include customer contracts, industry norms, and product upgrades. Total deferred contract costs were \$5.5 million and \$6.7 million as of May 31, 2025 and November 30, 2024, respectively, and are included in other current assets and other assets on our condensed consolidated balance sheets. Amortization of deferred contract costs is included in sales and marketing expense on our condensed consolidated statement of operations and was minimal in all periods presented.

Note 9: Restructuring

The following table provides a summary of activity for our restructuring actions:

<i>(in thousands)</i>	Excess Facilities and Other Costs	Employee Severance and Related Benefits	Total
Balance, December 1, 2024	\$ 4,339	\$ 5,695	\$ 10,034
Costs incurred	1,752	6,320	8,072
Cash disbursements	(2,694)	(10,427)	(13,121)
Translation and other adjustments	—	24	24
Balance, May 31, 2025	\$ 3,397	\$ 1,612	\$ 5,009

Costs incurred during the three and six months ended May 31, 2025 are primarily related to our restructuring action that commenced in fiscal year 2024, arising from the integration of the ShareFile business. Cash disbursements for expenses incurred to date under this restructuring are expected to be made through the fourth quarter of fiscal year 2025. The restructuring reserve is included in other accrued liabilities on the condensed consolidated balance sheets as of May 31, 2025. We do not expect to incur additional material expenses in connection with this restructuring.

Note 10: Earnings Per Share

We compute basic earnings per share using the weighted average number of common shares outstanding. We compute diluted earnings per share using the weighted average number of common shares outstanding plus the effect of outstanding dilutive stock options, restricted stock units, and deferred stock units, using the treasury stock method and the effect of our convertible debt using the if-converted method. The following table sets forth the calculation of basic and diluted earnings per share on an interim basis:

<i>(in thousands, except per share data)</i>	Three Months Ended		Six Months Ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Net income	\$ 17,029	\$ 16,188	\$ 27,975	\$ 38,827
Weighted average shares outstanding	43,053	43,213	43,154	43,508
Effect of dilution from common stock equivalents	1,043	751	1,104	887
Effect of dilution from if-converted convertible notes	60	—	264	—
Diluted weighted average shares outstanding	44,156	43,964	44,522	44,395
Earnings per share:				
Basic	\$ 0.40	\$ 0.37	\$ 0.65	\$ 0.89
Diluted	\$ 0.39	\$ 0.37	\$ 0.63	\$ 0.87

We excluded stock awards representing approximately 776,000 and 586,000 shares of common stock, respectively, from the calculation of diluted earnings per share in the three and six months ended May 31, 2025 as these awards were anti-dilutive. We excluded stock awards representing approximately 1,273,000 and 993,000 shares of common stock, respectively, from the calculation of diluted earnings per share in the three and six months ended May 31, 2024, as these awards were anti-dilutive.

The dilutive impact of the Notes on our calculation of diluted earnings per share is measured using the if-converted method. However, because the principal amount of the Notes will be settled in cash, the dilutive impact of applying the if-converted method is limited to the in-the-money portion, if any. During the three and six months ended May 31, 2025, we included the 2026 Notes in our diluted earnings per share calculation and we excluded the 2030 Notes in our diluted earnings per share calculation because the conversion feature in the 2030 Notes was out of the money. During the three and six months ended May 31, 2024, we did not include the Notes in our diluted earnings per share calculation because the conversion feature in the Notes was out of the money.

Note 11: Segment Information

Operating segments are components of an enterprise that engage in business activities for which discrete financial information is available and regularly reviewed by the chief operating decision maker ("CODM") in deciding how to allocate resources and assess performance. Our CODM is our Chief Executive Officer.

We operate as one operating segment: software products for the development, deployment, and management of responsible, AI-powered applications and digital experiences. Our CODM evaluates financial information on a consolidated basis.

Note 12: Cyber Related Matters

MOVEit Vulnerability

As previously disclosed, on the evening of May 28, 2023, we learned that our MOVEit Transfer (the on-premise version) and MOVEit Cloud (a cloud-hosted version of MOVEit Transfer) products were attacked by a threat actor who compromised and exfiltrated personal data from various customer-controlled MOVEit Transfer environments (the "MOVEit Vulnerability"). As a result of the MOVEit Vulnerability, we are party to certain class action lawsuits filed by individuals who claim to have been impacted by the exfiltration of data from the environments of our MOVEit Transfer customers, which have been centralized in multi-district litigation in the District of Massachusetts (the "MDL"). The MDL remains in a relatively early litigation stage in which motions to dismiss have been filed but not yet ruled upon. In the event dismissals are not granted, the MDL is not expected to conclude within this fiscal year. We have also been cooperating with inquires and investigations from various governmental authorities, none of which have, as of this filing, resulted in any prosecution or enforcement actions.

Expenses Incurred and Future Costs

During the three and six months ended May 31, 2025, we incurred net costs of approximately \$0.7 million and \$1.5 million, respectively, related to the MOVEit Vulnerability. The costs recognized are net of insurance recoveries of \$0.6 million and \$1.3 million for the three and six months ended May 31, 2025, respectively. During the three and six months ended May 31, 2024, we incurred net costs of \$3.0 million and \$4.0 million, respectively, related to the MOVEit Vulnerability. The costs recognized are net of insurance recoveries of \$1.9 million for the three and six months ended May 31, 2024. The timing of recognizing insurance recoveries may differ from the timing of recognizing the associated expenses.

We expect to continue to incur investigation, legal and professional services expenses associated with the MOVEit Vulnerability in future periods. We will recognize these expenses as services are received, net of insurance recoveries. While a loss from these matters is reasonably possible, we cannot reasonably estimate a range of possible losses at this time, particularly while the foregoing matters remain ongoing. Furthermore, with respect to the MDL, the proceedings remain in the early stages, alleged damages have not been specified, there is uncertainty as to the likelihood of a class or classes being certified or the ultimate size of any class if certified, and there are significant factual and legal issues to be resolved. Also, each of the governmental inquiries and investigations mentioned above could result in adverse judgements, settlements, fines, penalties, or other resolutions, the amount, scope and timing of which could be material, but of which we are currently unable to reasonably estimate. Therefore, we have not recorded a loss contingency liability for the MOVEit Vulnerability as of May 31, 2025.

Insurance Coverage

During the period when the MOVEit Vulnerability occurred, we maintained \$15.0 million of cybersecurity insurance coverage, which is expected to reduce our exposure to expenses and liabilities arising from these events. As of May 31, 2025, we have recorded approximately \$7.1 million of insurance recoveries related to the MOVEit Vulnerability, providing us with approximately \$5.4 million of remaining cybersecurity insurance coverage under the applicable policy. We will pursue recoveries to the maximum extent available under our insurance policies.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain information that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended; Section 21E of the Securities Exchange Act of 1934, as amended; and the Private Securities Litigation Reform Act of 1995. Whenever we use words such as "believe," "may," "could," "would," "might," "should," "expect," "intend," "plan," "estimate," "target," "anticipate" and negatives and derivatives of these or similar expressions, or when we make statements concerning future financial results, product offerings or other events that have not yet occurred, we are making forward-looking statements. Actual future results may differ materially from those contained in or implied by our forward-looking statements due to various factors which are more fully described in Part I, Item 1A. Risk

Factors in our 2024 Annual Report as well as any risk factors described in Part II, Item 1A of this Quarterly Report on Form 10-Q. Although we have sought to identify the most significant risks to our business, we cannot predict whether, or to what extent, any of such risks may be realized. We also cannot assure you that we have identified all possible issues that we might face. We undertake no obligation to update any forward-looking statements that we make.

Overview

Progress provides software products that enable our customers to develop, deploy and manage responsible AI-powered applications and digital experiences.

Critical Accounting Policies

Management's discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. We make estimates and assumptions in the preparation of our consolidated financial statements that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances. However, actual results may differ from these estimates. The most significant estimates relate to revenue recognition, loss contingencies and the MOVEit Vulnerability, and business combinations. For further information regarding the application of these and other accounting policies, see Note 1: Basis of Presentation to our Consolidated Financial Statements in Item 8 of our 2024 Annual Report. There have been no significant changes to our critical accounting policies and estimates since our 2024 Annual Report.

Use of Constant Currency

Revenue from our international operations has historically represented a substantial portion of our total revenue. As a result, our revenue results have been impacted, and we expect will continue to be impacted, by fluctuations in foreign currency exchange rates. For example, if the local currencies of our foreign subsidiaries strengthen, our consolidated results stated in U.S. dollars are positively impacted.

As exchange rates are an important factor in understanding period to period comparisons, we believe the presentation of revenue growth rates on a constant currency basis enhances the understanding of our revenue results and evaluation of our performance in comparison to prior periods. The constant currency information presented is calculated by translating current period results using prior period weighted average foreign currency exchange rates. These results should be considered in addition to, not as a substitute for, results reported in accordance with GAAP.

Results of Operations

Business Development

On October 31, 2024, we acquired ShareFile from Cloud Software Group, Inc. As a result of this acquisition, we recorded \$96.2 million of deferred revenue and \$464.0 million of intangible assets, as further described in Note 4: Business Combinations. We expect to recognize additional SaaS revenue, as well as increased amortization expense and interest expense, in future periods as a result of this acquisition.

Revenue

<i>(in thousands)</i>	Three Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Revenue	\$ 237,355	\$ 175,077	36 %	35 %

<i>(in thousands)</i>	Six Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Revenue	\$ 475,370	\$ 359,762	32 %	32 %

Total revenue increased as compared to the same period last year primarily due to our acquisition of ShareFile in the fourth quarter of fiscal year 2024. ShareFile revenue in the second quarter and first six months of fiscal year 2025 was \$65.9 million and \$129.6 million, respectively. These increases were partially offset by a decrease in our DataDirect product offering in all periods presented as a result of the timing of renewals on multiyear subscription contracts.

Software License Revenue

<i>(in thousands)</i>	Three Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Software licenses	\$ 50,795	\$ 53,979	(6)%	(7)%
<i>As a percentage of total revenue</i>	21 %	31 %		

<i>(in thousands)</i>	Six Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Software licenses	\$ 109,240	\$ 118,079	(7)%	(7)%
<i>As a percentage of total revenue</i>	23 %	33 %		

Software license revenue decreased compared to the same period last year primarily due to the decrease in our DataDirect product offering, as described above.

Maintenance, SaaS, and Professional Services Revenue

<i>(in thousands)</i>	Three Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Maintenance	\$ 103,491	\$ 102,503	1 %	— %
<i>As a percentage of total revenue</i>	44 %	59 %		
SaaS	72,105	5,988	1,104 %	1,104 %
<i>As a percentage of total revenue</i>	30 %	3 %		
Professional services	10,964	12,607	(13)%	(14)%
<i>As a percentage of total revenue</i>	5 %	7 %		
Total maintenance, SaaS, and professional services revenue	\$ 186,560	\$ 121,098	54 %	54 %
<i>As a percentage of total revenue</i>	79 %	69 %		

<i>(in thousands)</i>	Six Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
Maintenance	\$ 203,026	\$ 204,528	(1)%	— %
<i>As a percentage of total revenue</i>	43 %	57 %		
SaaS	141,515	11,559	1,124 %	1,124 %
<i>As a percentage of total revenue</i>	30 %	3 %		
Professional services	21,589	25,596	(16)%	(16)%
<i>As a percentage of total revenue</i>	5 %	7 %		
Total maintenance, SaaS, and professional services revenue	\$ 366,130	\$ 241,683	51 %	52 %
<i>As a percentage of total revenue</i>	77 %	67 %		

Maintenance revenue remained relatively flat as compared to the same period last year. SaaS revenue increased as compared to the same periods last year due to our acquisition of ShareFile. Professional services revenue decreased as compared to the same periods last year primarily due to a decrease in MarkLogic professional services revenue.

Revenue by Region

<i>(in thousands)</i>	Three Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
North America	\$ 147,326	\$ 102,902	43 %	43 %
<i>As a percentage of total revenue</i>	62 %	59 %		
EMEA	\$ 73,039	\$ 57,538	27 %	24 %
<i>As a percentage of total revenue</i>	31 %	33 %		
Latin America	\$ 4,853	\$ 4,599	6 %	13 %
<i>As a percentage of total revenue</i>	2 %	3 %		
Asia Pacific	\$ 12,137	\$ 10,038	21 %	21 %
<i>As a percentage of total revenue</i>	5 %	5 %		

<i>(in thousands)</i>	Six Months Ended		% Change	
	May 31, 2025	May 31, 2024	As Reported	Constant Currency
North America	\$ 301,972	\$ 210,184	44 %	44 %
<i>As a percentage of total revenue</i>	64 %	58 %		
EMEA	\$ 139,982	\$ 120,625	16 %	16 %
<i>As a percentage of total revenue</i>	29 %	34 %		
Latin America	\$ 9,905	\$ 9,267	7 %	17 %
<i>As a percentage of total revenue</i>	2 %	3 %		
Asia Pacific	\$ 23,511	\$ 19,686	19 %	21 %
<i>As a percentage of total revenue</i>	5 %	5 %		

Total revenue generated in North America increased \$44.4 million and \$91.8 million in the second quarter and first six months of fiscal year 2025, respectively. Total revenue generated outside North America increased \$17.9 million and \$23.8 million over the same periods. The increases in each region were primarily due to the acquisition of ShareFile.

Total revenue generated in markets outside North America represented 38% and 41% of total revenue in the second quarter of fiscal year 2025 and fiscal year 2024, respectively. In the first six months of fiscal year 2025 and fiscal year 2024 total revenue generated in markets outside North America represented 36% and 42%, respectively.

Cost of Software Licenses

<i>(in thousands)</i>	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	Change	May 31, 2025	May 31, 2024	Change
Cost of software licenses	\$ 2,987	\$ 2,497	\$ 490 20 %	\$ 5,912	\$ 5,228	\$ 684 13 %
<i>As a percentage of software license revenue</i>	6 %	5 %		5 %	4 %	

Cost of software licenses consists primarily of royalties, electronic software distribution, duplication, and packaging. Cost of software licenses as a percentage of software license revenue varies from period to period depending upon the relative product mix. The increase in the second quarter of fiscal year 2025 compared to the same period last year was related to increased royalty costs, credit card fees, and hardware sales. The increase in the first six months of fiscal year 2025 as compared to the same period last year was primarily due to increased hardware sales.

Cost of Maintenance, SaaS, and Professional Services

(in thousands)	Three Months Ended				Six Months Ended			
	May 31, 2025	May 31, 2024	Change		May 31, 2025	May 31, 2024	Change	
Cost of maintenance, SaaS, and professional services	\$ 33,764	\$ 22,176	\$ 11,588	52 %	\$ 66,648	\$ 44,395	\$ 22,253	50 %
As a percentage of maintenance, SaaS, and professional services revenue	18 %	18 %			18 %	18 %		
Components of cost of maintenance, SaaS, and professional services:								
Personnel related costs	\$ 21,283	\$ 16,770	\$ 4,513	27 %	\$ 42,053	\$ 33,814	\$ 8,239	24 %
Hosting and other	9,047	1,904	7,143	375 %	17,957	3,670	14,287	389 %
Contractors and outside services	3,434	3,502	(68)	(2)%	6,638	6,911	(273)	(4)%
Total cost of maintenance, SaaS, and professional services	\$ 33,764	\$ 22,176	\$ 11,588	52 %	\$ 66,648	\$ 44,395	\$ 22,253	50 %

Cost of maintenance, SaaS, and professional services consists primarily of hosting costs, and personnel related costs attributable to customer support, cloud operations, consulting, and education. The increase year-over-year in all periods presented was primarily due to increased hosting and headcount related costs resulting from our acquisition of ShareFile.

Amortization of Acquired Intangibles

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Amortization of acquired intangibles	\$ 10,537	\$ 7,398	42 %	\$ 20,959	\$ 15,257	37 %
As a percentage of total revenue	4 %	4 %		4 %	4 %	

Amortization of acquired intangibles included in costs of revenue primarily represents the amortization of the value assigned to technology-related intangible assets obtained in business combinations. The year-over-year increase in all periods presented is due to the acquisition of ShareFile.

Gross Profit

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Gross profit	\$ 190,067	\$ 143,006	33 %	\$ 381,851	\$ 294,882	29 %
As a percentage of total revenue	80 %	82 %		80 %	82 %	

Our gross profit increased in all periods presented primarily due to the increase in revenue, partially offset by the increases in costs of maintenance, SaaS, and professional services, and amortization of acquired intangibles.

Sales and Marketing

<i>(in thousands)</i>	Three Months Ended				Six Months Ended			
	May 31, 2025	May 31, 2024	Change		May 31, 2025	May 31, 2024	Change	
Sales and marketing	\$ 49,677	\$ 37,889	\$ 11,788	31 %	\$ 100,973	\$ 77,000	\$ 23,973	31 %
<i>As a percentage of total revenue</i>	21 %	22 %			21 %	21 %		
Components of sales and marketing:								
Personnel related costs	\$ 41,486	\$ 33,241	\$ 8,245	25 %	\$ 85,305	\$ 66,334	\$ 18,971	29 %
Marketing programs and other	6,553	3,811	2,742	72 %	13,014	9,236	3,778	41 %
Contractors and outside services	1,638	837	801	96 %	2,654	1,430	1,224	86 %
Total sales and marketing	\$ 49,677	\$ 37,889	\$ 11,788	31 %	\$ 100,973	\$ 77,000	\$ 23,973	31 %

Sales and marketing expenses in all periods presented increased primarily due to increased personnel related costs, increased marketing and sales events costs, and increased contractors and outside services costs, each associated with our acquisition of ShareFile.

Product Development

<i>(in thousands)</i>	Three Months Ended				Six Months Ended			
	May 31, 2025	May 31, 2024	Change		May 31, 2025	May 31, 2024	Change	
Product development costs	\$ 46,570	\$ 35,435	\$ 11,135	31 %	\$ 92,945	\$ 70,423	\$ 22,522	32 %
<i>As a percentage of total revenue</i>	20 %	20 %			20 %	20 %		
Components of product development costs:								
Personnel related costs	\$ 44,392	\$ 34,151	\$ 10,241	30 %	\$ 88,929	\$ 67,747	\$ 21,182	31 %
Contractors and outside services	1,791	1,161	630	54 %	3,302	2,243	1,059	47 %
Other product development costs	387	123	264	215 %	714	433	281	65 %
Total product development costs	\$ 46,570	\$ 35,435	\$ 11,135	31 %	\$ 92,945	\$ 70,423	\$ 22,522	32 %

Product development expenses in all periods presented increased primarily due to increased personnel related costs, as well as increased contractors and outside services costs, each associated with our acquisition of ShareFile.

General and Administrative

(in thousands)	Three Months Ended				Six Months Ended			
	May 31, 2025	May 31, 2024	Change		May 31, 2025	May 31, 2024	Change	
General and administrative	\$ 25,637	\$ 21,983	\$ 3,654	17 %	\$ 51,260	\$ 43,327	\$ 7,933	18 %
As a percentage of total revenue	11 %	13 %			11 %	12 %		
Components of general and administrative:								
Personnel related costs	\$ 20,541	\$ 17,963	\$ 2,578	14 %	\$ 39,380	\$ 35,926	\$ 3,454	10 %
Contractors and outside services	3,619	2,602	1,017	39 %	7,683	5,177	2,506	48 %
Other general and administrative costs	1,477	1,418	59	4 %	4,197	2,224	1,973	89 %
Total cost of general and administrative	\$ 25,637	\$ 21,983	\$ 3,654	17 %	\$ 51,260	\$ 43,327	\$ 7,933	18 %

General and administrative expenses include the costs of our finance, human resources, legal, information systems and administrative departments. The increases in all periods presented in personnel related costs, contractors and outside services, and other general and administrative costs were primarily related to our acquisition of ShareFile.

Amortization of Acquired Intangibles

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Amortization of acquired intangibles	\$ 26,063	\$ 16,316	60 %	\$ 51,871	\$ 33,705	54 %
As a percentage of total revenue	11 %	9 %		11 %	9 %	

Amortization of acquired intangibles included in operating expenses primarily represents the amortization of value assigned to intangible assets obtained in business combinations other than assets identified as purchased technology. Amortization of acquired intangibles increased in all periods presented due to the addition of ShareFile intangible assets, as discussed above.

Cyber Vulnerability Response Expenses, Net

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Cyber vulnerability response expenses, net	\$ 730	\$ 3,036	(76)%	\$ 1,467	\$ 4,023	(64)%
As a percentage of total revenue	— %	2 %		— %	1 %	

As previously disclosed, following the discovery of the MOVEit Vulnerability that was disclosed on June 5, 2023, we engaged outside cybersecurity experts and other incident response professionals to conduct a forensic investigation and assess the extent and scope of this matter. Cyber vulnerability response costs relate to the engagement of external cybersecurity experts and other incident response professionals and are net of received and expected insurance recoveries. Please refer to Note 12: Cyber Related Matters for additional details and updates regarding the MOVEit Vulnerability.

Restructuring Expenses

<i>(in thousands)</i>	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Restructuring expenses	\$ 1,043	\$ 651	60 %	\$ 8,072	\$ 3,000	169 %
<i>As a percentage of total revenue</i>	— %	— %		2 %	1 %	

Restructuring expenses recorded in the second quarter and first six months of fiscal year 2025 primarily relate to headcount reductions and a facility closure in connection with the restructuring action related to the ShareFile acquisition in November 2024. See Note 9: Restructuring for additional details, including types of expenses incurred and the timing of future expenses and cash payments.

Acquisition-Related Expenses

<i>(in thousands)</i>	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Acquisition-related expenses	\$ 1,731	\$ 548	216 %	\$ 4,221	\$ 1,250	238 %
<i>As a percentage of total revenue</i>	1 %	— %		1 %	— %	

Acquisition-related costs are expensed as incurred and include those costs incurred as a result of a business combination. These costs consist of professional service fees, including third-party legal and valuation-related fees. Acquisition-related expenses in the second quarter and first six months of fiscal year 2025 were primarily related to our acquisition of ShareFile. Acquisition-related expenses in the same periods of fiscal year 2024 were primarily related to our pursuit of other acquisition opportunities.

Income from Operations

<i>(in thousands)</i>	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Income from operations	\$ 38,616	\$ 27,148	42 %	\$ 71,042	\$ 62,154	14 %
<i>As a percentage of total revenue</i>	16 %	16 %		15 %	17 %	

Income from operations increased year-over-year due to an increase in revenue, offset by increases in costs of revenue and operating expenses, as shown above.

Other (Expense) Income

<i>(in thousands)</i>	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Interest expense	\$ (18,138)	\$ (7,007)	159 %	\$ (36,567)	\$ (14,351)	155 %
Interest income and other, net	294	928	(68)%	781	1,552	(50)%
Foreign currency loss, net	(908)	(941)	(4)%	(2,090)	(1,620)	29 %
Total other expense, net	\$ (18,752)	\$ (7,020)	167 %	\$ (37,876)	\$ (14,419)	163 %
<i>As a percentage of total revenue</i>	(8)%	(4)%		(8)%	(4)%	

Total other expense, net, increased in the second quarter and first six months of fiscal year 2025 as compared to the same periods last year primarily due to an increase in interest expense resulting from costs associated with drawing on our revolving line of credit to acquire ShareFile. Refer to Note 5: Debt, for further discussion. Foreign currency loss increased year-over-year due to rate volatility and timing of intercompany and hedge settlement activities.

Provision for Income Taxes

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Provision for income taxes	\$ 2,835	\$ 3,940	(28)%	\$ 5,191	\$ 8,908	(42)%
As a percentage of income before income taxes	14 %	20 %		16 %	19 %	

Our effective tax rate was 14% and 20% in the second fiscal quarter of 2025 and 2024, respectively. The primary reason for the decrease in the effective rate was due to \$1.1 million of discrete tax benefits in the second fiscal quarter of 2025 compared to \$0.2 million of discrete tax benefits in the second fiscal quarter of 2024.

(in thousands)	Three Months Ended			Six Months Ended		
	May 31, 2025	May 31, 2024	% Change	May 31, 2025	May 31, 2024	% Change
Net income	\$ 17,029	\$ 16,188	5 %	\$ 27,975	\$ 38,827	(28)%
As a percentage of total revenue	7 %	9 %		6 %	11 %	

Select Performance Metrics:

We evaluate our financial performance using a number of financial and operating metrics. These metrics are periodically reviewed and revised to reflect changes in our business.

Annualized Recurring Revenue ("ARR")

We disclose ARR as a performance metric to help investors better understand and assess the performance of our business because our mix of revenue generated from recurring sources currently represents the substantial majority of our revenues and is expected to continue in the future. We define ARR as the annualized revenue of all active and contractually binding term-based contracts from all customers at a point in time. ARR includes revenue from maintenance, software upgrade rights, public cloud, and on-premises subscription-based transactions and managed services. ARR mitigates fluctuations in revenue due to seasonality, contract term and the sales mix of subscriptions for term-based licenses and SaaS. We use ARR to understand customer trends and the overall health of our business, helping us to formulate strategic business decisions.

We calculate the annualized value of annual and multi-year contracts, and contracts with terms less than one year, by dividing the total contract value of each contract by the number of months in the term and then multiplying by 12. Annualizing contracts with terms less than one-year results in amounts being included in our ARR that are in excess of the total contract value for those contracts at the end of the reporting period. We generally do not sell non-SaaS-based contracts with a term of less than one year unless a customer is purchasing additional licenses under an existing annual or multi-year contract. The expectation is that at the time of renewal, such contracts with a term less than one year will renew with the same term as the existing contracts being renewed, such that both contracts are co-terminated. Historically, such contracts with a term of less than one year renew at rates equal to or better than annual or multi-year contracts.

For SaaS-based contracts, there is a meaningful percentage of monthly auto-renewing contracts for which annualizing the contracts results in amounts being included in our ARR that are in excess of the total contract value for those contracts at the end of the reporting period.

Revenue from term-based license and on-premises subscription arrangements include a portion of the arrangement consideration that is allocated to the software license that is recognized up-front at the point in time control is transferred under ASC 606 revenue recognition principles. ARR for these arrangements is calculated as described above. The expectation is that the total contract value, inclusive of revenue recognized as software license, will be renewed at the end of the contract term.

The calculation is done at constant currency using the current year budgeted exchange rates for all periods presented.

ARR is not defined in GAAP and is not derived from a GAAP measure. Rather, ARR generally aligns to billings (as opposed to GAAP revenue which aligns to the transfer of control of each performance obligation). ARR does not have any standardized meaning and 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.

Our ARR was \$838 million and \$573 million as of May 31, 2025 and May 31, 2024, respectively, which is an increase of 46% year-over-year. The growth in ARR was primarily driven by the acquisition of ShareFile.

Net Retention Rate

We calculate net retention rate as of a period end by starting with the ARR from the cohort of all customers as of 12 months prior to such period end ("Prior Period ARR"). We then calculate the ARR from these same customers as of the current period end ("Current Period ARR"). Current Period ARR includes any expansion and is net of contraction or attrition over the last 12 months but excludes ARR from new customers in the current period. We then divide the total Current Period ARR by the total Prior Period ARR to arrive at the net retention rate. Net retention rate is not calculated in accordance with GAAP and is not derived from a GAAP measure.

Our net retention rates have generally ranged between 100% and 102% for all periods presented. We believe net retention rates can be a helpful indicator of the durability of top line performance.

Liquidity and Capital Resources

Cash and Cash Equivalents

<i>(in thousands)</i>	May 31, 2025	November 30, 2024
Cash and cash equivalents	\$ 102,006	\$ 118,077

The decrease in cash and cash equivalents of \$16.1 million from the end of fiscal year 2024 was due to cash outflows of \$70.0 million to pay down the revolving line of credit, repurchases of common stock of \$50.1 million, purchases of property and equipment of \$1.8 million, a \$1.2 million payment related to the acquisition of ShareFile, and \$0.7 million in dividend equivalent payments to stockholders. The cash outflows described above were offset by cash inflows from operations of \$98.9 million, the effect of exchange rates on cash of \$6.1 million, and \$2.7 million in cash received from the issuance of common stock. Except as described below, there are no limitations on our ability to access our cash and cash equivalents.

As of May 31, 2025, \$62.9 million of our cash and cash equivalents was held by our foreign subsidiaries. As a result of the debt obligations arising from the ShareFile acquisition, in the fourth quarter of fiscal 2024 we determined that a substantial portion of unremitted foreign earnings are no longer indefinitely reinvested. As a result of this, we plan to utilize worldwide cash based on the needs of the parent entity. These amounts will be repatriated as needed. Deferred taxes are recorded for earnings of our foreign operations that we determine are not indefinitely reinvested.

<i>(in thousands)</i>	Six Months Ended	
	May 31, 2025	May 31, 2024
Net cash flows from operating activities	\$ 98,943	\$ 134,185
Net cash flows used in investing activities	\$ (2,980)	\$ (1,264)
Net cash flows used in financing activities	\$ (118,103)	\$ (67,798)

Cash Flows From Operating Activities

The decrease in cash generated from operations in the first six months of fiscal year 2025 as compared to the same period last year was primarily due to increased interest expense resulting from the draw down on our revolving line of credit in the fourth quarter of fiscal year 2024.

Our gross accounts receivable as of May 31, 2025, decreased by \$21.0 million from the end of fiscal year 2024. Our days sales outstanding (DSO) in accounts receivable increased to 53 days in the second quarter of fiscal year 2025 from 41 days in the second fiscal quarter of 2024 due to the timing of billings and collections.

Cash Flows Used in Investing Activities

Net cash outflows and inflows of our net investment activity are generally a result of the timing of our purchases and maturities of securities, which are classified as cash equivalents, as well as the timing of acquisitions and divestitures. In the first six months of fiscal year 2025, we purchased \$1.8 million of property and equipment, and had payments for acquisitions of \$1.2 million. Through the second quarter of fiscal year 2024 we had \$1.3 million of purchases of property and equipment.

Cash Flows Used in Financing Activities

We received \$12.8 million from the exercise of stock options and the issuance of shares under our employee stock purchase plan in the first six months of fiscal year 2025 as compared to \$12.9 million in the first six months of fiscal year 2024. We made withholding tax payments related to net share settlements of equity awards of \$10.1 million in the first six months of fiscal year 2025 as compared to \$10.6 million in the first six months of fiscal year 2024. We repurchased \$50.1 million of our common stock under our share repurchase plan in the first six months of fiscal year 2025 as compared to \$72.4 million in the same period of the prior year. Further, we made payments on our revolving line of credit of \$70.0 million and \$110.0 million through the second quarters of fiscal years 2025 and 2024, respectively. During the second quarter of fiscal year 2024, we received net proceeds from the issuance of debt of \$51.9 million (we refinanced our debt by issuing the convertible senior notes and used the proceeds to pay off the outstanding balance of the term loan and revolving line of credit under our previous credit agreement). In the first quarter of fiscal year 2024 we made payments on our long-term debt of \$33.4 million (including a \$30.0 million repayment on the revolving line of credit). Finally, we made dividend equivalent payments of \$0.7 million to our stockholders during the first six months of fiscal year 2025, as compared to \$16.1 million of dividend and dividend equivalent payments made to stockholders through the first six months of fiscal year 2024.

Share Repurchase Program

In January 2023, our Board of Directors increased our share repurchase authorization by \$150 million, to an aggregate authorization of \$228.0 million. In the three months ended May 31, 2025 and May 31, 2024, we repurchased and retired 0.4 million shares for \$20.0 million and 1.0 million shares for \$49.9 million, respectively. In the six months ended May 31, 2025 and May 31, 2024, we repurchased and retired 0.9 million shares for \$50.0 million and 1.4 million shares for \$72.4 million, respectively. The shares were repurchased in both periods as part of the share repurchase program as authorized by our Board of Directors. As of May 31, 2025, there was \$57.2 million remaining under the current authorization.

Dividends

As announced on September 9, 2024, our Board of Directors approved the suspension of our quarterly dividend in connection with the ShareFile acquisition and plans to redirect such capital toward the repayment of debt to increase liquidity for future M&A and for share repurchases, both of which are prioritized in our capital allocation policy.

Restructuring Activities

See Note 9: Restructuring to the condensed consolidated financial statements.

Long-term Debt and Credit Facility

See Note 5: Debt to the condensed consolidated financial statements.

Liquidity Outlook

Cash from operations in fiscal year 2025 could be affected by various risks and uncertainties, including, but not limited to, the effects of various risks detailed in Part I, Item 1A, Risk Factors in our 2024 Annual Report, including increased disruption and volatility in capital markets and credit markets that could adversely affect our liquidity and capital resources in the future. However, based on our current business plan, we believe that existing cash balances, together with funds generated from operations and amounts available under our revolving credit facility, will be sufficient to finance our operations and meet our foreseeable cash requirements through at least the next twelve months. Our foreseeable cash needs include capital expenditures, acquisitions, debt repayments, share repurchases, lease commitments, restructuring obligations, and other long-term obligations.

We expect to continue to make payments on the revolving credit facility and are also continuously evaluating additional financing options, the net proceeds of which could be used for general corporate purposes or to repay amounts outstanding under our revolving credit facility. In the future, we may use the available capacity under our revolving credit facility for general corporate purposes, which may include payments made in connection with any settlement of the 2026 Notes upon conversion, redemption or repayment of our 2026 Notes at or prior to the 2026 Notes maturity.

Legal and Other Regulatory Matters

MOVEit Vulnerability

As previously disclosed, on the evening of May 28, 2023, we learned that our MOVEit Transfer (the on-premise version) and MOVEit Cloud (a cloud-hosted version of MOVEit Transfer) products were attacked by a threat actor who compromised and exfiltrated personal data from various customer-controlled MOVEit Transfer environments. As a result of the MOVEit Vulnerability, we are party to certain class action lawsuits filed by individuals who claim to have been impacted by the exfiltration of data from the environments of our MOVEit Transfer customers, which have been centralized in the MDL. The MDL remains in a relatively early litigation stage in which motions to dismiss have been filed but not yet ruled upon. In the event dismissals are not granted, the MDL is not expected to conclude within this fiscal year. We have also been cooperating with inquires and investigations from various governmental authorities, none of which have, as of this filing, resulted in any prosecution or enforcement actions. Please see our 2024 Annual Report and previous SEC filings for additional information, including risk factors, related to the MOVEit Vulnerability.

We are subject to litigation and governmental investigations related to the MOVEit Vulnerability, for which we have incurred expenses and will incur future costs. We expect our exposure to such expenses and liabilities to be reduced by insurance. Please refer to Note 12: Cyber Related Matters to the condensed consolidated financial statements for additional details and updates regarding the MOVEit Vulnerability.

Recent Accounting Pronouncements

Refer to Note 1: Basis of Presentation to the condensed consolidated financial statements for further discussion.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the first six months of fiscal year 2025, with the exception of repayments on our revolving credit facility, there were no significant changes to our quantitative and qualitative disclosures about market risk. Please refer to Part II, Item 7A. Quantitative and Qualitative Disclosures about Market Risk included in our 2024 Annual Report, for a more complete discussion of the market risks we encounter.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures

Our management maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act") that are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act is processed, recorded, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), as appropriate, to allow for timely decisions regarding required disclosure.

Our management, including our principal executive and principal financial officers, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. The Company acquired ShareFile on October 31, 2024. Management excluded ShareFile from its assessment of the effectiveness of the Company's disclosure controls as of May 31, 2025. ShareFile represented, in aggregate, approximately 2% of the Company's total consolidated assets (excluding goodwill and intangibles, which are included in the scope of the assessment) and approximately 27% of total consolidated revenues, as of and for the six months ended May 31, 2025. Based on this evaluation, we concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of May 31, 2025.

(b) Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during the fiscal quarter ended May 31, 2025 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to Note 12: Cyber Related Matters to the condensed consolidated financial statements for a discussion of legal proceedings related to the MOVEit Vulnerability. Our 2024 Annual Report and previous SEC filings also contain additional information, including risk factors, related to the MOVEit Vulnerability.

We are also subject to various other legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these claims cannot be predicted with certainty, management does not believe that the outcome of any of these legal matters will have a material effect on our financial position, results of operations, or cash flows.

Item 1A. Risk Factors

We operate in a rapidly changing environment that involves certain risks and uncertainties, some of which are beyond our control. In addition to the information provided in this report, please refer to Part I, Item 1A. Risk Factors in our 2024 Annual Report for a more complete discussion regarding certain factors that could materially affect our business, financial condition or future results.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Stock Repurchases

Information related to the repurchases of our common stock by month in the second quarter of fiscal year 2025 is as follows:

(in thousands, except per share and share data)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
March 2025	—	\$ —	—	\$ 77,220
April 2025	351,216	56.93	351,216	57,220
May 2025	—	—	—	57,220
Total	351,216	\$ 56.93	351,216	\$ 57,220

- (1) On January 10, 2023, our Board of Directors increased the share repurchase authorization by 150.0 million, to an aggregate authorization of \$228.0 million. As of May 31, 2025, there was \$57.2 million remaining under this authorization.

Item 5. Other Information

(c) Insider Adoption or Termination of Trading Arrangements

During the second quarter of fiscal year 2025, none of our directors or officers informed us of the adoption or termination of a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name and Title	Character of Trading Arrangement ¹	Date Adopted	Duration ²	Aggregate Number of Shares of Common Stock to be Sold Pursuant to Trading Arrangement
Anthony Folger, EVP & Chief Financial Officer	Rule 10b5-1 Trading Arrangement	April 8, 2025	February 28, 2026	Up to 20,570 ³
Yogesh Gupta, President & Chief Executive Officer	Rule 10b5-1 Trading Arrangement	May 13, 2025	August 15, 2026	Up to 83,586
Domenic LoCoco, SVP, Chief Accounting Officer	Rule 10b5-1 Trading Arrangement	May 12, 2025	November 30, 2026	Up to 6,049 ⁴

1. Except as indicated by footnote, each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the "Rule").

2. Except as indicated by footnote, each trading arrangement permits transactions through and including the earlier to occur of (a) the completion of all sales or (b) the date listed in the table. Each trading arrangement marked as a "Rule 10b5-1 Trading Arrangement" only permits transactions upon expiration of the applicable mandatory cooling-off period under the Rule.

3. Includes: (i) 6,529 shares of our common stock; (ii) all common stock, net of shares withheld to cover tax withholding obligations, to be issued upon the anticipated vesting of 8,041 Restricted Stock Units; and (iii) up to 6,000 shares of common stock, net of shares withheld to cover tax withholding obligations, to be issued upon the anticipated vesting of a maximum of 50,574 Performance Stock Units.

4. Includes: (i) 1,195 shares of our common stock; and (ii) 4,854 employee stock options expected to be exercised via same-day sale.

Item 6. Exhibits

The following exhibits are filed or furnished as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Filing Date	Exhibit	
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act – Yogesh K. Gupta				X
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act – Anthony Folger				X
32.1*	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act				
101*	The following materials from Progress Software Corporation’s Quarterly Report on Form 10-Q for the three months ended May 31, 2025, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets as of May 31, 2025 and November 30, 2024; (ii) Condensed Consolidated Statements of Operations for the three and six months ended May 31, 2025 and 2024; (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended May 31, 2025 and 2024; (iv) Condensed Consolidated Statements of Stockholders’ Equity for the three and six months ended May 31, 2025 and 2024; (v) Condensed Consolidated Statements of Cash Flows for the six months ended May 31, 2025 and 2024; and (vi) Notes to Condensed Consolidated Financial Statements.				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				

* Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PROGRESS SOFTWARE CORPORATION
(Registrant)

Dated: June 30, 2025

/s/ YOGESH K. GUPTA

Yogesh K. Gupta
President and Chief Executive Officer
(Principal Executive Officer)

Dated: June 30, 2025

/s/ ANTHONY FOLGER

Anthony Folger
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated: June 30, 2025

/s/ DOMENIC LOCOCO

Domenic LoCoco
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

CERTIFICATION

I, Yogesh K. Gupta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Progress Software Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 30, 2025

/s/ YOGESH K. GUPTA

Yogesh K. Gupta
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Anthony Folger, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Progress Software Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 30, 2025

/s/ ANTHONY FOLGER

Anthony Folger

Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Certification Pursuant To 18 U.S.C. Section 1350, As Adopted Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Progress Software Corporation (the "Company") for the three months ended May 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned, Yogesh K. Gupta, President and Chief Executive Officer, and Anthony Folger, Executive Vice President and Chief Financial Officer, of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ YOGESH K. GUPTA
President and Chief Executive Officer

Date: June 30, 2025

/s/ ANTHONY FOLGER
Executive Vice President and Chief Financial Officer

Date: June 30, 2025